



2022 Annual Report

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

Contents

I. Letter to Shareholders -----	1
II. Bank Profile and Corporate Governance -----	15
1. Introduction -----	15
2. Organization -----	18
3. Directors, Independent Directors and Managers -----	27
4. Corporate Governance -----	59
III. Financing Status and Operation Overview -----	86
1. Capital and Shares -----	86
2. Financial Debentures and Capital Utilization Plan -----	89
3. Business Overview -----	96
IV. Financial Information and Risk Management -----	118
1. Financial Review 2018~2022 -----	118
2. Consolidated Financial Report for 2022 -----	132
3. Risk Management and Other Significant Events -----	132
V. Special Items -----	147
1. Information of Affiliates -----	147
2. Branches and Overseas Offices -----	149
Appendix : Consolidated Financial Report for 2021 -----	156

I. Letter to Shareholders

1. Business Report for 2022

Changes in the Financial Environment

In 2022, due to the impact posed by the drastic changes in the overall economy, the local banks' business environment presented the situation full of long and short trading intermeshed with each other most of time. The COVID-19 epidemic spread rapidly at the very beginning and then was put under control at home and abroad. Various countries lifted the border controls successively and the economy was recovering. However, the Russia-Ukraine War and supply chain problems caused global inflation pressure. Major economies adopted lift rates and monetary policies to suppress the inflation. In order to suppress the expectations toward inflation and keep the commodity price stable domestically, the Central Bank of Taiwan has escalated the interest for the first time since the past one decade. In 2022, the range of lift rates adopted by the US Fed has attained 4.25% cumulatively, while it attained 0.625% by the Central Bank of Taiwan cumulatively. The overall interest spread in the banking industry was expected to expand step by step. However, the rapid interest rate growth in the bond market and the declining capital market resulted in losses on valuation of the banking industry's own investment positions. The wealth management business also declined as investors kept riding on the fence.

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

For the FinTech and digital financial development, driven by the change in the behavior of the public resulting from the epidemic in recent years, the local banks have accelerated the establishment of integrated digital financial platforms and optimization of online services, and engaged in the horizontal alliance to build a financial ecosystem to improve the entire digital financial service quality, benefit the precision marketing of various business lines and deepen the business operations and reduce the local banks' operating costs effectively in the long run.

Given that the global climate changes and warming effects have remarkably affected the

earth ecology, the ESG issue has been valued by governments and the public increasingly. In response to the international trend and the “Pathway to Net-Zero Emissions in 2050” boosted by the government, the Bank, per the direction by Yuanta FHC’s sustainable development roadmap, engages in reducing the carbon emissions systematically and scientifically. The scope of carbon reduction ranges from its own operations to the most critical investment and financing positions of the financial industry, for which the complete carbon emission reduction strategy has been in place. The sustainable finance is practiced in the business. The Bank also guides customers to join the carbon reduction movement by exercising the financial industry’s influence, in order to demonstrate its determination to fight climate changes.

Changes in Company Organization

- (1) In order to integrate the operation and management of the Wholesale Banking Group effectively, the Group Banking Division and International Business Division have been abolished since January 2022. The Group Business Dept. I and II initially subordinated to the Group Banking Division were consolidated into the Wholesale Banking Division. Meanwhile, the Offshore Banking Unit(OBU) initially subordinated to the International Business Division was supervised by Wholesale Banking Group instead.
- (2) In response to the rapid development of the digital financial service and the management need of Information Technology Dept., the Information Technology Development Dept. has been split into the Information Technology Development Dept. I and II since August 2022.
- (3) In response to Yuanta FHC’s “Sustainable Development Best-Practice Principles” and related planning, the Bank Company established the “Sustainable Development Committee” in January 2023, which is responsible for promotion of the matters related to the Bank’s corporate sustainable development.

Business Accomplishments in 2022

In 2022, the Bank focused on the control over risk when using the best effort to pursue various business scales’ growth proactively, in order to improve the long-term profitability. When dealing with the loaning operations, the Bank targeted excellent large-scale corporate accounts and excellent personal accounts as the major customer base. Meanwhile, the Bank strengthened the momentum of new cases for credit loan operations to pursue the stable development of scale and asset quality at the same time. The number of wealth management service customers and AUM continued to grow, coupled with the operation of credit care membership system, to

improve the results of cross-sale of other products. In the field of digital finance, the Bank also optimized multiple functions and added application scenes, and support the development of various business lines through integration of real and virtual services. For the asset quality, until the end of December 2022, the non-performing loans (NPL) ratio, NPL coverage ratio and loan coverage ratio were 0.02%, 6,091.71% and 1.35%, respectively, which continued to be the excellent ones in the industry. The changes in the main business volume are stated as following :

Item	2022	2021	Growth %
Deposit balance	NT\$1,489.4 billion	NT\$1,474.8 billion	0.99 %
Loan balance	NT\$990.1 billion	NT\$875.4 billion	13.10 %
Trust assets	NT\$240.9 billion	NT\$206.5 billion	16.61 %

The Bank has been committed to the customers' management, product innovation and promotion of financial sustainability for a long term. The awards and honors received by the Bank from various professional organizations in 2022 are stated as follows :

Awarding Organization	Award
Republic of China National Enterprise Competitiveness Development Association	National Brand Yushan Award (1)Best Product : Dedicated to building the wealth management experience for young people. (2)Most Popular Brand : Diamond and Gold Network
Wealth Magazine	Wealth Management Survey : Best Service Award, Best Wealth Management Team Award and Financial Service Innovation Award
Business Today	Wealth Management Assessment : Best Smart Wealth Management Award and Best Wealth Appreciation Award
World Business Outlook	Best Digital Bank in Taiwan Best Mobile Bank Experience in Taiwan Best Wealth Management Experience in Taiwan Best Campus Payment Solution in Taiwan Best API Plan in Taiwan Best Data Analysis in Taiwan Best Digital ESG in Taiwan Best Corporate Payment Solution in Taiwan
Global Business Magazine	Best Mobile Bank Experience in Taiwan Best Corporate Payment Solution in Taiwan Best Wealth Management Experience in Taiwan
International Business Magazine	Best API Plan in Taiwan

Awarding Organization	Award
	Best Mobile Bank in Taiwan Best Corporate Payment in Taiwan Best Corporate Banking Ecology in Taiwan Best Wealth Management Experience in Taiwan Best Digital ESG in Taiwan
World Economic Magazine	Best API Plan in Taiwan Best Mobile Bank in Taiwan Best Corporate Payment in Taiwan Best Corporate Banking Ecology in Taiwan Best Wealth Management Experience in Taiwan Best Digital ESG in Taiwan
Taiwan Institute for Sustainable Energy (TAISE)	Sustainability Action Award
Joint Credit Information Center	16th Gold Award – Excellent Institution in Credit Data
Information Service Industry Association of the R.O.C.	YOUNG Awards – Honorable Mention Award for Innovative Business Model Group
Taiwan Clearing House	Financial Industry Real-Time Collection Service Platform eFCS Specific Write-off Business Promotion Award E-licensing Service eDDA Network Bank Two-Factor Business Promotion Award
Commercial Times	Digital Finance Awards : Green Digital Finance Award – Excellence Award

Budget Implementation, Financial Status and Profitability

The Bank's net income amounted to NT\$20.750 billion in 2022, decreasing by NT\$355 million from the net income, NT\$21.105 billion, in 2021. Of which :

- (1) The net interest income amounted to NT\$14.280 billion, increasing by NT\$1.211 billion from 2021, primarily as a result of the external lift rate and the Bank's additional interest revenue from loans, accounts receivable and investment in securities exceeding the additional interest expenses on deposits.
- (2) The net income other than interest amounted to NT\$6.470 billion, decreasing by NT\$1.566 billion from 2021, primarily as a result of the decrease in the net income from the service charges for wealth management, loan and credit card operations, and the decrease in financial instruments and exchange income in 2022 from 2021 due to the financial market volatility.

- (3) The bad debt expenses amounted to NT\$362 million, decreasing by NT\$171 million from 2021. The operating expenses amounted to NT\$11.526 billion, increasing by NT\$151 million from 2021.
- (4) In conclusion, in 2022, the Bank's net profit before tax amounted to NT\$8.863 billion, and net profit after tax NT\$7.288 billion, decreasing by NT\$734 million from 2021. The budget achievement rate was 99%.

Research and Development

- (1) Insurance system optimization and upgrade : In 2022, the Bank optimized the mobile insurance underwriting system's acceptance efficiency and automatic inspection mechanism. In addition to the existing mobile insurance policy query, the Bank also completed the development of mobile folders, insurance intelligent Q&A module and insurance gap analysis functions. Meanwhile, the Bank will continue to optimize their performance to improve customers' access rate and digital experience. Further, the insurance agent system and mobile insurance underwriting system also optimized and upgraded the compliance indicators to implement the internal controls.
- (2) In order to develop the insurance trading model for the "remote insurance underwriting" in the post-epidemic era, Yuanta FHC had Yuanta Life apply for operation of such model on a trial basis, and included the Bank into the service recipients on a trial basis. The project was carried out on a trial basis in August 2022, and held successful at the end of December 2022. Then, the relevant service was offered officially on January 16, 2023.
- (3) Robotic Process Automation (RPA) was applied by the departments in charge of the initial operations and then implemented into the automation of service supply and review at the business end. So far, more than 50 processes have been launched officially to help the actual application operations and thereby improved the efficiency of specific operations by 50%–90%, reduced manual errors, improved the process quality and efficiency of the middle and back offices, shortened the time spent in performing duties and reduced operating costs, which will be implemented and optimized continuously in the future.
- (4) The Bank applied the FinTech or blockchain technology to the corporate banking, trading and financing operations. For example, the Bank joined the Global Trade Sharing Blockchain, in order to prevent enterprises from requesting financing from other banks repeatedly and improve the risk controls, through blockchain encryption and irreversible technology. Some domestic shipping company has signed in to join the platform. The Bank also signed a cooperation agreement with that company. Upon receipt of the authorization

from customers, the Bank may transfer the shipping notes and information to the Bank in an electronic form, in order to help the Bank verify the authenticity of transactions and mitigate the loan risk.

- (5) As one of the first individual clearing members of the OTC financial derivatives of TAIFEX, the Bank's capital requirement needed by the trading counterpart's credit risk may be reduced accordingly.
- (6) The Bank built the SBS equity system, integrated pre-trade limit queries and controls, connected futures houses' data, generated accounts automatically, and improved the futures trading operation process.
- (7) In response to the digital financial development, technology innovation, management strategies and future business development goals, the Bank continues to improve the information infrastructure, strengthen the efficiency and information security, and be oriented toward customers' needs to improve various digital channels' functions proactively.
- (8) In order to improve the defensive ability of the Bank's information system and to mitigate risks, the Bank applied for the BSI ISO 27001 : 2013 information security management system (ISMS) certification, executed various information security evaluation operations, vulnerability scanning & fix and offensive & defensive exercise, established the APT defensive system, detected abnormal activities early, set up the SIEM and improved the ability to manage and analyze information security incidents. In 2022, the Bank also implemented the international business continuity standards, and received the ISO 22301 : 2019 BCMS certification, in order to provide customers with safe, stable and non-interrupted financial services.
- (9) According to the FSC's "Guideline for Data Sharing between Financial Institutions," the parent company, Yuanta FHC, gathered the five major subsidiaries including Yuanta Bank, Yuanta Securities, Yuanta Life, Yuanta Futures and Yuanta Securities Investment Trust to propose the "digital identity authentication and authorization" theme-based regulatory sandbox and new business trial planning jointly. Given this, Yuanta Bank played the core role and established the Group's identification mechanism, "Yuanta FIDO Identity Authentication," which, under the strict information security control mechanism, followed the FIDO standards to build the cross-subsidiary FIDO authentication services, in order to reduce the operating procedures and steps to be taken by customers for opening of accounts, improve service efficiency, and provide interdisciplinary asset integration services upon receipt of customers' consent.

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

In 2023, it is expected that the continuing lift rates would cause the financial market turmoil, geopolitical tension would drive the relocation and localization of the global supply chain, climate changes would result in the food price volatility, economic recession and inflation. Said changes in the international condition will affect the economic and trading performance of Taiwan directly. Besides this, after the border controls were lifted successively, the global economic and trading exchange is expected to recover to the normal condition. Therefore, the domestic economic outlook is considered conservative but not pessimistic. As far as the banking industry is concerned, risks and opportunities co-exist in 2023.

Impacts on the Company posed by changes in important regulatory policies and laws & regulations, and corresponding countermeasures to such changes, are stated as follows :

(1) Constructing a friendly financial environment for aged customers and interest and right protection measures :

In response to the trend of an aging society in Taiwan, the competent authority enhances the four indicators including financial instrument sale service protection measures, friendly dealing with aged customers, friendly dispute settlement and prevention of financial frauds, in order to promote the seniors' protection. Among other things, with respect to the financial instrument sales, it particularly mentions that banks are not allowed to refer domestic structured notes and foreign securities actively, but shall implement KYC and KYP to understand and evaluate customers' needs and strengthen product fitness to protect the seniors' interests and rights. The Bankers Association of the Republic of China issued the public notice for promulgation of the "Self-Disciplined Regulations Governing Dealing with Aged Customers in Banking Industry" in March 2022, and implemented the same officially since October of the same year. In order to improve the protection to aged customers, the Bank amended the customer risk attributes evaluation measures to strengthen the evaluation on the risk tolerance and product fitness to the seniors, set the sales limit on high-risk products unfavorable to aged customers, and adopted the measures such as expansion of counterparts to be cared via phone interview and increase in transaction monitoring types. Meanwhile, the Bank included the protection of the interests and rights of the disadvantaged customers, such as the aged customers, into the indicators for the evaluation procedures prior to launch of any new products, in order to protect aged customers' consumer interests and rights through ore comprehensive controls.

(2) In response to the FSC’s “Financial Information Security Action Plan 2.0,” the Bank continues to improve the financial information security protection practices :

In order to strengthen the information security protection abilities of the financial industry, Financial Supervisory Commission (FSC) issued the Financial Information Security Action Plan on August 6, 2020. The public and private sectors have worked with each other to implement the same proactively. In the past two years, it has set multiple key performance indicators including appointment of the chief information security officer, implementation of international information security standards, organization of information security offensive & defensive exercises and competitions, and establishment of a financial security incident response system. Meanwhile, in response to the business development and technological progress, the Bank continues to improve the financial institution’s information security protection momentum. The FSC has reviewed the FinTech development trends, changes in the information security development and practices in the most recent two years. In reference to the international information security regulatory policy, the FSC issued the “Financial Information Security Action Plan 2.0” on December 27, 2022, in order to keep aiming to make improvement by expanding the application, implementation, in-depth development and encouragement of prospectives.

In response to the information security or new high-type crime pattern concerns potentially caused by the rapid development of financial services, the Bank executes the existing information security control measures and also plans to implement the important information security projects, including optimization of the IPS, and improvement of the NDR, computer system information security evaluation, e-payment platform security evaluation, ISO 27001 : 2022 ISMS revision and information security intelligence analysis and defensive system, in order to strengthen the Bank’s defensive and responsive abilities and build a business environment dedicated to providing safe, convenient and non-interrupted financial services.

(3) Adjusting the real estate loan strategies in response to the policy and economic environment :

Since the end of 2020, the Central Bank has adopted several housing market credit control and risk control measures successively. In addition to escalating the policy interest rates, it also limited the percentage of loans for housing purchased by corporations and natural persons, land loans, loans for surplus houses, and loans secured by idle land in industrial parks, and canceled the grace period for the loan for purchase of the second housing in specific districts, and the measures requiring land purchased with loans to be

constructed within specific time period. In 2022, the Bank also controlled the construction financing in response to the competent authority’s policy. By carefully selecting and undertaking cases with three excellent indicators (including borrower, location of collateral, and yield rate), controlling the application for new cases, and implementing the allocation system, the Bank achieved the goal set to reduce the concentration of loans for construction projects. Meanwhile, given the impact posed by said credit control measures and lift rates, the trading volume of the domestic real estate market has begun to shrink since Q2 of 2022. Besides this, the Legislative Yuan has passed The Equalization of Land Rights Act after the final reading in January 2023, which is expected to further suppress the short-term investment in pre-sale and existing houses. The Bank’s house loans will continue to focus on self-occupied house loans and excellent customers’ financing request, and also develop the wealth management-type house loans delivering better yield rates to keep the Bank’s business develop stably.

3. Latest Credit Ratings

Rating Category	Rating Agency	Effective Date	Credit Rating		
			Long-term	Short-term	Outlook
International ratings	S&P	2023.01.16	BBB+	A-2	Stable
	Fitch	2022.11.11	BBB+	F2	Stable
Domestic Rating	Taiwan Ratings	2023.01.16	twAA	twA-1+	Stable
	Fitch	2022.11.11	AA- (tw)	F1+ (tw)	Stable

4. Business Plan in 2023 and Outlook

In 2023, the Bank will continue to implement the risk controls, compliance and internal controls, focus on adjustment and upgrading of income structure, and adequately plan the business volume to improve the capital utilization efficiency. Meanwhile, the Bank will use the best effort to promote digital transformation, maximize the profitability with robust management, and take actions against sustainable development physically, in order to fulfill the financial industry’s social responsibility. The business plan is summarized as follows :

(1) Business Development

- A. Corporate banking services : The lending grows stably while risk controls are taken into consideration. The Bank continues to develop existing customers more thoroughly to increase the drawdown of facilities, targets excellent customers with better credit

ratings as new customers to be developed, seizes the opportunities for reorganization of syndicated loans of excellent enterprises with stable financial performance and positive industry development or provide them with suggestions on integration of liabilities and syndicated loans used to enrich the mid-term working capital, and continues to follow up the opportunities for financing of the projects such as industrial consolidation.

- B. Consumer banking services : Taking the credit card services as the stepping stone to success, the Bank establishes the best business model in quality and quantity delivering a win-win situation for cross sales. The house loan services continue to target the self-occupied customers' need for purchase of house and also transform to primarily launch wealth management-type house loan instead. Notwithstanding, it will still focus on the collaterals situated in metropolitan areas and with better liquidity primarily. For the car loan services, the Bank continues to develop the existing new car brand channels more thoroughly and strengthen the original car financing operations. Meanwhile, it will develop foreign car loan services proactively. The credit loan services target customer bases with capital needs, launch competitive credit loan products, upgrade the brand awareness and attract active customer bases, by taking into account both risk and income. In order to fulfill the sustainable financial liability, the Bank continues to provide the Green Building Label house loan projects and new energy car loan projects.
- C. Wealth management services : The Bank verifies changes in the market, selects excellent financial investment products, helps customers with adequate asset allocation, and works with the icash card member promotion mechanism and promote the marketing programs for various target customer bases to expand the wealth management customer base's management abilities, upgrade the AUM, and also continue improving the emerging tech digital platform's functions, upgrading the trading efficiency and customer services, and increasing the sources of revenue from service charges.
- D. Financial trading services : Improve capital allocation and management, stabilize investment-related income, and strengthen expansion of the seller's business operations including TMU and proprietary trading of bond, in order to expand the sources of income.
- E. Digital financial services : By focusing on customers, the Bank continues to improve the digital channel service experience, build the one-stop financial product service on the digital financial platform, and move toward the goals for "convenience," "friendliness" and "Yuantalization." In order to develop the digital cash flow services,

the Bank has worked with multiple e-payment service suppliers to create the cash flow service ecosystem, hoping to improve the customer loyalty and activate accounts, and deepen the bond with customers.

(2) Internal Control

- A. Comply with external laws and regulations, and continue to strengthen the completeness of the operating procedures, such as anti-money laundering, information security, personal data protection, corporate governance, consumer protection, friendly financial culture and service measures. 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 and establish the ethical management cultures.
- B. By establishing the risk models and databases, the Bank intends to improve its ability to control various risks over credit, market, operation and concentration. Meanwhile, subject to the changes in the market, the Bank executes the theme-based risk detection and monitoring periodically, so as to help the business decision making and early warning system for risk.
- C. In order to improve the quality of wealth management services and sales, the Bank establishes the "Customer Service Risk Early Warning System" which includes the suspected unfair sales into the database. Then, the Bank may understand the wealth management specialists' sales behavior and model and confirm whether the customers have full knowledge of the related investment risk, through data analysis and personnel management and customer care operations, in order to detect and avoid the concerns about unfair sales.
- D. Improve the risk control, compliance risk assessment and internal audit/internal control management mechanism of overseas branch and subsidiaries.

(3) Personnel Training

- A. Improve new employees' recognition of the Bank's organizational cultures, thus enhancing their work participation and stability. In response to the long-term business development, the Bank, pursuant to the employee career planning, trains them to learn related professional functions, and conduct the training of managerial functions and successor candidates for high-rank sales personnel with potential, in order to lay a solid foundation for its sustainable development.
- B. By participating in external training courses and organizing internal educational

training programs, the Bank aims to enhance the employees' skills in digital technology and foreign language proficiency. Meanwhile, the Bank provides the reward for English proficiency certification and international professional certificates/licenses, in order to encourage the employees to improve themselves, help promote the digital transformation, establish bilingual branches and develop business overseas.

5. Strategies for Sustainable Development

As one of the “Sustainable Finance Pioneers Alliance” members, Yuanta FHC promises to take more active action against the five major issues, including “Green Procurement,” “Investment, Financing and Engagement,” “Information Disclosure,” “Assistance and Promotion” and “Connection to Global Networks.” Meanwhile, the Bank, based on the SDGs as its roadmap, includes the ESG into its enterprise culture and business strategies, promotes the sustainable practices for the five major general standards, including corporate governance, customer interest and right, employee care, environmental sustainability and social public welfare, and also sets the short-term, mid-term and long-term sustainability performance indicators as the basis for compliance and review, hoping to become an international sustainable benchmarking enterprise.

The Bank adheres to the management philosophy stressing “Ethics, Stability, Service, Innovation and Care” and, under the direction by the Board of Directors throughout the Bank, complies with the corporate governance, compliance and risk control mechanism. The Bank has established various internal control systems and sound products & services, and also implemented the improvement plans, such as the set-up of the email addresses of the chief corporate governance officer and Audit Committee, grievance channels and employee opinion mailbox, passage of the ISO 10002 customer complaint management system certification, completion of the appraisal on performance of the Board of Directors and functional committees (by the internal personnel, or external independent professional institutions by contract, for example) periodically, execution and disclosure of the institutional investors' stewardship information, fair dealing policy evaluation, disclosure of the diversity and independence of the Board of Directors and functional committees' information in the annual report, and publication and report of the self-audited annual financial information within 75 days at the end of year. Accordingly, the Bank received the distinguished certification of “CG6013 (2021) Corporate Governance System Evaluation” by Taiwan Corporate Governance Association in 2022.

In 2023, the corporate governance plan will continue to follow the FSC's “Corporate Governance 3.0 – Sustainable Development Roadmap” and take into account the suggestions

reported by the CG6013 (2021) Corporate Governance System Evaluation. In order to enhance the functions and independence of independent directors and Audit Committee, the Bank plans to amend its “Articles of Association for Audit Committee” and “Rules Governing Job Responsibilities of Independent Directors” and prepare the written policies and regulations governing the diversified combination of diversity, expertise and talent, and gender and age, of the Board members that satisfy the business needs. Meanwhile, in order to fulfill the Board of Directors’ accountability, promote the reporting of transactions with related parties in non-business activities to a shareholders’ meeting and complete the AQI operations, the Bank also plans to upload the annual report in Chinese and English at the same time, disclose the whistleblower policy implementation status sufficiently in the annual report, functions of the Risk Management Committee and its members and status, report various functional committees’ annual operations and work to the Board of Directors, and disclose the links for participation in the investor conferences convened by the parent company, Yuanta FHC on the official website, in order to keep improving and establish a sounder corporate governance system.

The Bank has joined the Equator Principles Association officially and executed the “Equator Principles” since October 2020, thus becoming 7th equator bank in Taiwan, and 112th in the world. In the future, the Bank will review the loan applications based on international standards. Further, the Bank will proactively engage in issuance or investment of green/ESG bonds, credit card carbon footprint reduction, promotion of the loan for purchase of green building and car loan for eco-friendly energy cars, promotion of ESG-related funds and insurance products, branches applying 100% green energy, responsible investment, and fulfillment of the fair dealing policy, and continue to promote the sustainable development projects including energy conservation and carbon reduction, and social care. For the financial product innovation and service, the Bank adopted the measures to expand the number of digital account users, improve digital mobile users’ activity, and innovate and optimize digital platform services on an ongoing basis, and also acquired the mobile bank carbon footprint verification procedure ahead of the others in the same trade. Meanwhile, the Bank received the ISO 14067 product carbon footprint standard certificate upon verification by the BSI, and launched the innovative “Diamond Carbon – Carbon Account” to help customers check the monthly “carbon reduction results” Mobile Banking APP, so as to verify the carbon emission volume saved by the e-trading in the routine management and also encourage customers to engage in the promotion of green financial services jointly.

In response to the “Guide on Climate-related Financial Disclosures by Banks” issued by FSC on November 30, 2021, the Bank established the project taskforce in December of the same year to research the related responsive measures and control mechanism in terms of the four major standards about the climate risk, namely corporate, strategy, risk management, indicator and

target. Meanwhile, the Bank also participated in the climate risk project organized by the Bankers Association of the Republic of China to help research the local bank's climate risk stress test operations and climate risk management handbook. The Bank plans to complete the 2022 TCFD report and disclose the same on the Bank's website by the end of June 2023.

In order to integrate the Bank's efforts in sustainable development-related matters, the Bank has established the "Sustainable Development Committee" as a dedicated organization in January 2023. By adhering to Yuanta FHC's commitment to the five major issues for sustainable finance, the Bank combined all of its efforts in promoting the execution and implementation of related matters, hoping to achieve more active practices, and take the initiative and then work with customers and partners to move toward the sustainability target jointly.

II. Bank Profile and Corporate Governance

1. Introduction

Yuanta Commercial Bank (“the Bank”), formerly Asia Pacific Commercial Bank, is a wholly-owned subsidiary of Yuanta Financial Holding Co., Ltd. Asia Pacific Commercial Bank was established with the approval of the Ministry of Finance on January 14th, 1992 and officially launched its operation on February 12nd, 1992.

To comply with the development of the financial market and align with the Government’s financial reform policy, the Bank joined Fuhwa FHC on August 1st, 2002 through share conversion, becoming its 100% invested subsidiary, and changed its name to Fuhwa Commercial Bank in September. On April 2nd, 2007, Yuanta Core Pacific Securities merged with Fuhwa FHC formally, therefore the Bank changed its name to Yuanta Commercial Bank on September 23th of the same year.

In the development process, to expand the foundation of operation and strengthen business competitiveness, Douliu Credit Cooperative, Taitung Credit Cooperative, Tainan No. 7 and No. 6 Credit Cooperative were successively acquired during 2003 to 2005. In April 2010, the Bank generally assumed 18 domestic branches of Chinfon Bank and merged with Ta Chong Commercial Bank on January 1st, 2018.

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

On August 5, 2015, the Bank acquired TongYang Savings Bank from Yuanta Securities Korea Co., Ltd, which is the Bank's first overseas subsidiary. On December 7 in the same year, a capital increase for TongYang Savings Bank was completed, making its capital to 1 billion pesos. On September 26, 2016, TongYang Savings Bank, was formally renamed Yuanta Savings Bank Philippines, Inc. Headquartered in Manila, it has two branches. In November 2019, in order to strengthen the bank’s financial structure and expand the operation scale, the bank’s subsequent capital increased was carried out in stages, and the current capital 2.4 billion pesos.

On April 25, 2016, the Bank acquired the subsidiary of AON Corporation in Korea, Han Shin Savings Bank, to be the Bank’s second overseas subsidiary. On February 13, 2017, Han Shin

Savings Bank was renamed Yuanta Savings Bank Korea Co., Ltd., whose head office and one branch are both situated in Seoul.

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

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

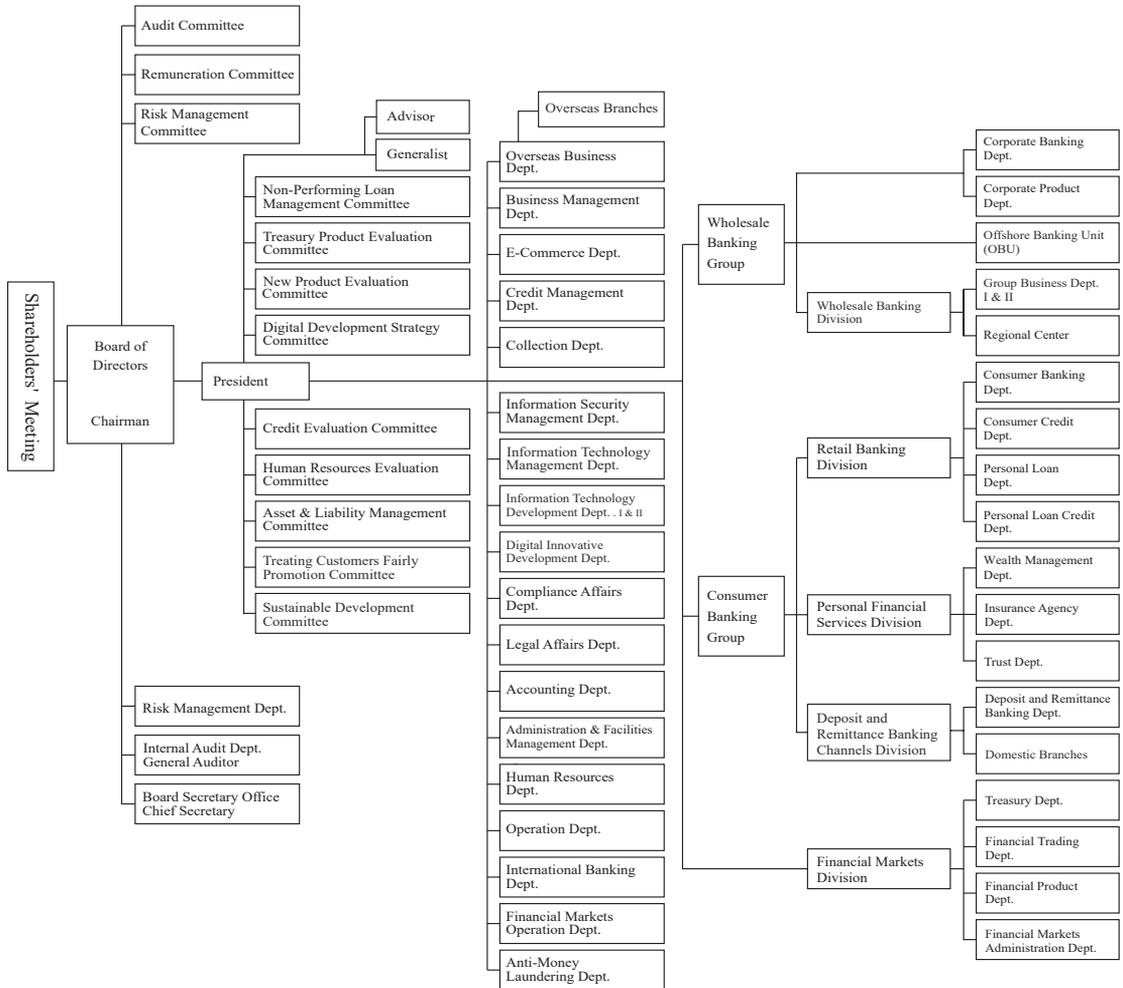
The Bank upholds the business philosophy- Integrity, Stability, Service, Innovation, and Attentiveness, with the advantages of the Group, the Bank develops the wholesale banking and consumer banking in good balance, and steadily expands the scale of various businesses, growing into a medium-to-large-sized private bank with an excellent level of asset quality and capital adequacy in the Taiwan banking industry. The Bank possesses 149 domestic branches and three foreign institutes, including Hong Kong Branch, Philippine Subsidiary, and South Korea Subsidiary. Through cooperation between domestic and foreign operations, the Bank can provide customers with cross-border financial services.

Looking forward to the future, the Bank will, on the premise of maintaining good asset quality and complying with laws and regulations, provide customers with more diversified and more comprehensive professional financial services to enhance market competitiveness, continuously expand the scale of various businesses, and promote the five aspects of sustainable action : corporate governance, customer rights, employee care, environmental sustainability and social welfare, , creating shareholders' value and fulfilling corporate social responsibility.

2. Organization

(1) Organization Chart

Base Date : February 2, 2023



(2) Committee Duties

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

Committee	Function
Treating Customers Fairly Promotion Committee	The Committee is responsible for establishing the Bank's corporate culture to implement the treating customers fairly principles set by the competent authorities, constructing a complete operational mechanism for the implementation of the principles, and promoting the optimization of matters related to the principles.
Sustainable Development Committee	Responsible for promotion of the matters related to the Bank's corporate sustainable development.

(3) Major Departments

Base Date : February 2, 2023

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

Departments	Function
Internal Audit Dept.	Have a General Auditor to be responsible for the bank-wide auditing, assisting the Board of Directors and management to check and evaluate the Bank's internal control system and implementation, and reporting to the Board of Directors and the Audit Committee regularly.
Board Secretary Office	Have a Chief Secretary to be responsible for the Board of Directors affairs.
Risk Management Dept.	Manage the Bank's affairs of risk, such as credit risk, market risk, liquidity risk, interest rate risk in Banking Book (IRRBB), operational risk and Capital Adequacy Ratio (CAR).
Wholesale Banking Group	Supervise Wholesale Banking Division, Corporate Banking Department, Corporate Product Department ,Offshore Banking Unit (OBU).
Wholesale Banking Division	Supervise the operation policy, business strategy and channel planning of the corporate customers, with several Group Business Departments and several regional centers.
Group Business Department I, and Group Business Department II	Manage the business promotion and marketing, relationship maintenance of the Group Corporate customers, customers' credit risk status, and the implementation of budget goals.
Regional Center	Coordinate the business marketing, relationship maintenance and risk management of the corporate customer group.
Offshore Banking Unit (OBU)	Which have business, capital, trading, and accounting departments to handle business promotion and operation processing.
Corporate Banking Dept.	Handle the related regulations, performance targets, education and training, customer complaints cases and comprehensive coordination of Wholesale Banking Group.
Corporate Product Dept.	In charge of the planning and promotion of accounts receivable, syndicated loans, trade finance and other special projects, the research and development and integration of loan products of the Wholesale Banking Group, the planning and execution of market research, and assisting in the promotion and execution of corporate banking business.

Departments	Function
Consumer Banking Group	Supervise Retail Banking Division, Personal Financial Services Division, and Deposit and Remittance Banking Channels Division.
Retail Banking Division	Supervise Consumer Banking Department, Consumer Credit Department, Personal Loan Department, and Personal Loan Credit Department.
Consumer Banking Dept.	Supervise budget objectives, business policies, execution plan and marketing activities, target customers and business development, product R&D and integration, planning and implementation of market research, and establish the risk pricing policies for consumer mortgage, auto loan, credit card business (including acquiring, installment and authorization), stock-secured loan and other approved business.
Consumer Credit Dept.	Manage and establish the regulations on credit delegation of consumer banking business, the regulations on credit checking of credit cards and secured products for consumer banking business, the regulations on real estate appraisal operation, and the related matters of credit approval.
Personal Loan Dept.	In charge of the achievement of budget goals for personal credit loans and cash card business, and other approved business, and relevant matters of formulating business strategies, implementing plans and marketing activities, determining the target customers and business directions, developing and integrating product, planning and executing market research, and formulating risk pricing policies.
Personal Loan Credit Dept.	Manage and establish the regulations on personal unsecured credit products, and the related matters of credit approval and anti-agent acting.
Personal Financial Services Division	Supervise Wealth Management Department, Insurance Agency Department, and Trust Department.
Wealth Management Dept.	Supervise the achievement of budget goals in wealth management business, and relevant matters of formulating business strategies, implementing plans and marketing activities, determining target customers and business directions, and planning and executing market research.
Insurance Agency Dept.	Manage and supervise the budget achievement of insurance service, develop insurance business strategies, plan and promote insurance products and marketing activities, develop insurance service standards and manage the implementation of administration as well as plan and manage insurance consultant staffing.
Trust Dept.	In charge of the implementation of the annual budget goals of the trust business, the planning, promotion, management, and operation

Departments	Function
	processing of the trust business and its subsidiary business regulated by the Trust Enterprise Act, and research, development, and integration of financial products, analysis of the global financial market trend, and strategy and consulting business of the financial product investment.
Deposit and Remittance Banking Channels Division	In charge of supervising the management of the Deposit and Remittance Banking Dept. and domestic branches, achieving budget goal and other related matters.
Deposit and Remittance Banking Dept.	In charge of the achievement of the annual budget goal of the deposit business, relevant matters of formulating business strategies, implementing plans and marketing activities, determining target customers and business directions, enactment of relevant regulations on deposits and remittance, and management and training of deposit and remittance personnel. Besides, it is also responsible for domestic branches' performance analysis and evaluation, KPI formulating, as well as the relevant matters of planning and management of domestic branches, and service quality strategy development and implementation, and internal inspection of domestic branches' wealth management business.
Domestic Branches (including Business Dept.)	Manage services of commercial banks approved by the competent authority, execute budgetary objectives of branches, staff deployment, administers accounting affairs, general affairs and branch safety maintenance and other tasks assigned by the headquarter.
Financial Markets Division	Supervise Treasury Department, Financial Trading Department, Financial Product Department, and Financial Markets Administration Department.
Treasury Dept.	Manage bank-wide asset and debt, fund liquidation and transactions in primary and subprime markets and derivatives of fixed-income investment products, including banking book investment, gapping, launches and pricing of financial debt, short-term notes and bonds.
Financial Trading Dept.	Manage the operation of trading book of the Bank, including foreign exchange, equities, derivatives, and other approved products.
Financial Product Dept.	Manage product design, hedge trading, marketing promotion and other related matters of financial products and bond and bill underwriting and related derivative financial products.
Financial Markets Administration Dept.	Manage financial transactions related business planning, legal compliance, construction and maintenance of information hardware and software equipment and other related matters.

Departments	Function
Business Management Dept.	Manage the Bank's strategy, plan the organization merger and acquisitions (M&A) and business integration, establish the key performance indicators (KPIs,) implement performance rating, analyze the performance, manage the domestic long-term equity investment, establish the corporate identity and marketing advertisement, research the financial markets, prepare the annual report and credit rating report, be the contact unit for the competent authority, analyze and allocate the management of Bank's asset and liability, provide pricing strategies of interest rates on deposits and internal fund transfer and manage the affairs assigned by the head.
Credit Management Department	Establish the Bank's credit policy, and the guidelines of credit checking and collateral appraisal; in charge of the establishment of the regulations governing authorization of wholesale banking business and the review regulations on the general credit products of wholesale banking business; review credit customers of wholesale banking and the credit application of financial products from TMU.
Operation Dept.	Responsible for handling the centralized back office operations of deposits and loans, and matters related to the planning, management and execution of channel deposit and remittance operations and credit review, and setting up regional operation centers according to the needs of centralized processing of operations.
International Banking Dept.	Planning, management, institutionalization, and processing of foreign exchange business.
Collection Dept.	In charge of the collection and management of the Bank's unsound credit assets and other obligatory claims, as well as the summary and analysis of the Bank's unsound credit assets. It may set up regional collection centers, depending on the needs of collection operations. However, the collection operation of special products or businesses related unsound credit cases may be conducted by other units with the approval by the President.
Administration & Facilities Management Dept.	Conduct property management, including seal management, documentation, safety maintenance, construction and maintenance, procurement, and real estate rental and purchase, and other administrative affairs.; Matters relating to the reporting and registration to the competent authorities, such as the establishment, relocation and alteration of the Head Office and branch offices, the establishment, relocation, and abolition of domestic operating premises, non-operating offices, and the change of business unit managers.

Departments	Function
Human Resources Dept.	Manage human resource affairs, including recruitment, employment, promotion, transfer, appraisal, compensation, bonus, training, insurance and benefit.
Accounting Dept.	In charge of the accounting system and procedures, accounting, compilation of the budgets, periodic financial reporting and tax affairs.
E-Commerce Dept.	In charge of the Bank's strategic planning of digital finance development, integrate, promote and manage the business operation and other approved business.
Compliance Affairs Dept.	Plan, manage, and execute legal compliance system, establish legal communication, consultation, coordination and communication system, establish legal compliance risk management and supervision structure, confirm the timely update of various operations and management regulations in accordance with laws and regulations, issue or sign opinions that comply with laws and internal regulations, analyze the reasons for material deficiencies or drawbacks in units' legal compliance and improvement opinions, evaluate the effectiveness of units' legal compliance operations, and ensure the effective operation of the legal compliance system.
Legal Affairs Dept.	Review of the Bank's external standard and non-standard contract forms, rules and regulations, and other legal documents, as well as offer assistance and legal consultancy on non-lawsuit and lawsuit cases.
Information Technology Management Dept.	In charge of planning, construction, maintenance, operation and management of information systems.
Information Technology Development Dept. I	In charge of the Bank's core banking business such as NTD/foreign currency, wealth management trust and credit card services, and the research, analysis, planning, development, establishment and execution of information application service systems for peripheral banking business.
Information Technology Development Dept. II	In charge of the Bank's financial market business, automated channels, business intelligence, and the research, analysis, planning, development, establishment and execution of information application service systems for peripheral banking business.
Information Security Management Dept.	Formulate and implement the bank-wide information security policy, implement the Bank's information security plan and information security protection.
Financial Markets Operation Dept.	Manage the confirmation, settlements, accounting operations, internal controls, and other related matters of financial product transactions.

Departments	Function
Anti-Money Laundering Dept.	It is the Bank's dedicated unit responsible for handling the Bank's AML/CFT related matters to ensure the effective operation of AML/CFT mechanisms
Overseas Business Dept.	Plan and manage foreign branch investment as well as analyze and evaluate its performance; plan and manage foreign long-term equity investment and its performance analysis.
Digital Innovative Development Dept.	In charge of the research, analysis, planning, development, establishment and execution of the Bank's digital financial information application service systems.

3. Directors, Independent Directors and Managers

(1) Information of Directors

Base Date : January 31, 2023

Title	Nationality or Place of Registration	Name (note 1)	Gender & Age	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected;		Shares Held by Spouse & Minors or in Others'		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses within two degrees of kinship Title/ Relationship	Note
							Current Shareholding Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Chairman	Republic of China	Representative of Yuanta Financial Holdings : Chien Weng	Male 61-70 years old	2022.06.01	3 Years	2019.06.01					<ul style="list-style-type: none"> ● Bachelor of Laws, Fu Jen Catholic University ● Auditor-General and Executive Vice President of Yuanta Financial Holding Co., Ltd.; Auditor-General of Yuanta Bank; Chairman of Yuanta Venture Capital Co., Ltd.; Director of Yuanta Life Insurance Co., Ltd.; Director of Yuanta I Venture Capital Co., Ltd.; Director, President, Vice President and Administrative Director of Yuanta Polaris Securities; Managing Director, Vice President, and Board of Directors Chief Secretary of Oversea-Chinese Banking Corporation Limited 	President of Yuanta Financial Holdings; Independent Director of Family Mart; Director of Yuanta Foundation		
Vice Chairman	Republic of China	Representative of Yuanta Financial Holdings : Tsai Yu Chang	Male 51-60 years old	2022.06.01	3 Years	2020.11.20	100% owned by Yuanta FHC ; Shareholding when Elected : 7,394,038,982				<ul style="list-style-type: none"> ● MBA, National Chengchi University ● Chief Risk Officer of Yuanta Financial Holdings and Senior Vice President of Yuanta Life; Chief Strategy Officer of Yuanta Financial Holdings; President and Executive Vice President of Yuanta Bank; Chief Financial Officer of Yuanta Financial Holdings; Executive Vice President of Yuanta Securities; Senior Vice President of Yuanta Core Pacific Securities 	Vice President of Yuanta Bank		

Title	Nationality or Place of Registration	Name (note 1)	Gender & Age	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected;		Shares Held by Spouse & Minors or in Others'		Experience & Education	Other Position	Executives, Supervisors or in other capacities of Name/ Relationship	Note
							Current Shareholding	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Director	Republic of China	Representative of Yuanta Financial Holdings : Wei-Chen Ma (Michael)	Male 51-60 years old	2022.06.01	3 Years	2013.06.01					<ul style="list-style-type: none"> ● Bachelor of Finance and Business Economics, University of Southern California, USA ● Chief Executive Vice President of Yuanta Financial Holding Co., Ltd.; Vice Chairman of Yuanta Bank; Vice Chairman of Yuanta Life Insurance Co., Ltd.; Special Assistant of Chairman of Yuanta Construction Development Co., Ltd.; CEO of Syspower Corporation; Director of Yuanta Core Pacific Securities Co., Ltd.; Chairman of Chih Fu International Co., Ltd. 	Director of Yuanta Financial Holdings; Director of Yuanta Construction Development; Chairman of Yuanta Foundation; Director of Yuanta Life; Director of International Taipei Trade Building; World Trade Center Co., Ltd.; Director of TWSE; Director of Richcorp International Limited; Director of Yuanta International Investment; Director of Sunshine City Global (PTC) Limited; Director of Empire Vision Limited; Supervisor of Bai Hung Investment Co., Ltd.		
Director	Republic of China	Representative of Yuanta Financial Holdings : Chung-Yuan Chen	Male 71-80 years old	2022.06.01	3 Years	2016.06.01	100% owned by Yuanta FHC ;				<ul style="list-style-type: none"> ● KaNan High School of Commerce & Industry ● Executive Yuan Political Adviser; Managing Director of Taiwan Power Company; Supervisor of Chang Jia M&E Engineering Corp.; Chairman of Taipei City Fire Buff Association 	Director of Yuanta Financial Holdings; Chairman of Taipei City Jue Xiu Temple; Principal of Xinyi Mansion Artwork; Chung-Yuan Chen; Chairman of Yangping High School		
Director	Republic of China	Representative of Yuanta Financial Holdings : Yu-Feng Ko	Male 51-60 years old	2022.06.01	3 Years	2018.01.01					<ul style="list-style-type: none"> ● Graduate Programs in Management Science and Engineering, Stanford University, USA ● Director of Ta Chong Bank; Chairman of Duet Fashion Corporation Limited, Director of CCMedia Technology Company, and other positions 	Chairman of Happy Ray Co., Ltd.; Chairman of Hopin Digitech Co., Ltd.; Director of KYMCO Capital Fund I Co., Ltd.; Director of Shufhoe Corporation; Director of Noodoe Investment Co., Ltd.; Director of Hooloop Corporation; Director of Noodoe Corporation; Director of Happy Ray Investment Limited; Director of Kwang Yang Motor Co., Ltd.; Director of Fong Kao Fishery Co., Ltd.; Director of NCKU Venture Capital Co., Ltd.; Director of FCF Co., Ltd.; Director of CCMEDIA Technology Company; Director of Ming Feng Investment Co., Ltd.		

Title	Nationality or Place of Registration	Name (note 1)	Gender & Age	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected;		Shares Held by Spouse & Minors or in Others'		Experience & Education	Other Position	Executives, Directors who are supervisors or within two degrees of kinship Title/ Relationship	Note
							Current Shareholding Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Director	Republic of China	Representative of Yuanta Financial Holdings : Daniel Y. M. Song	Male 51~60 years old	2022.06.01	3 Years	2019.06.01					<ul style="list-style-type: none"> ● Master of Law, Columbia University ● Attorney-at-Law, New York, the USA; Partner, Lee and Li Attorneys-at-Law; Prosecutor assisting Ministry of Justice; Prosecutor, Taiwan Taichung District Prosecutors Office; Director of Uni Airways Corporation 	Director of Yuanta Financial Holdings; Chairman of Yuanta Asset Management; Director of Yuanta Life; Director of Sunshine City Global (PTC) Ltd.	—	—
Director	Republic of China	Representative of Yuanta Financial Holdings : Kuo Yuan Liang	Male 71~80 years old	2022.06.01	3 Years	2020.07.01	100% owned by Yuanta FHC ;				<ul style="list-style-type: none"> ● PhD in Economics, Duke University ● Chairman and Dean of Yuanta-Polaris Research Institute; Chairman and Dean of Polaris Research Institute; Honorary Professor of College of Technology Management, National Tsing Hua University; Professor and Chairman of Department of Economics, National Tsing Hua University; Adjunct Professor of Department of Economics, National Taiwan University; Executive Independent Director of Chang Hwa Commercial Bank; Director of San Fu Chemical Co., Ltd.; Consultant of China Airlines Board of Directors Risk Committee; Committee Member of Fair Trade Commission, Executive Yuan, R.O.C. 	Director Yuanta-Polaris Research Institute; Director of San Fu Chemical Co., Ltd.; Director of Artery Technology Corp	—	—
Director	Republic of China	Representative of Yuanta Financial Holdings : Ta Ching Lee	Male 61~70 years old	2022.06.01	3 Years	2020.07.01					<ul style="list-style-type: none"> ● PhD in Management Sciences, TamKang University ● Director of Stark Technology Co., Ltd.; Vice Chairman and Chief Operating Officer of Stark Technology Co., Ltd.; President of Sun Microsystems; Director of Bophie Co., Ltd.; Stark Technology Co., Ltd. 	Independent Director of HOWTEH Technology Co., Ltd.; Director of Yuanta Securities Investment Trust Co., Ltd. Consultant of Yuanta Financial Holdings Co., Ltd.	—	—

Title	Nationality or Place of Registration	Name (note 1)	Gender & Age	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected;		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Supervisors who are supervisors or within two degrees of kinship Title/ Relationship	Note
							Current Shareholding	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Director	Republic of China	Representative of Yuanta Financial Holding : Hsiao-Ling Chou	Female 51-60 years old	2022.06.01	3 years	2022.06.01					<ul style="list-style-type: none"> ● Master degree in Finance, National Taiwan University ● President of Yuanta Futures Co., Ltd.; Director of Yuanta Futures Ltd.; Director of Yuanta Futures (Hong Kong) Co., Ltd.; Vice Chairman and President of Yuanta Polaris Futures Co., Ltd.; Director and President of Polaris Man Futures Co., Ltd.; Director and Vice President of Bank of Overseas Chinese; President of Brokerage Division of Polaris Securities Co., Ltd. 	Vice Chairman of Yuanta Futures Co., Ltd.; Director of Yuanta Venture Capital Co., Ltd.; Director of Yuanta I Venture Capital Co., Ltd.; Director of Yuanta Cultural and Educational Foundation; Director of SYF Information (Shanghai); Director of SYF Information Co., Ltd.; Director of Taiwan Futures Exchange; Independent Director of Luo Lih-Fen Holding Co., Ltd.; CFO, Corporate Banking Division of Yuanta Financial Holding Co., Ltd.	—	—
Director	Republic of China	Representative of Yuanta Financial Holding : Wen-Ching Chiu (Note 3)	Female 51-60 years old	2022.11.25	3 years	2022.11.25	100% owned by Yuanta FHC ;				<ul style="list-style-type: none"> ● Bachelor of Laws, National Chengchi University ● Vice President and Board of Directors Chief Secretary of Yuanta Securities Co., Ltd.; Chief Legal Officer of Yuanta Financial Holding Co., Ltd. 	Chief Compliance Officer of Yuanta Financial Holding Co., Ltd.; Senior Vice President of Yuanta Bank	—	—
Independent Director	Republic of China	Representative of Yuanta Financial Holdings : Ming-Ling Hsueh	Male 61-70 years old	2022.06.01	3 Years	2016.06.01					<ul style="list-style-type: none"> ● Master, Soochow University Institute of Accounting; MBA, Bloomsburg University of Pennsylvania, USA ● President of PwC Taiwan; Member of the Board of Examiners for Senior Professional and Technical Examination of the R.O.C.; Adjunct Professor of College of Technology Management, National Tsing Hua University; Adjunct Professor of School of Management, National Taiwan University of Science and Technology; Chairman of Financial Literacy & Education Association (FINLEA) 	Independent Director of Yuanta Financial Holdings; Independent Director of Lite-On Technology Co.; Independent Director of TTY Biopharm Co.; Independent Director of Walkin Lihwa Co.; Executive Director of Taiwan Corporate Governance Association; Director of Tung Hua Book Co., Ltd.	—	—

Title	Nationality or Place of Registration	Name (note 1)	Gender & Age	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected;		Shares Held by Spouse & Minors or in Others'		Experience & Education	Other Position	Executives, Supervisors or in other capacities on basis of kinship Title/ Relationship	Note
							Current Shareholding Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Independent Director	Republic of China	Representative of Yuanta Financial Holdings : Chang-Shan Hung	Male 61~70 years old	2022.06.01	3 Years	2017.06.01					<ul style="list-style-type: none"> ● MSc in Law and Accounting, National Chengchi University ● Independent Director of Yuanta Futures; Deputy Head of PwC Taiwan; Deputy Managing Director of Taiwan CPA Association; Director of Franz Biotech Inc. 	Independent Director of Yuanta Securities; Chairman of Qingsheng Financial Consultant Co., Ltd.; Independent Director of HannStar Display Corporation; Independent Director of Chicony Power Technology Co., Ltd.	—	—
Independent Director	Republic of China	Representative of Yuanta Financial Holdings : Kuang-Si Shiu	Male 61~70 years old	2022.06.01	3 Years	2017.07.01	100% owned by Yuanta FHC ; Shareholding when Elected : 7,394,038,982 Current Shareholding : 7,394,038,982				<ul style="list-style-type: none"> ● Master's, Indiana University Kelley School of Business ● Section Chief of Bureau of Monetary Affairs, Ministry of Finance; Assistant Auditor of Taxation Administration, Ministry of Finance; Research Associate of Council for Economic Planning and Development, Executive Yuan; Vice President of Bank of Communications; Chairman of Land Bank of Taiwan; Chairman of Hua Nan Financial Holdings and Hua Nan Bank; Chairman of Mega Financial Holdings and Mega Bank 	Independent Director of Yuanta Financial Holdings; Supervisor of Yu Cheng Investment Co., Ltd.; Director of Cannaan Clai Co., Ltd.; Supervisor of The Promised Land Foundation; Supervisor of Ti Mo Tai Investment Co., Ltd.; Independent Director of UMC Co., Ltd.	—	—
Independent Director	Republic of China	Representative of Yuanta Financial Holdings : Chuang-Li Chang	Male 71~80 years old	2022.06.01	3 Years	2019.06.01					<ul style="list-style-type: none"> ● Bachelor of Laws, National Taiwan University ● Independent Director of Yuanta Securities; Prosecutor, Taichung District Prosecutors Office; Judge, Taichung District Court and Taipei District Court; Division Leading Judge, Hsinchu/ Taoyuan/ New Taipei/ Taipei District Court; Presiding Judge and Judge, Taiwan High Court 	Independent Director of Cub Elecparts Co., Ltd.; Independent Director of Amida Technology Co., Ltd.	—	—

Title	Nationality or Place of Registration	Name (note 1)	Gender & Age	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected;		Shares Held by Spouse & Minors or in Others'		Experience & Education	Other Position	Executives, Directors who are supervisors or within two degrees of kinship Title/ Name/ Relationship	Note
							Current Shareholding	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Independent Director	Republic of China	Representative of Yuanta Financial Holding : Jin-Tin Pan	Male 71~80 years old	2022.06.01	3 Years	2022.06.01					<ul style="list-style-type: none"> ● Graduate Institute of Business Policy, University of Tsukuba ● Chairman, President and Vice President of Taiwan FamilyMart Co., Ltd.; Managing Executive Director of FamilyMart Japan 	Director of Taiwan FamilyMart Co., Ltd.; Director of Taiwan Distribution Center Co., Ltd.; Director of Accudata Research Institute Inc.; Director of RE-YI Distribution Service Co., Ltd.; Director of Family International Gourmet Co., Ltd.; Director of FamilyNet Co., Ltd.	—	—
Independent Director	Republic of China	Representative of Yuanta Financial Holding : Chi-Chun Liu	Male 51~60 years old	2022.06.01	3 Years	2022.06.01	100% owned by Yuanta FHC ; Shareholding when Elected : 7,394,038,982				<ul style="list-style-type: none"> ● Ph.D. in Accounting, New York University ● Associate Dean and EMBA CEO of College of Management, National Taiwan University; Professor of Department/Graduate Institute of Accounting, National Taiwan University; Convener of Accounting Group, IFRS 17 Insurance Contract Taskforce; Commissioner of Financial Supervisory Commission; Independent Director of Taiwan Power Company; ● Supervisor of Financial Ombudsman Institution; Juristic-Person Supervisor of Joint Credit Information Center; Managing Supervisor of Public Television Service Foundation; Managing Director of Accounting Research and Development Foundation in Taiwan 	Independent Director of Yuanta Life Insurance Co., Ltd.		

Note 1 : Yuanta Financial Holding Co., Ltd. appointed Mr. Chien Weng, Mr. Tsai-Yu Chang, Mr. Fan-Sheng Pu, Mr. Wei-Chen Ma (Michael), Mr. Chung-Yuan Chen, Mr. Daniel Y.M. Song, Mr. Kuo-Yuan Liang, Mr. Yu Feng Ko, Mr. Ta-Ching Lee and Ms. Hsiao-Ling Chou as the directors of the Board's 11th Board of Directors, and Mr. Ming-Ling Hsueh, Mr. Ching-Shan Hung, Mr. Kuang-Si Shiu, Mr. Chuan-Li Chang, Mr. Jin-Tin Pan and Mr. Chi-Chun Liu as the independent directors of Yuanta Bank's 11th Board of Directors, on June 1, 2022. Meanwhile, 1st meeting of Yuanta Bank's 11th Board of Directors elected Mr. Chien-Weng as the Chairman and Mr. Tsai-Yu Chang as the Vice Chairman on June 1, 2022.

Note 2 : The directors of 11th Board of Directors shall hold the term of office from June 1, 2022 to May 31, 2025.

Note 3 : Mr. Fan-Sheng Pu resigned as director on November 24, 2022. Ms. Wen-Ching Chiu was appointed to be the director on November 25, 2022.

(2) Major Institutional Shareholders

Base Date : April 11, 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Yuanta Financial Holdings Co., Ltd	Tsun Chueh Investment Co., Ltd.	3.54%
	HO JIA Investment Co., Ltd.	3.32%
	Yuan Hung Investment Co., Ltd.	2.92%
	Yuan Hsiang Investment Co., Ltd.	2.89%
	Trust property account held in custody by Yuanta Bank	2.57%
	Bank of Taiwan	2.22%
	Yu Yang Investment Co., Ltd.	2.16%
	Singapore Government's investment account held in custody by Citibank (Taiwan)	2.15%
	Teng Ta Investment Co., Ltd.	2.04%
	Fubon Life Insurance Co., Ltd.	1.99%

Note : Data for the company's top 10 major shareholders are as of Yuanta financial Holdings' latest book closure date (08/20/2022).

(3) Key Shareholders of Major Institutional Shareholders

Base Date : April 11, 2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Tsun Chueh Investment Co., Ltd.	Teng Ta Investment Co., Ltd	16.69%
	Lian Ta Investment Co., Ltd	19.84%
	Lien Heng Investment Co., Ltd	18.92%
	Chiu Ta Investment Co., Ltd	18.36%
	Hsing Tsai Investment Co., Ltd.	10.23%
	Victor Ma	8.27%
	Judy Tu	4.69%
HO JIA Investment Limited	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%

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Trust property account held in custody by Yuanta Bank	Not applicable	
Bank of Taiwan Co., Ltd	Taiwan Financial Holdings Co., Ltd	100%
Yu Yang Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd	100%
Singapore Government's investment account held in custody by Citibank (Taiwan)	Not applicable	
Teng Ta Investment Co., Ltd	Lien Heng Investment	53.58%
	Mai Kao Venture Capital	45.87%
	Judy Tu	0.55%
Fubon Life Assurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	
		100%

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

Base Date : January 31, 2023

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
President	Republic of China	Tsai-Yu Chang	Male	2022.12.30	—	—	—	—	<ul style="list-style-type: none"> ●EMBA, National Chengchi University ●Vice Chairman and President of Yuanta Bank 	—	
Auditor-General	Republic of China	Sung-Shan Chao	Male	2022.12.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Laws, Soochow University ●Vice President of Yuanta Bank 	—	
Executive Vice President	Republic of China	Allen Wu	Male	2019.07.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA in Industrial and Business Management, University of Mississippi, USA ●Senior Vice President of Yuanta FHC 	Senior Vice President of Yuanta Financial Holdings; Chairman of Yuanta Savings Bank (Philippines); Director of Yuanta Savings Bank (Philippines)	
Senior Vice President	Republic of China	Yu-Chun Lin	Male	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master of Finance, St. John's University ●Vice President of Taishin International Bank 	Chairman of Yuanta Savings Bank; Director of Yuanta Savings Bank	
Senior Vice President	Republic of China	Chi-Liang Hsiao	Male	2022.08.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, California State University, San Bernardino, USA ●Vice President of Yuanta Bank 	—	
Senior Vice President	Republic of China	Wen-Ching Chiu	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Laws, National Chengchi University ●Senior Vice President of Yuanta Securities 	Senior Vice President of Yuanta Financial Holdings	
Senior Vice President	Republic of China	Hsu-Shu Mai	Male	2017.08.18	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, National Taiwan University ●Senior Vice President of Yuanta Securities 	Senior Vice President of Yuanta Financial Holdings; Supervisor of Yuanta Securities Finance	
Senior Vice President	Republic of China	Hsiao-Keng Chang	Female	2017.09.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Accounting, National Taiwan University ●Senior Vice President of Yuanta Life 	Senior Vice President of Yuanta Financial Holdings	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Vice President	Republic of China	Ching-Sun Yang	Male	2019.01.15	—	—	—	—	<ul style="list-style-type: none"> ●PhD in News & Mass Communication, Jinan University. ●Vice President of Yuanta FHC 	Senior Vice President of Yuanta Financial Holdings; Supervisor of Yuanta Asset Management	
Senior Vice President	Republic of China	Ming-Hung Tsai	Male	2022.12.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National Chung Hsing University ●Senior Vice President of Yuanta Securities 	—	
Vice President	Republic of China	Tzu-I Huang	Male	2021.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in International Business, National Taiwan University ●Senior Assistant Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Chi-Ting Huang	Female	2021.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Laws, Chinese Culture University ●Senior Assistant Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Chih-Feng Yang	Male	2022.08.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Banking and Finance, Tamkang University ●Senior Assistant Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Chien-Sheng Wang	Male	2022.07.22	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, National Yunlin University of Science and Technology ●Senior Assistant Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Chih-Sheng Pan	Male	2019.05.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, Tunghai University ●Senior Assistant Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Chun-Huang Lu	Male	2020.02.21	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National Taipei University ●Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Su-Ching Weng	Female	2020.11.12	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, National Cheng Kung University ●Vice General Auditor of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Vice President	Republic of China	Chi-Jung Huang	Male	2022.09.02	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Information Engineering and Computer Science, Feng Chia University ● Vice President of Yuanta Bank 	Vice President Yuanta Financial Holdings; Supervisor of Taiwan Mobile Payments Co., Ltd.	
Vice President	Republic of China	Chao-Wen Zheng	Male	2022.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Master in Computer Science and Information Engineering, National Taiwan University ● Senior Assistant Vice President of China Life 	—	
Vice President	Republic of China	Yi-Liang Su	Male	2022.12.01	—	—	—	—	<ul style="list-style-type: none"> ● Ph.D. in Administration, National Taiwan University of Science and Technology ● Vice President of Yuanta Life 	—	
Vice President	Republic of China	Sin-Yu Lin	Female	2015.03.01	—	—	—	—	<ul style="list-style-type: none"> ● MBA, Arizona State University, USA ● Senior Assistant Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Chen-Kang Yang	Male	2022.07.22	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Economics, Soochow University ● Senior Assistant Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Chien-Pin Wu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Business Administration, National Chung Hsing University ● Senior Assistant Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Ching-Chung Kuo	Male	2022.10.03	—	—	—	—	<ul style="list-style-type: none"> ● Master of Industrial Engineering, Columbia University ● Senior Assistant Vice President of Trend Micro Inc. 	—	
Vice President	Republic of China	Wun-Ci Chou	Female	2019.12.26	—	—	—	—	<ul style="list-style-type: none"> ● MBA, National Chengchi University ● Vice President of Yuanta FHC 	—	
Vice President	Republic of China	Zhi-Ci Liu	Male	2021.05.21	—	—	—	—	<ul style="list-style-type: none"> ● Master in Information Management, National Central University ● Vice President of Yuanta Securities 	—	
Vice President	Republic of China	Pi-Ju Liao	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● MBA, National Sun Yat-sen University ● Senior Assistant Vice President of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Vice President	Republic of China	Ching-Chi Huang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Master in Finance, National Kaohsiung First University of Science and Technology ● Senior Assistant Vice President of Yuanta Bank 	—	
Vice President	Republic of China	Wei-Chen Chang	Male	2022.07..22	—	—	—	—	<ul style="list-style-type: none"> ● MBA, Tulane University ● Vice President of Yuanta Securities 	Vice President of Yuanta Financial Holdings; Director of Yuanta Futures	
Senior Assistant Vice President	Republic of China	Ming-Hung Chang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Master in International Business Management, Tainan University of Technology ● Senior Assistant Vice President of Yuanta Bank 	—	
Senior Assistant Vice President	Republic of China	Cheng-Fang Chen	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Master in Finance, National Yunlin University of Science and Technology ● Assistant Vice President of Yuanta Bank 	—	
Senior Assistant Vice President	Republic of China	Chin Yang	Male	2020.02.16	—	—	—	—	<ul style="list-style-type: none"> ● Master in Finance, National Taiwan University of Science and Technology ● Senior Assistant Vice President of Yuanta Securities Investment Trust 	—	
Senior Assistant Vice President	Republic of China	Wei-Ning Chang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● EMBA, National Chengchi University ● Assistant Vice President of Yuanta FHC 	Supervisor of Yuanta International Leasing	
Senior Assistant Vice President	Republic of China	Li-Yun Chen	Female	2014.07.14	—	—	—	—	<ul style="list-style-type: none"> ● MBA, Hofstra University, New York, USA ● Assistant Vice President of Yuanta FHC 	Senior Assistant Vice President of Yuanta Financial Holdings; Director of Yuanta International Leasing	
Senior Assistant Vice President	Republic of China	Chen-Chun Lin	Male	2021.06.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Management, National Taipei University of Business ● Senior Assistant Vice President of Yuanta Bank 	Senior Assistant Vice President of Yuanta Financial Holdings	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Assistant Vice President	Republic of China	Guo-Rong Lee	Male	2021.03.22	—	—	—	—	<ul style="list-style-type: none"> ●Master in Laws, Soochow University ●Senior Attorney-at-Law, Lee and Li Attorneys-at-Law 	—	
Senior Assistant Vice President	Republic of China	Yen-Liang Lin	Male	2022.09.02	—	—	—	—	<ul style="list-style-type: none"> ●Master in Information and Electrical Engineering, Feng Chia University ●Assistant Vice President of Yuanta Bank 	—	
Senior Assistant Vice President	Republic of China	Siou-Jhen You	Female	2019.09.10	—	—	—	—	<ul style="list-style-type: none"> ●MBA, The University of Southern Queensland, Australia ●Senior Vice President of DBS Bank Limited 	—	
Senior Assistant Vice President	Republic of China	Jia-Jih Lu	Female	2019.05.02	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Economics, National Chung Hsing University ●Senior Assistant Vice President of Taishin International Bank 	—	
Senior Assistant Vice President	Republic of China	Jia-Jih Jian	Male	2019.05.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Money and Banking, National Chengchi University ●Assistant Vice President of Yuanta Bank 	—	
Senior Assistant Vice President	Republic of China	Che-Chin Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, National Taiwan University of Science and Technology ●Assistant Vice President of Yuanta Bank 	—	
Senior Assistant Vice President	Republic of China	Jhong-Fu Siao	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Management Science, National Chiao Tung University ●Senior Assistant Vice President of Taishin International Bank 	—	
Senior Assistant Vice President	Republic of China	Ya-Hui Hsieh	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in National Development, National Taiwan University ●Assistant Vice President of Yuanta Bank 	—	
Senior Assistant Vice President	Republic of China	Chiung-Fen Huang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, National Taiwan University ●Senior Assistant Vice President of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Assistant Vice President	Republic of China	Tsung-Chieh Lee	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Master in Accounting, National Yunlin University of Science and Technology ● Senior Assistant Vice President of Yuanta Bank 	—	
Senior Assistant Vice President	Republic of China	Lu-Wen Tang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Finance, Chaoyang University of Technology ● Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Ting-I Chu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Master in International Financial Market, American Graduate School of International Management, USA ● Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Shu-Mei Lin	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Associate degree of Finance, Yung Ta Institute of Technology and Commerce ● Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	I-Hsuan Huang	Female	2021.04.06	—	—	—	—	<ul style="list-style-type: none"> ● Master in Management, Fu Jen Catholic University ● Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Chiu-Hua Chou	Female	2021.06.11	—	—	—	—	<ul style="list-style-type: none"> ● Associate degree of Information Management, Hwa Hsia College of Technology and Commerce ● Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Cheng-Hui Chen	Male	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> ● MBA, Ming Chuan University ● Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Pei-Yu Wu	Female	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Associate degree of Secretarial Science, Tamsui Institute of Business Administration ● Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Yu-Mei Yang	Female	2022.08.19	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Business Administration, Daito Bunka University, Japan ● Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Shu-Hui Chen	Female	2022.08.19	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Political Science, Soochow University ● Assistant Vice President of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Rung-Ru Chou	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Business Administration, Chinese Culture University ● Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Hui-Kuo Chien	Male	2013.02.22	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Economics, Fu Jen Catholic University ● Senior Manager of Yuanta Bank 	Chairman of Yuanta International Leasing; Director of Yuanta International Leasing	
Assistant Vice President	Republic of China	Cheng-Chi Lee	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> ● MBA, University of North Alabama, USA ● Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Liang-Chuan Chou	Male	2022.09.02	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor in Dept. of Journalism, National Chengchi University ● Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Chien-Ming Tseng	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Finance and Banking, Aletheia University ● Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Chao-Hsien Shao	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Master in Finance, National Chengchi University ● Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Yuan-Chih Hsieh	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Civil and Construction Engineering, National Taiwan University of Science and Technology ● Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Chen-Hsing Huang	Male	2022.08.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Information Management, National Taiwan University of Science and Technology ● Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Chiu-Yen Chen	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Political Science, National Chengchi University ● Senior Manager of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Chao-Yen Chen	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Molecular Science and Engineering, National Taipei University of Technology ●Senior Vice President of Standard Chartered Bank 	—	
Assistant Vice President	Republic of China	Wen-Chung Lee	Male	2020.11.12	—	—	—	—	<ul style="list-style-type: none"> ●Master in Economics, Ming Chuan University ●Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Ping-Chiu Liu	Male	2016.09.11	—	—	—	—	<ul style="list-style-type: none"> ●Master in Insurance, Feng Chia University ●Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Yao-Chun Huang	Male	2020.07.24	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, National Chung Cheng University ●Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Yao-Yi Tsai	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Investment Management, The University of London City, UK ●Assistant Vice President of Taishin International Bank 	—	
Assistant Vice President	Republic of China	Kuang-Hua Peng	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in International Business, National Chengchi University ●Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Xin-Min Zheng	Male	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Management Sciences, Tamkang University ●Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Hua-Hsien Tsai	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, Chung Hua University ●Assistant Vice President of Yuanta Bank 	—	
Senior Manager	Republic of China	Ming-Hsuan Huang	Male	2020.10.30	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National Chengchi University ●Senior Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Yu-Wei Wang	Female	2020.03.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, Chaoyang University of Technology ●Manager of Yuanta Bank 	Senior Manager of Yuanta Financial Holdings	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	I-Shuai Lo	Male	2019.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Applied Business, School of Continuing Education Affiliated to National Taipei University of Business ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Chun-Lung Wu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National DonHwa University ●Senior Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Kan-Pei Chen	Male	2022.08.01	—	—	—	—	<ul style="list-style-type: none"> ●Department of Business Mathematics, Soochow University ●Senior Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Chao-Rong Chang	Male	2021.05.15	—	—	—	—	<ul style="list-style-type: none"> ●Master in Management, National Central University ●Senior Manager of Yuanta Bank 	—	
Manager	Republic of China	Yu-Te Lin	Male	2022.04.29	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Banking, National Chengchi University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Chun-An Lo	Male	2022.05.27	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Laws, National Chengchi University ●Manager of Yuanta Bank 	—	
Senior Assistant Vice President	Republic of China	Jian-Hong Lin	Male	2021.04.22	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Statistics, Tunghai University ●Assistant Vice President of Shin Kong Bank 	—	
Senior Assistant Vice President	Republic of China	Chi-Wen Tso	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●PhD of Business Administration, Chaoyang University of Technology ●Assistant Vice President of Yuanta Bank 	—	
Senior Assistant Vice President	Republic of China	Hsi-Tung Chen	Male	2021.05.14	—	—	—	—	<ul style="list-style-type: none"> ●MBAM, Yuan Ze University ●Vice President of Citibank Taiwan 	—	
Assistant Vice President	Republic of China	Sheng-Wen Chien	Male	2019.04.08	—	—	—	—	<ul style="list-style-type: none"> ●MBA, Chaoyang University of Technology ●Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Ming-Kuan Lu	Male	2022.07.25	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Statistics, National Chengchi University ●Senior Vice President of HSBC 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Yu-Ling Hsu	Female	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National Central University ●Senior Manager of Yuanita Bank 	—	
Assistant Vice President	Republic of China	Cheng-Hua Chen	Male	2021.05.14	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, Fu Jen Catholic University ●Senior Manager of Yuanita Bank 	—	
Assistant Vice President	Republic of China	Pei-Ying Wang	Female	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, St. John's University, USA ●Senior Manager of Yuanita Bank 	—	
Assistant Vice President	Republic of China	Li-Ching Yu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of International Business, Tunghai University ●Senior Manager of Yuanita Bank 	—	
Assistant Vice President	Republic of China	Zi-Yi Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Statistics, Feng Chia University ●Senior Manager of Yuanita Bank 	—	
Assistant Vice President	Republic of China	Mei-Yi Wang	Female	111.07.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, Tatung University ●Assistant Vice President of CTBC Bank 	—	
Assistant Vice President	Republic of China	Yen-Hao Chen	Male	111.04.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, L-SHOU University ●Assistant Vice President of Taipei Fubon Bank 	—	
Senior Manager	Republic of China	Chi-Chang Yu	Male	2022.11.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business, National Open University ●Manager of Yuanita Bank 	—	
Senior Manager	Republic of China	Meng-Wei Lin	Male	2022.07.25	—	—	—	—	<ul style="list-style-type: none"> ●EMBA, National Chung Hsing University ●Senior Sales Manager of Yuanita Bank 	—	
Senior Manager	Republic of China	Ling-Ying Liao	Female	2021.07.26	—	—	—	—	<ul style="list-style-type: none"> ●Associate degree of Business Administration, Ling Tung Junior College of Accounting ●Manager of Yuanita Bank 	—	
Senior Manager	Republic of China	Tieh-Cheng Hsieh	Male	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Finance, Takming University of Science and Technology ●Manager of Yuanita Bank 	—	
Senior Manager	Republic of China	Ching-Hui Chiu	Female	2022.09.26	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of International Business, Tamkang University ●Manager of Yuanita Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Hsueh-Ling Wu	Female	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●EMBA, Soochow University ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Ping-Huang Hu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Economics, Fu Jen Catholic University ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Pao-Lin Wang	Female	2022.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Urban Planning, Chinese Culture University ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Chung-Lin Wu	Male	2023.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master, Institute of Interdisciplinary Studies for Social Sciences, National Sun Yat-sen University ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Wen-Pin Lu	Male	2022.08.19	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, Cheng Shiu University ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Jo-Ti Yao	Female	2021.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Associate degree of Radiology, Yuanpei Institute of Medical Technology ●Manager of Citibank Taiwan 	—	
Senior Manager	Republic of China	Jung-Yu Tu	Male	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Laws, Chinese Culture University ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Chin-Mei Lin	Female	2021.07.26	—	—	—	—	<ul style="list-style-type: none"> ●Associate degree of International Business, National Taitung College of Business ●Senior Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Ju-Chen Lee	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Associate degree of International Business, Chih Lee College of Business ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Yung-Feng Chen	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Associate degree of Electronic Engineering, Chien Hsin Industrial College ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Yen-Ling Ko	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, National Kaohsiung First University of Science and Technology ●Vice President of HSBC 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Ching-Hsing Pan	Male	2021.07.26	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, National Central University ●Senior Sales Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Ming-Chia Tsai	Male	2021.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Economics, National Sun Yat-sen University ●Sales Assistant Vice President of Yuanta Bank 	—	
Senior Manager	Republic of China	Shu-Ling Wang	Female	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National Kaohsiung University of Applied and Sciences ●Senior Sales Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Chen-Hsiang Lan	Male	2020.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Economics, Soochow University ●Senior Manager of Standard Chartered Bank 	—	
Senior Manager	Republic of China	Yu-Xiu Lin	Female	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Management Science, National Chiao Tung University ●Senior Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Ying-Fen Tsai	Female	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, National Cheng Kung University ●Assistant Vice President of KGI Bank 	—	
Senior Manager	Republic of China	Chin-Chen Ho	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Management, Providence University ●Senior Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Tzu-Ling Lin	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Associate degree of Accounting and Statistics, Tatung Institute of Technology ●Senior Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Chen-Chieh Wu	Male	2022.07.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Economics, Fu Jen Catholic University ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Yen-Ping Weng	Female	2021.01.18	—	—	—	—	<ul style="list-style-type: none"> ●Associate degree of Banking and Insurance, Chih Lee College of Business ●Senior Manager of CTBC Bank 	—	
Senior Manager	Republic of China	Shan-Yu Huang	Female	2020.10.05	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance and Information, National Kaohsiung University of Applied and Sciences 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
									<ul style="list-style-type: none"> Assistant Vice President of Taishin International Bank 		Title/ Name/ Relationship
Senior Manager	Republic of China	Chieh-Ping Wu	Male	2022.09.30		—		—	<ul style="list-style-type: none"> Master in Business Education, National Changhua University of Education Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Yan-Hui Chen	Male	2022.04.09		—		—	<ul style="list-style-type: none"> MBA, Chang Gung University Senior Vice President of Sino Pac Securities 	—	
Senior Manager	Republic of China	Da-Wei Liu	Male	2021.06.16		—		—	<ul style="list-style-type: none"> Bachelor of Architecture, Chung Yuan Christian University Senior Manager of Bank SinoPac 	—	
Senior Manager	Republic of China	Yen-Shan Lee	Male	2022.09.26		—		—	<ul style="list-style-type: none"> Bachelor of Statistics, National Chung Hsing University Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Guo-Zheng Cao	Male	2022.01.01		—		—	<ul style="list-style-type: none"> Master in Management Science, Keuka College, New York, USA Senior Manager of Taishin International Bank 	—	
Senior Manager	Republic of China	Yuan-Si Huang	Male	2021.04.06		—		—	<ul style="list-style-type: none"> Bachelor of Public Management and Policy, Tunghai University Senior Manager of CTBC Bank 	—	
Senior Manager	Republic of China	Mao-Feng Huang	Male	2022.01.01		—		—	<ul style="list-style-type: none"> MBA, Madonna University, USA Senior Manager of Taipei Fubon Bank 	—	
Senior Manager	Republic of China	Yi-Ping Feng	Female	2021.03.29		—		—	<ul style="list-style-type: none"> MBA, Soochow University Assistant Vice President of KGI Bank 	—	
Senior Manager	Republic of China	Chiung-Wen Chen	Female	2022.07.01		—		—	<ul style="list-style-type: none"> Department of Finance, Affiliated College of Takming University of Science and Technology Senior Manager of Taipei Fubon Bank 	—	
Senior Manager	Republic of China	Ming-Tsai Huang	Male	2022.07.01		—		—	<ul style="list-style-type: none"> Master in Dept. of Finance, Adelphi University Senior Manager of Bank SinoPac 	—	
Senior Manager	Republic of China	Li-Yu Pan	Female	2022.03.14		—		—	<ul style="list-style-type: none"> Associate degree of Banking and Insurance, National Taichung College of Business Manager of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Wen-Shao Cheng	Male	2022.06.24	—	—	—	—	<ul style="list-style-type: none"> Department of Insurance, Shih Chien University Senior Sales Manager of Yuanta Bank 	—	Title/ Name/ Relationship
Senior Manager	Republic of China	Li-Min Wang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> Master in Technology Management, Fu Jen Catholic University Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Hui-Ping Cho	Female	2020.11.13	—	—	—	—	<ul style="list-style-type: none"> Bachelor of Accounting, National Taiwan University Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Ming-Hua Lin	Male	2022.05.03	—	—	—	—	<ul style="list-style-type: none"> EMBA, National Chengchi University Senior Manager of Taipei Fubon Bank 	—	
Senior Manager	Republic of China	Chien-Yu Lin	Male	2022.09.01	—	—	—	—	<ul style="list-style-type: none"> MBA, Kainan University Manager of CTBC Bank 	—	
Senior Manager	Republic of China	Yung-Chi Lin	Male	2022.09.26	—	—	—	—	<ul style="list-style-type: none"> MBA, Chung Yuan Christian University Senior Manager of Taipei Fubon Bank 	—	
Senior Manager	Republic of China	Jui-Chen Hsu	Female	2022.09.05	—	—	—	—	<ul style="list-style-type: none"> MBA, Texas A&M Senior Manager of Taipei Fubon Bank 	—	
Senior Manager	Republic of China	Yi-Lun Li	Male	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> Bachelor of Business Administration, Chinese Culture University Senior Manager of Taishin International Bank 	—	
Senior Manager	Republic of China	Ching-Chuan Chang	Male	2023.01.01	—	—	—	—	<ul style="list-style-type: none"> Bachelor of Finance, Chung Hua University Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Huang-Yu Lai	Male	2022.07.18	—	—	—	—	<ul style="list-style-type: none"> Bachelor in Dept. of Business Administration, I-SHOU University Assistant Vice President of DBS Bank 	—	
Senior Manager	Republic of China	Chung-Cheng Chang	Male	2022.06.01	—	—	—	—	<ul style="list-style-type: none"> Bachelor in Dept. of History, Chinese Culture University Senior Manager of Bank SinoPac 	—	
Senior Manager	Republic of China	Chien-Ming Lin	Male	2022.06.01	—	—	—	—	<ul style="list-style-type: none"> Bachelor of Applied Economics, National Chung Hsing University Senior Manager of Bank SinoPac 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Mei-Wen Chang	Female	2018.05.16	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Applied Economics, National Chiayi University ●Manager of Yuanta Bank 	—	
Senior Manager	Republic of China	Tsai-Ti Hung	Female	2022.08.19	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, Cheng Shiu University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Hsin-Ling Shen	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Economics, Shih Hsin University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Mei-Yu Zhong	Female	2021.05.14	—	—	—	—	<ul style="list-style-type: none"> ●Master in Industrial and Business Management, Upper Iowa University, USA ●Manager of Cathay United Bank 	—	
Manager	Republic of China	I-Jung Tsai	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Environmental Engineering, National Kaohsiung University of Science and Technology ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Chia-Sheng Liu	Male	2022.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Accounting, Chinese Culture University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Yu-Tong Chen	Female	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Visual Communication Design, Ling Tung University ●Manager of Taishin International Bank 	—	
Manager	Republic of China	Yu-Tzu Chang	Female	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, National Kaohsiung First University of Science and Technology ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Hsin-Cheng Liu	Male	2020.10.05	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Agricultural Economics, National Chiayi University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Yu-Chuan Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, Fu Jen Catholic University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Ching-Sung Chang	Male	2021.08.01	—	—	—	—	<ul style="list-style-type: none"> ●Associate degree of Business Administration, National Taichung College of Business ●Manager of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Tsung-Hsien Hsieh	Male	2021.06.01	—	—	—	—	<ul style="list-style-type: none"> ● Master in International Economics, National Chung Cheng University ● Manager of Yuanta Bank 	—	Title/ Name/ Relationship
Manager	Republic of China	Wen-Hsiang Chien	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Industrial and Systems Engineering, Chung Yuan Christian University ● Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Yu-Shan Lee	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Business Administration, Fu Jen Catholic University ● Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	I-Yao Hsu	Male	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Civil Engineering, Tungshan University ● Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Jung-Chih Wu	Male	2022.07.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of International Business, Asia University ● Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Chao-I Wu	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Finance, Southern Taiwan University of Technology ● Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Chih-Hao Chen	Male	2022.08.19	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Finance, Fortune Institute of Technology ● Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Yao-Jen Huang	Male	2020.02.07	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Civil Engineering, HungKuo Delin University ● Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Wen-Ting Tu	Female	2019.11.11	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Business Administration, Tamkang University ● Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Hsiao-Fei Chang	Female	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ● MBA, Soochow University ● Sales Manager of Yuanta Bank 	—	
Manager	Republic of China	Li-Fen Chang	Female	2021.07.26	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Business Administration, Ling Tung University ● Senior Deputy Manager of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Kun-Fen Su	Male	2020.09.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, Ming Chuan University ●Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Hou-Jen Yang	Male	2022.09.02	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Economics, Feng Chia University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Yu-Te Su	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Finance, Jin Wen University of Science & Technology ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Chi-Hui Chang	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National Chung Hsing University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	I-Chun Wan	Female	2021.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, Louisiana State University, USA ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Cheng-Chan Chiang	Male	2022.08.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, Southern Taiwan University of Technology ●Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Sheng-Feng Chen	Male	2023.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Economics, Feng Chia University ●Manager of EnTe Commercial Bank 	—	
Manager	Republic of China	Chung-Hsuan Lee	Male	2022.09.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Finance and Banking, Shih Chien University ●Manager of Yuanta Bank 	Director of Financial Literacy & Education Association (FINLEA)	
Manager	Republic of China	Te-Yu Yuan	Male	2018.11.16	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Insurance, Tamkang University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Wen-Hsin Kao	Male	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, Tamkang University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Ming-Yuan Shih	Male	2018.06.08	—	—	—	—	<ul style="list-style-type: none"> ●Master in Land Management, Feng Chia University ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Wen-Chiung Tsai	Female	2022.04.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, Southern Taiwan University of Technology ●Senior Deputy Manager of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Tzu-Ching Chen	Female	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Laws, National Taipei University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Hsiu-Ling Tsai	Female	2019.05.13	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National Chiayi University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Ming-Hua Huang	Male	2019.11.22	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Industrial Management, Southern Taiwan University of Technology ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Ling-Ya Tseng	Female	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National Taiwan University of Science and Technology ●Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Chih-Min Chuang	Male	2019.09.02	—	—	—	—	<ul style="list-style-type: none"> ●Master in Money and Banking, National Kaohsiung First University of Science and Technology ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Pei-Chun Tsai	Female	2019.03.19	—	—	—	—	<ul style="list-style-type: none"> ●Master in Technology Management, National University of Tainan ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Hui-Ling Huang	Female	2023.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of International Trade, Cheng Shiu University ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Wei Yu	Male	2022.09.30	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Information Management, China University of Technology ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Ming-Che Lin	Male	2022.07.25	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Civil Engineering, Chienkuo Technology University ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Hui-Chun Lin	Male	2021.09.10	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Mechanical Engineering, Chung Hua University ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Kuan-Hua Lai	Female	2020.09.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Industrial Engineering and Engineering Management, National Taipei University of Business ●Senior Deputy Manager of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Mei-Chu Hsiao	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, Fu Jen Catholic University ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Chiang-Ying Huang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in International Business Management of Tainan University of Technology ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Kuang-Yen Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Philosophy, Fu Jen Catholic University ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Chun-Liang Chen	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Computer Science and Information Engineering, JinWen University of Science & Technology ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Hui-Chuan Lin	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, Tunghai University ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Yao-Fu Shi	Male	2021.05.14	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of International Trade, National Chengchi University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Li-Xiang Chen	Male	2021.04.06	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Applied Foreign Languages, School of Continuing Education Affiliated to Taipei City University of Science & Technology ●Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Bi-Yuan Jian	Female	2021.09.03	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, Vanung University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Wen-Ci Peng	Female	2022.09.30	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, Iisng Wu University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Jia-Rong Zhuang	Female	2022.07.22	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Risk Management and Insurance, National Chengchi University ●Senior Deputy Manager of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	You-Xuan Chen	Female	2021.08.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Finance, Tainan University of Technology ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Xin-Hui Yu	Female	2021.03.08	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of English Language and Literature, Soochow University ●Senior Manager of CTBC Bank 	—	
Manager	Republic of China	Xin-Qiao Lee	Female	2021.03.08	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, School of Continuing Education Affiliated to Chihlee University of Technology ●Senior Manager of Taishin International Bank 	—	
Manager	Republic of China	Lei-Ding Xing	Male	2021.07.26	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Public Finance, China University of Technology ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Li-Yang Chen	Male	2021.10.01	—	—	—	—	<ul style="list-style-type: none"> ●Master in Finance, National Cheng Kung University ●Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	En-sheng Lai	Male	2021.11.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Finance and Banking, Shih Chien University ●Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Hong-Yi Chen	Male	2022.11.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Civil and Construction Engineering, Ming Chi University of Technology ●Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Ming-Zhang Pan	Male	2021.09.10	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Applied Foreign Languages, School of Continuing Education Affiliated to National Taipei University of Business ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Jun-Nan Liu	Male	2021.11.26	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Cooperative Economics, Feng Chia University ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Yun-Yu Chiu	Female	2022.07.22	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor in Dept. of Business Administration, Feng Chia University ●Manager of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Feng-Ling Huang	Female	2022.09.30	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor in Dept. of Accounting, National Yunlin University of Science and Technology ●Manager of Yuanta Bank 	—	Title/ Name/ Relationship
Manager	Republic of China	Ho-Ling Huang	Female	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor in Dept. of Money and Banking, National Kaohsiung University of Applied Sciences ●Senior Deputy Manager of Yuanta Bank 	—	
Manager	Republic of China	Cheng-Hui Wang	Male	2022.11.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor in Dept. of Marketing and Logistic Management, Chihlee University of Technology ●Manager of Bank SinoPac 	—	
Manager	Republic of China	Jui-Hsiang Huang	Male	2022.04.29	—	—	—	—	<ul style="list-style-type: none"> ●MBA, National Chi Nan University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Chien-Chun Lin	Male	2022.09.02	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor in Dept. of Marketing and Logistic Management, Oriental Institute of Technology ●Manager of Taipei Fubon Bank 	—	
Manager	Republic of China	Wen-Hsin Yang	Male	2022.08.19	—	—	—	—	<ul style="list-style-type: none"> ●MBA, Providence University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Pi-Yun Wu	Female	2022.03.21	—	—	—	—	<ul style="list-style-type: none"> ●Department of Industrial Design, Vanung University ●Assistant Manager of CTBC Bank 	—	
Manager	Republic of China	Yong-Hui Yang	Male	2022.09.01	—	—	—	—	<ul style="list-style-type: none"> ●MBA, Chung Yuan Christian University ●Manager of Yuanta Bank 	—	
Manager	Republic of China	Kang-Yang Lin	Male	2022.03.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor in Dept. of Accounting, Ming Chuan University ●Manager of Shin Kong Bank 	—	
Manager	Republic of China	Cheng-Ta Wu	Male	2022.04.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor in Dept. of Finance and Tax Planning, Aletheia University ●Senior Sales Manager of Cathay United Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Deputy Manager	Republic of China	Chung-Ming Wang	Male	2022.04.15	—	—	—	—	<ul style="list-style-type: none"> Department of Electronic Engineering, Nan Jeon University of Science and Technology Senior Deputy Manager of Yuanta Bank 	—	Title/ Name/ Relationship
Senior Deputy Manager	Republic of China	Shih-Hsin FanChiang	Male	2022.09.09	—	—	—	—	<ul style="list-style-type: none"> Bachelor in Dept. of Industrial Engineering and management, Minghsin University of Science and Technology Senior Deputy Manager of Yuanta Bank 	—	
Senior Deputy Manager	Republic of China	Chia-Cheng Yen	Male	2022.09.02	—	—	—	—	<ul style="list-style-type: none"> Department of Electronic Engineering, Southern Taiwan University of Science and Technology Senior Deputy Manager of Yuanta Bank 	—	
Senior Deputy Manager	Republic of China	Wan-Hui Li	Female	2022.09.30	—	—	—	—	<ul style="list-style-type: none"> Bachelor in Dept. of Business Administration, Southern Taiwan University of Science and Technology Senior Deputy Manager of Yuanta Bank 	—	
Senior Deputy Manager	Republic of China	Li-Ching Li	Female	2022.09.02	—	—	—	—	<ul style="list-style-type: none"> MBA, Ming Chuan University Senior Deputy Manager of Yuanta Bank 	—	
Senior Deputy Manager	Republic of China	Tzu-Hung Liu	Male	2022.07.25	—	—	—	—	<ul style="list-style-type: none"> Master in Dept. of Finance, National Central University Senior Deputy Manager of Yuanta Bank 	—	
Deputy Manager	Republic of China	Chih-Hsiang Chen	Male	2022.09.30	—	—	—	—	<ul style="list-style-type: none"> Bachelor in Dept. of Accounting and Information Systems, Hsing Wu University Deputy Manager of Yuanta Bank 	—	
Deputy Manager	Republic of China	Chao-Hung Su	Male	2022.04.15	—	—	—	—	<ul style="list-style-type: none"> Master in Human Resources and Public Relations, Dayeh University Deputy Manager of Yuanta Bank 	—	
Deputy Manager	Republic of China	Hui-Ling Wang	Female	2022.09.30	—	—	—	—	<ul style="list-style-type: none"> Department of International Trade, Vanung University Deputy Manager of Yuanta Bank 	—	
Deputy Manager	Republic of China	Wei-Chen Chiu	Female	2022.08.01	—	—	—	—	<ul style="list-style-type: none"> Bachelor in Dept. of Information Management, Hsing Kuo University of management Deputy Manager of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Assistant Vice President	Republic of China	Yi-Cheng Liao	Male	2022.11.16	—	—	—	—	<ul style="list-style-type: none"> ● Master in Finance, National Taiwan University ● Sales Vice President of Yuanta Securities 	Vice President of Yuanta Financial Holdings	
Assistant Vice President	Philippines	Regina Saga	Female	2020.03.01	—	—	—	—	<ul style="list-style-type: none"> ● Master in Laws, University of Oxford ● Assistant Vice President of Yuanta Life 	Director of Yuanta Savings Bank (Philippines); President of Yuanta Savings Bank (Philippines)	
Assistant Vice President	Republic of China	Pei-Yu Chen	Male	2022.05.16	—	—	—	—	<ul style="list-style-type: none"> ● Master in Finance, National Taiwan University ● Senior Assistant Vice President of Yuanta FHC 	Senior Assistant Vice President of Yuanta Financial Holdings; Director of Yuanta Funds	
Assistant Vice President	Republic of China	Chao-Yu Chen	Male	2022.12.01	—	—	—	—	<ul style="list-style-type: none"> ● MBA, Information Management Group of In-Service Master Program, National Taiwan University ● Assistant Vice President of Gogoro Taiwan Limited 	—	
Assistant Vice President	Republic of China	Zun-Yi Hou	Male	2021.05.01	—	—	—	—	<ul style="list-style-type: none"> ● Bachelor of Laws, Soochow University ● Vice President of Yuanta Asset Management 	—	
Assistant Vice President	Republic of China	Zhi-Wen Chen	Male	2021.05.17	—	—	—	—	<ul style="list-style-type: none"> ● Master in International Business, National Taiwan University ● Senior Manager of Taishin International Bank 	—	
Assistant Vice President	Republic of China	Su-Fen Chao	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ● EMBA, National Taiwan Normal University ● Assistant Vice President of Yuanta Bank 	Assistant Vice President of Yuanta Financial Holdings	
Assistant Vice President	Republic of China	Mei-Chu Yeh	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> ● Diploma, Department of Commerce, Taipei Youhua High School ● Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Yun-Ting Chuang	Female	2022.05.05	—	—	—	—	<ul style="list-style-type: none"> ● Master in Finance, National Taiwan University ● Assistant Vice President of Yuanta Bank 	—	

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staffs as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Yung-Fu Lin	Male	2021.01.16	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Information Management, Fu Jen Catholic University ●Assistant Vice President of Yuanta FHC 	—	
Assistant Vice President	Republic of China	Hui-Ping Wu	Female	2022.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Banking and Insurance, School of Continuing Education Affiliated to National Taipei University of Business ●Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Shu-Chiung Wang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Department of Finance, Open College Affiliated with National Taichung University of Science and Technology ●Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Ming-Hong Jian	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Business Administration, National Cheng Kung University ●Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Chung-Chih Wang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor in Dept. of Finance, National Kaohsiung First University of Science and Technology. ●Senior Manager of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Hsiu-Yun Tsao	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of History, Chinese Culture University ●Professional Assistant Vice President of Yuanta Bank 	—	
Assistant Vice President	Republic of China	Hsiu-Mei Lee	Female	2022.06.01	—	—	—	—	<ul style="list-style-type: none"> ●Bachelor of Land Economics, National Chung Hsing University ●Assistant Vice President of Yuanta Bank 	—	

4. Corporate Governance

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

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

[http : //www.yuantabank.com.tw/bank/](http://www.yuantabank.com.tw/bank/)

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

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes
	Yes	No	Summary	
1. Equity structure and shareholders’ rights of the Bank : (1) Did the Bank set up methods to handle shareholders suggestions, questions, complaints and legal actions from shareholders, and implemented the procedure? (2) Did the Bank maintain list of its major shareholders and the ultimate controllers of these major shareholders? (3) Did the Bank establish and execute risk control and firewall mechanism between the Bank and its affiliates?	 ✓ ✓ ✓		(1) The Bank is a wholly-owned subsidiary of Yuanta Financial Holdings(YFH), and the communication channel between the Bank and YFH is smooth. (2) YFH is the Bank’s sole and actual controlling shareholder. Also, the Bank is also fully aware of YFH’s ultimate owner list. (3) The Bank and its related party have been processing their finance independently, and the performance and division of responsibilities between both parties have been defined clearly, and also audited by CPA periodically. Additionally, the Bank has also established the stakeholder query system and developed according operation procedures and the controlling mechanism all according to Article 44 and Article 45 of Financial Holdings Company Act and relevant policies of the parent company, In addition, the Bank has stipulated the “Rules Governing Financial and Financial and Business Matters Between this Corporation and its Affiliated Enterprises,” “Regulations Governing Collective Authorization for other than Credit Trading with Interested Parties of Article 45 of the Financial Holding Company Act,” “Trading Rules with Self-Regulatory Counterparties,” to implement risk control and firewall mechanisms.	There was no departure in this respect.
2. Composition and responsibilities of the Board of Directors : (1) Has the Board of Directors	 ✓		(1) The members of the Bank’s Board of	There was no departure in this respect.

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
<p>formulated a diversity policy and specific management goals?</p> <p>(2) Did the Bank's voluntary establishment of other functional committees in addition to Remuneration Committee and Audit Committee?</p> <p>(3) Does the TWSE/GTSM listed bank establish regulations governing the Board's performance and the evaluation method, conduct performance evaluation annually and regularly and report the results to the Board of Directors, and apply them as reference for individual directors' remuneration and nomination for reappointment?</p> <p>(4) Did the Bank assess the independence of the CPA periodically?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>Directors are directly appointed by Yuanta FHC. In addition to the overall structure of the Board of Directors and the diversity policy, Yuanta FHC regulates the procedures for the selection and appointment of directors in accordance with the Bank's business model and development needs. Besides, the Bank strictly implements and promotes corporate governance according to the "Corporate Governance Guidelines".</p> <p>(2) In addition to Remuneration Committee and Audit Committee, Set up the "Risk Management Committee" to ensure the effective operation of the Bank's risk management.</p> <p>(3) In accordance with the Bank's "Board and Functional Committees Evaluation Procedures," the performance evaluation results of the Board of Directors and Functional Committees shall be discussed during the Bank's Board meeting before the end of the first quarter of the following year. In addition, the performance evaluation results of the Bank's Directors shall be provided to the Remuneration Committee as a reference for the determination of Directors' remuneration. An external professional and independent organization or an external expert/scholar group shall be contracted to conduct the assessment once per three years. The 2022 assessment report on performance of the entire Board of Directors and functional committees is expected to be presented at the meeting of the Board of Directors on March 23, 2023.</p> <p>(4) The evaluation report on the independence of certified accountants and their appointment are reported to the Audit Committee and Board of Directors for approval. The motion for assessment on the external auditors and appointment of the external auditors 2023 has been submitted to the Audit Committee on January 17, 2023 and the Board of Directors on February 16, 2023.</p>	
<p>3. Has the Bank been equipped with an adequate number of corporate governance personnel with appropriate qualifications, and appointed a chief corporate governance officer in charge of corporate governance affairs (including but not limited to</p>	<p>✓</p>		<p>The Bank established a corporate governance director and an appropriate number of corporate governance personnel to be responsible for corporate governance-related</p> <p>(1) Handle matters related to the Audit Committee, the Board of Directors, and the shareholders' meeting under the law.</p> <p>(2) Record the minutes of the meetings of the</p>	<p>There was no departure in this respect.</p>

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
furnishing information required for business execution by Directors and Supervisors, assisting the Directors and Supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings)?			<p>Audit Committee and the Board of Directors.</p> <p>(3) Organize the "Seminar for New Directors" to help the directors take office, and provide the relevant continuing education programs per individual directors' needs.</p> <p>(4) Provide the information needed for directors' implementation.</p> <p>(5) Assist directors in complying with laws and regulations.</p> <p>(6) Other matters stipulated in the Articles of Incorporation or contracts.</p>	
4. Did the Bank establish communication channel with stakeholders (including but not limited to shareholders, employees and customers etc.), set up a stakeholders section on the Bank's website, and properly respond to important corporate social responsibility issues that stakeholders are concerned about.	✓		<p>(1) The official website of the Bank has set up a tab specific for stakeholders. The Bank's stakeholders such as customers, vendors, and employees etc., may file a complaint and grievance or express opinions to the Bank through business premises, telephone, email, fax, or written correspondence, etc.</p> <p>(2) In charge of research, analysis, planning, development, implementation and execution of information application service systems for core and peripheral banking businesses.</p> <p>(3) In order to help the communication between the labor and management, Yuanta Bank established the "Labor-Management Meeting" and "Employee Complaint and Feedback Section" to benefit the communication between both parties and facilitate the cooperation between both parties.</p> <p>(4) The Bank is a wholly owned subsidiary of Yuanta Financial Holdings, and the communication channel between the Bank and Yuanta Financial Holdings is maintained.</p> <p>(5) Yuanta FHC organizes the suppliers' conference and evaluation each year. It also invites Yuanta Bank's suppliers to attend the conference and join the evaluation, in order to provide the channel of engagement with suppliers.</p>	There was no departure in this respect.
5. Information Disclosure : (1) Did the Bank establish website to disclose information concerning financial affairs and corporate governance? (2) Did the Bank have other information-disclosing approaches? (e.g. English website, assignment of specific personnel to collect	✓ ✓		<p>(1) The Bank has set up both Chinese and English websites to disclose financial business, corporate governance, and other relevant material information.</p> <p>(2) The Bank established the spokesperson and deputy spokesperson system to unify and integrate financial and business information and advance the timeliness of public announcement.</p>	There was no departure in this respect.

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
<p>and disclose the Bank's information, implementation of a spokesperson system, broadcasting of investor conferences via the bank website and etc.)</p> <p>(3) Does the Bank announce and register the annual financial report within the time limit in accordance with the relevant provisions of the Banking Act of Republic of China and Securities and Exchange Act after the end of the fiscal year, and announce and register the first, second, and third quarter financial reports and the monthly operating status before the prescribed time limit?</p>	✓		<p>(3) A. The Bank's operation in each month of 2022, the annual financial report of 2021, and the financial report of Q1, Q2, and Q3 of 2022 has been announced and filed before the specified deadline.</p> <p>B. Yuanta Bank's 2022 financial statements were also announced and reported earlier than the prescribed deadline (March 16, 2023) (Note). The announcement and report is scheduled to be completed on March 13, 2023.</p>	
<p>6. Did the Bank have other important information enabling better understanding of the Bank's corporate governance status? (including but not limited to staff interests and employee care, investors relations and stakeholder's rights, director's and supervisor's further training, the implementation of risk management policies and risk evaluation criteria, the implementation of customers' policies, Bank's purchase of liabilities insurance for directors and supervisors and the donation to political parties, stakeholders and charities)</p>	✓		<p>(1) Staff Right and Employee Care : Yuanta Bank established the "Employee Benefits Committee," "Labor-Management Meeting" and "Employee Complaint and Feedback Section." Meanwhile, it will also publish related information via the intranet and electronic official document system from time to time, in order to benefit the communication between the labor and management. Meanwhile, Yuanta Bank provides colleagues with diversified resources. It has worked with external organizations to implement the assistance program for employees, provide colleagues with professional consulting services, and help colleagues solve problems, keep healthy physically and mentally, and facilitate the balance between work and life.</p> <p>(2) Investors Relations and Stakeholder's Rights : A. The Bank's sole investor is Yuanta Financial Holdings Co., Ltd., which is the only shareholder and has smooth relationship with the Bank. B. Important information of finance and business, corporate governance, and communication channels are available on the Bank's official website for stakeholders' reference and interaction.</p>	There was no departure in this respect.

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes
	Yes	No	Summary	
			<p>(3) Director’s Further Education : The Bank has developed “Director Further Education Procedures” and implemented director’s continuing education courses according to the procedures.</p> <p>(4) The Implementation of Risk Management Policies and Risk Evaluation Criteria : The Bank has developed superior risk management policy approved by Board of Director, and constituted a well-structured risk management system in order to ensure various risk evaluation criteria. Meanwhile, the Bank also set up Risk Management Committee to integrate the deliberation, supervision and coordination of the Bank’s risk management.</p> <p>(5) The Implementation of Customers’ Policies : To guard customer’s rights, the Bank has developed Guidelines on Consumer Protection, Consumer Dispute Resolution Regulations, Policy of Fair Hospitality Principle, Strategy of Fair Hospitality Principle and various relevant regulations of personal information protection. Furthermore, the Bank continuously acquired ISO 27001, a certificate of the Information Security Management Standard (ISMS), and BS10012, a certificate of Personal Information Management System, and ISO10002, an international certificate of Customer Complaint Management System, and establish Fair Hospitality Promotion Committee which enable the Bank to protect customers’ privacy, to enhance personal data security, and to improve the quality of customer services.</p> <p>(6) Bank’s Purchase of Liabilities Insurance for Directors and Supervisors : The Bank has purchased liability insurance from Union Insurance Company for directors and supervisors.</p> <p>(7) The donation to political parties, stakeholders and charities : 1. In April 2022, Yuanta Bank donated NT\$188,370 to Pingtung County Indigenous People Social Welfare Service Association. 2. In May 2022, Yuanta Bank donated NT\$7,270,000 to Yuanta-Polaris Research Institute. 3. In May 2022, Yuanta Bank donated NT\$18,400,000 to Yuanta Foundation. 4. In June 2022, Yuanta Bank donated</p>	

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			<p>NT\$750,000 to Taiwan Financial Service Roundtable.</p> <p>5. In August 2022, Yuanta Bank donated NT\$133,288 to Chiayi County Charitable Group Association.</p> <p>6. In September 2022, Yuanta Bank donated NT\$2,300,000 to Taiwan Fund for Children and Families.</p> <p>(8) (VIII) Establish an adequate and clear system dedicated to conveyance consultation, coordination and communication of laws & regulations</p> <ol style="list-style-type: none"> 1. Collect the information about important financial laws and regulations and convey the same to related management and staff on a daily basis. 2. Issue the compliance e-news on a monthly basis, compile the recent important financial laws, decrees, interpretation on sanction cases in the same trade, and Yuanta Bank's internal rules and regulations, and convey the same throughout Yuanta Bank. 3. The employee portal site has set the "Compliance Management" sections, including the "Personal Data Protection Act Promotion Section," "Financial Consumer Protection Act Promotion Section," "Compliance Section for Overseas Branches/Subsidiaries" and "Anti-Money Laundering and Countering of Terrorism Financing Section," in order to maintain and update data periodically for access by colleagues. 4. Compile the important laws and regulations to be followed by Yuanta Bank's clerks, prepare the compliance handbook for access by colleagues, improve the awareness toward compliance and establish the code of conduct. 5. Conduct the online compliance test on a semi-annual basis, which each unit supervisor shall designate colleagues to attend subject the colleagues' functions. 	
<p>7. In response to the result on Corporate Governance Evaluation issued by Corporate Governance Center of Taiwan Stock Exchange for the latest year, please describe issues which have been improved. For those which have not been improved, please propose issues to be improved in the higher priority and the according measures (companies not listed in evaluation are not required for completion).</p> <p>The Bank is a public and a non-TWSE/GTSM-listed company, so it is not listed in the corporate governance evaluation of the Taiwan Stock Exchange (TWSE) corporation.</p> <p>< Remark ></p>				

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes
	Yes	No	Summary	
The Bank participated in CG6013 (2021) Corporate Governance System Assessment, conducted by Taiwan Corporate Governance Association, in 2022 and, on December 29, 2022, was honorably certified as Outstanding (valid for two years).				

Note : According to the Securities and Exchange Act, a company shall disclose its annual financial report within 3 months at the end of each fiscal year. Meanwhile, the decree under Jin-Guan-Yin-Fa-Zi No. 11002100381 has been applied since 2022. Therefore, Yuanta Bank disclosed its annual financial report within 75 days at the end of the year.

(1) The implementation of the promotion of sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons :

Item	Implementation		
	Yes	No	Summary
1. Has the Bank established a governance structure and a dedicated (adjunct) unit to promote sustainable development and has the Board of Directors authorized the senior management, supervised by the Board, to handle matters?	✓		<p>Yuanta Bank is a subsidiary of Yuanta FHC. It promotes the existing sustainable finance primarily in response to Yuanta FHC's planning. Yuanta Bank has established the "Green Product Group" since February 2021. The Group convenes a meeting on a quarterly basis. Further, in response to the amendments by the Bankers Association of the Republic of China to Article 29-2 of the "Corporate Governance Best Practice Principles for Banking Industry" about the implementation of the board of directors' sustainable development responsibility, Yuanta Bank passed its "Regulations Governing Establishment of Sustainable Development Committee" upon approval of the Board of Directors on January 16, 2023 to promote the original group to be a committee. Yuanta Bank's President serves as the convener of the Sustainable Development Committee (hereinafter referred to as the "Committee") responsible for supervising and promoting the execution of Yuanta Bank's sustainable development policy. The Committee regulates 7 functional groups, including "Corporate Governance Group," "Sustainable Finance Group," "Climate Change Management Group," "Customer Care Group," "Employee Care Group," "Environmental Sustainability Group" and "Community Engagement Group." Each Group convenes a meeting on a monthly basis. The Committee convenes a meeting on a quarterly basis. Each functional group shall report its work to the Committee at the meeting. Meanwhile, upon discussion with the Committee, the general service unit and each responsible unit shall submit the meeting minute and execution report to the Board of Directors.</p>
2. Does the Bank conduct risk assessments on the environment, society and corporate governance related to the company's operations and formulate relevant risk management policies or strategies based on the materiality principle? (Note 3)	✓		<p>(1) Per the FSC's requirement, financial institutions value the risk caused by climate changes to the financial industry. The climate change risk management also becomes one of the elements of sustainability. Yuanta Bank has established the "Climate Change Risk Management Taskforce" to continue the four general standards including governance, strategy, risk management and metrics & targets, research and analyze the impact to be posed to Yuanta Bank's operations, and consider the inclusion of climate risk into the strategic adjustment. Meanwhile, in order to establish Yuanta Bank's climate change risk management standards and ensure the adequacy, validity and reasonableness of the climate change risk management, the Board of Directors authorizes the "Climate Change Risk Management Regulations" as the basis to be followed.</p> <p>(2) The Bank has established a risk management mechanism for effective identification, measurement, evaluation, supervision, and control, and has verified the effectiveness of the Bank on relevant major issues through external professional institutions, ensuring to minimize the impact of relevant risks. The explanations are as follows :</p>

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			<p>14061-1 Greenhouse Gas Part 1 : Specification with Guidance has been introduced since 2017 to find out the greenhouse gas emissions of operating sites. Also, the Bank has replaced old energy-saving equipment and purchased renewable energy certificates and green power to achieve the goal of carbon reduction.</p> <p>6. To make proper use of water resources, ISO 14046 Water Footprint was introduced in 2020, and a large number of water conservation mark product were used to establish a good water management system.</p> <p>7. To avoid the physical risks on operating sites caused by climate change, the Bank takes flooding, soil liquefaction, and sustainable buildings into consideration for the site selection evaluation form of operating locations.</p> <p>8. The coping strategies and action plans for relevant environmental risk indicators are based on the annual internal audit plan of the ISO management system to ensure the related implementation. The internal audit process for this year has all met the requirements.</p> <p>9. Yuanta Bank will demand that all suppliers should comply with the “Yuanta Group Supplier Sustainable</p>

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<p>3. Environmental issues</p> <p>(1) Does the Bank establish appropriate environmental managements system based on its industrial characteristics?</p>	✓		<p>(1) R egarding the establishment of environmental management systems (including water conservation, energy saving and carbon reduction, greenhouse gas reduction and other related environmental protection management measures) :</p> <p>A. In line with the requirements of external laws and regulations as well as self-management, the Bank has</p>						

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(2) Is the Bank committed to improving various resource use efficiency and using recycled materials with low impact on the environmental load?	✓		<p>introduced relevant ISO environmental management systems (e.g., ISO 14001, ISO 14064 , ISO 14046 , and ISO 50001) to establish environmental policies, management systems and performance targets for water conservation, energy saving and carbon reduction and greenhouse gas reduction, and has implemented various action plans for improvement.</p> <p>B. The Bank has introduced a smart energy monitoring system as the basis for data tracking of the environmental management system.</p> <p>C. Yuanta Bank created the “Environmental Sustainability Indicator System” to integrate the data about the ISO-related management systems throughout Yuanta Bank, e.g. the information about various indicators including water and electricity consumption, waste, energy equipment specifications, business travels & commuting, and transfer of personnel. The information about GHG emissions may be accessed subject to the category and scope. A warning notice will be sent subject to each unit’s emission status.</p> <p>(2) All practices are in accordance with the policies and regulations of Yuanta Financial Holding, the parent company. The circumstances related to the improvement of the utilization efficiency of various resources and the use of recycled materials are as follows :</p> <p>A. Recycle and reuse energy-intensive products, including promoting and ad Recycling and reuse of energy-consuming products, including promotion of paper recycling, use of recycled paper and resource recovery, and implementation of the electronic signature system.</p> <p>B. Proper disposal of waste, including promotion of waste sorting and reduction, and waste water treatment.</p> <p>C. The Bank uses green, energy-saving office supplies and equipment, and has been recognized by the Taipei City Government and the Environmental Protection Administration as a green procurement enterprise every year since 2011.</p> <p>D. All types of office furniture are utilized to the fullest to avoid waste, and the waste disposal process is handled in accordance with the resource recycling method.</p>
(3) Does the Bank assess the potential risks and opportunities of climate change for the company now and in the future, and take response measures to address related issues?	✓		<p>(3) The Bank continues to engage in environmental sustainability and climate change and focuses on energy saving and carbon reduction although it is not a manufacturing company, in hopes of making contributions to the environment. The Bank continues to implement ISO 50001, smart energy monitoring systems, and the bank-wide ISO 14064-1 to grasp the impact of internal corporate activities on the environment. Moreover, the Bank has purchased renewable energy certificates for an accumulated total of 649,108 kWh. The Bank uses tools, such as TCFD and SBT, to assess and grasp the high-risk issues of climate change and use the tools as the basis for relevant investment and financing. In addition, in line with the Group's development strategy of renewable energy use, the Bank’s two business locations, the Sales Department and Taichung Branch, were set to use 100% renewable energy in 2021, and it will gradually expand to other headquarters and business units in the future.</p>

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(4) Does the Bank calculate the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving, carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		<p>(4) The Bank is in the financial services industry, not like the manufacturing industry which produces a lot of greenhouse gas emissions. The Bank's sources of greenhouse gas emissions are mainly electricity and water consumption and transportation oil. In order to pay attention to the changes of greenhouse gases, the Bank started to apply for various ISO environmental management systems in 2017, as follows :</p> <p>A. ISO 14064-1 (Continuous inventory every year) The Bank started to implement ISO14061-1 in 2017 to conduct GHG inventory and monitor its greenhouse gas emissions. The certified locations covered 147 branches in 2019, and became 149 branches in 2022. The coverage rates were both 100%. Meanwhile, Yuanta Bank has received the BSI certification. The data about Yuanta Bank's GHG emissions upon certification and investigation are stated as follows :</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total GHG emissions (unit : ton CO₂e)</th> <th>Carbon Intensity (ton CO₂e / million NTD)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>13,303</td> <td>0.53</td> </tr> <tr> <td>2021</td> <td>11,932</td> <td>0.48</td> </tr> <tr> <td>2022</td> <td>10,857</td> <td>0.45</td> </tr> </tbody> </table> <p>B. ISO 5001 : 2018 Energy Management Systems (Certification date : July 9th, 2016 and Expiration date : July 18th, 2022) In 2016, Yuanta Bank started to apply for the ISO 50001 energy management certification (Chengde Building). It continued to add the certification locations, including (Yuanta FHC Building) in 2017, (Yongkang Building and Fucheng Building) in 2018, (Kaohsiung Building and Mingcheng Building) in 2019, and (Taichung Building) in 2020, in order to review the power consumption by equipment comprehensively. Meanwhile, it implements the following energy-conservation and carbon-reduction strategies :</p> <p>(a) T5 lamps, LEDs, cold cathode tubes and other low-energy lamps are used in those newly branches to reduce electricity costs and energy consumption.</p> <p>(b) It replaces the lamps with energy-conservation lamps at the lobby of each business location year by year. In 2022, a total of 15 branches have changed into the energy-conservation lamps (including Zhongcheng, Linkou, Datong, Taipei, Songjiang, Shilin, Yanji, Wende, Guangfu, Shipai, Neihu, Xinban, Dongmen and Caotun Branches). As a result, it saved power by about 61,000kWh.</p> <p>(c) The lamps used in the 24-hour ATM areas were completely replaced by LED lamps in 2021.</p> <p>C. In 2022, Yuanta Bank gathered the statistics about classification, recycling and reuse of waste via the "Environmental Sustainability Indicator System" and collected evidence. The statistics are specified as follows :</p>	Year	Total GHG emissions (unit : ton CO ₂ e)	Carbon Intensity (ton CO ₂ e / million NTD)	2020	13,303	0.53	2021	11,932	0.48	2022	10,857	0.45
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4. Social issues (1) Did the Bank develop management policies and procedures according to regulations and International Bill of Human Rights?	✓		(1) A. In order to maintain and protect basic human rights, Yuanta Bank, according to the labor laws, and together with the parent company, Yuanta FHC, in accordance with the basic human right protection principles disclosed by the international human right convention including the “Universal Declaration of Human Rights” and “ILO Convention,” set forth the work rules and related personnel management regulations prohibiting discriminating against job applicants or employees due to the factors including race, thought, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age and marriage, in order to create an equal employment environment, advocate diversity and equality, practice the equal pay for equal work, and provide a healthy and safe workplace. Meanwhile, Yuanta Bank convenes the labor-management meeting periodically to research employees’ rights and welfare, protect employees’ interests and rights, facilitate the labor-management harmony and build the vision for mutual benefit and win-win situation. B. In order to practice the human rights policy, Yuanta Bank, together with the parent company, Yuanta FHC, conduct the due diligence investigation on human rights of the employees each year to assess the risk assessment with respect to the potential human rights risk issues to be dealt with by the employees, set forth and adjust the following management, mitigation, compensation and correction policies based on the assessment results, in order to solidify Yuanta Bank’s human rights protection policies. C. Yuanta Bank 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 Yuanta Bank’s human rights policy, statutory laborers’ interests and rights and personnel rules, prevention																				

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	Yes	No	Summary
(2) Does the Bank establish and implement reasonable employee welfare measures (including compensation, leaves and other benefits etc.), and appropriately reflect the operating performance or results in employee compensation?	✓		<p>of sexual harassment, occupational infringement, and channels of feedback, in order to raise all employees' awareness toward human rights protection and work with them to build a peaceful workplace jointly.</p> <p>(2) A. Yuanta Bank offers a competitive and reasonable remuneration system, and pays remuneration under multiple packages, including basic pay, allowances, bonuses, festival bonus, employee compensation, and shareholding trust. In order to encourage employees to exert their work performance, Yuanta Bank establishes the regulations governing performance and remuneration to link Yuanta Bank's overall operating targets and business plans through the perfect performance management system. The performance assessment results may serve as the basis for payment of remuneration and promotion. Subject to the business performance and earnings, Yuanta Bank provides the group performance bonus each year, and reflects the employees' personal performance to the entire employees' remuneration adequately to encourage the contribution made by employees and drive the organization's positive development. According to the Articles of Incorporation, 0.01%~5% of the balance of the earnings retained by Yuanta Bank at the year's final accounting (the earnings before tax prior to deduction of remuneration to employees), if any, less the accumulated losses shall be allocated as the remuneration to employees</p> <p>Information on employee compensation is disclosed in the "Corporate Governance - Articles of Incorporation" of the "About Yuanta" section on the Bank's official website.</p> <p>B. The starting salary offered to Yuanta Bank's new employees is higher than the statutory base pay. The salary is authorized per the personnel's educational background, working experience, expertise, managerial functions and positions. The salary will not vary depending on gender, based on the philosophy of gender equality in employment.</p> <p>C. Yuanta Bank provides the employee benefits including (but not limited to) employees' meal allowance, three major festivals, birthday gift money, marriage subsidy, childbirth subsidy, funeral subsidy, emergency relief fund, employee child scholarship, group insurance, employees' health checkup, diversified club activities, employee deposits with preferential interest rate, employee house loans, employee housing repair loans, employee consumer loans and employee assistance programs (EAPs), and establishes the Employee Benefits Committee dedicated to help employees balance their work and life, and create a friendly workplace.</p> <p>D. Yuanta Bank sets forth the employee retirement regulations requiring the contribution of the pension reserve to the exclusive account at Bank of Taiwan pursuant to laws 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. Following promulgation of the Labor Pension Act on July 1, 2005, Yuanta Bank has contributed monthly payments into the employee's personal labor pension account pursuant to laws.</p>

Item	Implementation		
	Yes	No	Summary
(3) Did the Bank offer employees the safe and healthy workplace and conduct safety and health education for employees periodically?	✓		<p>Further, Yuanta Bank provides the employee group annuity policies to help employees reserve the pension fund, and creates the employee shareholding trusts to allow the employees to hold Yuanta Bank's stocks and share business results with Yuanta Bank, improve the protection of their life after retirement or resignation and also build a team</p> <p>E. Yuanta Bank provides employees with various leave types and statutory leave days pursuant to laws, in order to help employees relax physically and mentally. Meanwhile, it also sets forth the maternity protection policies (e.g. paternity (prenatal checkup) leave and maternity leave) superior to those provided under the labor laws, fulfills the corporate social responsibility and provides employees with the volunteer leave for specific hours.</p> <p>(3) To promote the safety and health of all employees, the Bank established an Occupational Safety and Health Committee in 2018 with 11 members, including 4 labor representatives, who reported, coordinated, and reviewed occupational safety and health policies and workplace health promotion activity plan quarterly. To improve the quality of safety and health management, the Bank has continuously passed the Occupational Health and Safety Management System (ISO45001) verified by the British Standards Institute, actively engaged in employee care, and demonstrated its ability to systematically analyze and implement workplace safety and health promotion activities. To protect the safety and health of employees and customers, the Bank continues to promote workplace environmental safety protection, and in accordance with the Occupational Safety and Health Act and related sub-laws, formulates Occupational Safety and Health Work Guidelines, Occupational Safety and Health Management Plan, Automatic Inspection Plan, Directions for Working Environment Monitoring, and Occupational Safety and Health Education and Training Rules, and they have been announced for implementation. In addition, the Operation Unit Safety Maintenance Procedures is formulated to establish a safe maintenance mechanism for the premises :</p> <p>A. Strict entrance guard and security check measures to fully protect the safety of our employees at work and in everyday life.</p> <p>B. Regular safety inspections of drinking water, carbon dioxide and illumination brightness.</p> <p>C. Regular report and inspected fire and public safety equipments.</p> <p>D. Regular maintained and inspect the generator, uninterruptable power supply and the elevators.</p> <p>E. Regular disinfection and sanitation of the environment.</p> <p>F. Confirming that office surveillance systems at all business locations function normally.</p> <p>G. For general employees, according to the law, the new and in-service employees' occupational safety and health education and training, online training courses for the four major prevention plans for occupational safety and health, and disaster prevention drills will be conducted every year.</p> <p>H. The Bank regularly arranges relevant training for the occupational safety and health business supervisors, first aid</p>

Item	Implementation		
	Yes	No	Summary
(4) Did the Bank develop training programs on effective career and capability development for employees?	✓		<p>personnel, and fire management personnel of each business unit.</p> <p>I. Provide 36 in-office physician clinical health services per year, employ occupational safety and health managing personnel, dedicated nurses and contracted professional specialist doctors to provide employees with medical information and health consulting services for major diseases suffered by employees and the top ten abnormalities of health check-ups.</p> <p>J. Actively promote health promotion activities, occupational disease prevention measures, management of high blood pressure, blood sugar, and cholesterol, maternal health protection, and hold health seminars, scientific fitness tests, physical fitness, mental health, workplace smoking cessation, and other activities. Various health promotion activities were also recognized by the Ministry of Health and Welfare. In 2021, all 149 branches in Taiwan won the Badge of Accredited Healthy Workplace.</p> <p>K. In response to the government’s lifting of the epidemic prevention policy, the infected cases keep growing. Therefore, ahead of the domestic public health policy planning, Yuanta Bank organizes the “Workplace Care Plan for Persons in Recovery from COVID-19,” to provide the integrated health consultation service in the workplace to help the persons return to work successfully.</p> <p>L. Test the carbon dioxide concentration and light intensity of the office premises every six months, and obtain the “Air Quality Autonomy Management Mark.”</p> <p>M. We incorporate occupational safety and health provisions and hazard notification requirements into our procurement process and construction contracts to ensure compliance with occupational safety and workplace safety regulations.</p> <p>N. Yuanta Bank continued to pass the dual certification, “Peaceful Workplace” and “Healthy Workplace”, by Ministry of Welfare and Health and also the “Excellent Breastfeeding Room Certification” from Department of Health, Taipei City Government, received the “Healthy Workplace Enterprise Award” from Department of Health, Taichung City Government, and passed the “Sport Enterprise Certification” from Sports Administration, Ministry of Education for the second time in 2022.</p> <p>O. Yuanta Bank has set up the “Sexual Harassment Prevention Section” in the statutory disclosures section on Yuanta Bank’s official website to ensure the employees’ personal safety and working environment.</p> <p>(4) Yuanta Bank upholds the sustainable development philosophy, builds Yuanta’s enterprise culture, insists on the management philosophy and aligns the business development strategies. Yuanta Bank values talent training and development, and helps employees develop diversified functions, improve their competitiveness, train them to learn the expertise needed by their future functions, and grow with Yuanta Bank together, subject to the different career development roadmaps for management talents and financial talents, through the management function training, financial courses and general education, online and physical, and project assignment and job</p>

Item	Implementation																				
	Yes	No	Summary																		
(5) Does the Bank comply with relevant regulations and international standards for customers' health, safety, and privacy, as well as marketing and labeling of products and other services, and formulate relevant consumer or client protection policies and grievances procedures?			<p>rotation.</p> <p>Yuanta Bank reports the annual training development plan and budget to the Board of Directors, in addition to the implementation status of successors' and employees' training, periodically each year.</p> <p>In 2022, in response to the FinTech development and Yuanta Bank's annual business focus planning for execution of related training programs, Yuanta Bank has organized a total of 1,459 sessions for the programs, attended by 219,017 trainees in total and for a total of 279,114 hours. The total training expenses are NT\$14.01 million. The training hours are 64 hours per person, and training expenses NT\$3,214 per person.</p> <table border="1" data-bbox="628 633 1218 923"> <thead> <tr> <th colspan="3">Talent Cultivation and Training in 2022</th> </tr> <tr> <th>Type of training</th> <th>Number of trainees</th> <th>Number of training hour</th> </tr> </thead> <tbody> <tr> <td>Management of talent cultivation</td> <td>949</td> <td>8,387</td> </tr> <tr> <td>Orientation training</td> <td>3,664</td> <td>16,597</td> </tr> <tr> <td>Financial talent cultivation</td> <td>214,404</td> <td>254,130</td> </tr> <tr> <td>Total</td> <td>219,017</td> <td>279,114</td> </tr> </tbody> </table>	Talent Cultivation and Training in 2022			Type of training	Number of trainees	Number of training hour	Management of talent cultivation	949	8,387	Orientation training	3,664	16,597	Financial talent cultivation	214,404	254,130	Total	219,017	279,114
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Financial talent cultivation	214,404	254,130																			
Total	219,017	279,114																			
	✓		<p>(5) A. The Bank has formulated Guidelines on Consumer Protection to regulate the contracts, marketing, and labeling of various products and services, which should abide by relevant laws and regulations.</p> <p>B. To fulfill the duty in the confidentiality customers' personal information, the Bank has formulated Personal Information Protection Policies, Personal Information Management Rules, and related regulations, to sustain BS 10012 : 2017 Personal Information Management System" certification of the BSI. The Privacy Protection Statement and customers' information confidentiality measures are disclosed on the Bank's website, while the Bank has executed indeed the Yuanta FHC's confidentiality measures for the personal information to shield customers' privacy and advance personal information security.</p> <p>C. Yuanta Bank identifies the fair dealing policy as the core enterprise culture. The Board of Directors is the supreme unit dedicated to supervising the promotion of the fair dealing policy. It establishes the "Fair Dealing Policy," "Fair Dealing Strategy" and "Regulations Governing Establishment of Fair Dealing Promotion Committee" as the bases to be followed. Yuanta Bank's President serves as the convener of the "Fair Dealing Promotion Committee" to direct the promotion of various fair dealing principles, in order to comply with the fair dealing principles, protect customers' interests and rights, and provide customers with more fine-quality financial services</p> <p>D. The Bank has formulated the regulations such as Regulations Governing Handling of Consumer Disputes, Guidelines for Handling of Consumer Grievances, and Guidebook for Customer Complaint Management. For</p>																		

Item	Implementation		
	Yes	No	Summary
(6) Does the Bank formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?	✓		<p>consumer complaints, in addition to immediately notifying the relevant units to ensure the progress, the Bank also inquires consumers for opinions after process completion. Meanwhile, the Bank continues to acquire the certification of ISO 10002.</p> <p>E. The Bank has formulated regulations such as the “Regulations Governing Handling of Consumer Disputes,” “Guidelines for Handling of Consumer Grievances,” etc. For consumer complaints, in addition to immediately notifying the relevant units to ensure that they have grasped the processing progress, the Bank will also inquire consumers’ opinions.</p> <p>The Bank currently provides multiple channels to handle consumer complaint as follows :</p> <ol style="list-style-type: none"> Customer Feedback Forms are placed in the business hall of business units. The Bank’s Hotline : 0800-688-168. The Bank’s website and mobile banking customer service phone E-mail : service@yuanta.com Fax or mail letter. <p>(6) Yuanta Group established the directions for suppliers’ management of Yuanta FHC and its subsidiaries in 2019. The directions demand that suppliers should comply with the requirements on human right and environment issues (e.g. execution of the “Supplier’s Letter of Undertaking for Safety and Health”), and complete the suppliers’ evaluation pursuant to the directions. Meanwhile, in 2020, Yuanta Group implemented the ISO 20400 sustainable procurement and established the Yuanta Group Supplier Sustainable Procurement Guidelines and Guidance thereof, demanding that suppliers should comply with related requirements, including ethical management, and should engage in business activities based on the principles of fairness, honest, integrity and transparency, practice the ethical management policy, prevent unethical conducts proactively, and establish corporate governance and ethical management best practice principles.</p>
5. Does the Bank take reference to international reporting standards or guidelines to prepare reports such as CSR report, etc., that disclose the Bank’s non-financial information? Has the aforementioned report obtained the confirmation or assurance opinion of a third-party certification unit?	✓		<p>Yuanta FHC releases the non-financial information report periodically each year. In June 2022, Yuanta FHC released the “Yuanta FHC 2021 Sustainability Report” (hereinafter referred to as the Report), and the relevant public notice was posted in the “Sustainability” section on Yuanta FHC’ website, in Chinese and English languages. It covers the Group’s performance in economy, society and environment in 2021 (from January 1, 2021 to December 31, 2021), and management policies and responsive measures against important topics. The Report set the organization bound based on the principles of consolidated statements, covering Yuanta FHC and its eight subsidiaries. The scope of disclosure focused on the operating activities in Taiwan. The Report was prepared primarily based on the “core” requirements under the GRI, Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, International Integrated Reporting Framework and SDGs, and also added the SASB-Investment Banking & Brokerage Guidelines, commercial bank guidelines, and TCFD. The financial data were prepared based on International Financial Reporting Standards and Regulations</p>

Item	Implementation		
	Yes	No	Summary
			Governing the Preparation of Financial Reports by Financial Holding Companies. In respect of environment, the ISO 14001, ISO 14046, ISO 14064-1, ISO 20400 and ISO 50001 were followed. In respect of society, ISO 45001, ISO 26000, ISO 27001 and ISO 45005 were followed. The Report was investigated by BSI, Taiwan Branch based on AA1000 AS v3 and GRI. Upon investigation, the Report was held satisfying the “core” requirements under GRI and AA1000 Type II guarantee. Meanwhile, subject to the indicators under the SASB-Investment Banking & Brokerage Guidelines, PwC Taiwan provided the limited assurance on the specific SASB key performance information in accordance with the Statement of Taiwan Standards on Assurance Engagements (TWSAE) No. 1, “Other Than Audit & Reviews.”
6. If the Bank has established corporate Sustainable Development Principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the principles and their implementation : The Bank is a member of the Yuanta Financial Holdings, complying with the regulations of the Yuanta Financial Holdings’ “Corporate Social Responsibility Guidelines” and “CSR Policy and Management Measures,” and there is no difference from the regulations in the Bank’s operation situation.			
7. Other important information to facilitate better understanding of the Company’s corporate Sustainable Development Practices : For further details, please view our corporate and parent company Yuanta Financial Holdings website.			

Note1 : If check "Yes" in the execution situation, please specifically explain the important policies, strategies, measures adopted and the implementation; if check "No" in the execution situation, please explain the differences and reasons in “the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons segment“, and explain the plans of the relevant policies, strategies, and measures to be adopted in the future.

Note2 : For non-listed banks, there is no need to fill in “the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons.”

Note3 : The principle of materiality refers to those have material impacts on the company’s investors and other stakeholders in relation to environmental, social and corporate governance issues.

Note4 : For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(2) The Bank’s Implementation of Ethical Corporate Management

Item	Implementation		
	Yes	No	Summary
<p>I. Develop ethical corporate management policies and solutions :</p> <p>(1) Does the Bank formulate the integrity management policies approved by the Board of Directors, and state the policies and practices of ethical corporate management, as well as the commitment of the Board of Directors and senior management personnel to implementing actively of the policies in the rules and external documents?</p> <p>(2) Does the Bank establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within the business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly which at least covers the prevention measures for the acts specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?”</p> <p>(3) Did the Bank develop programs against unethical conduct, including the detailed operating procedures, conduct guidance, penalty against violation and the dispute system, and also fully execute these programs, regularly review and revise the aforementioned plans?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) A. In compliance with “Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings” and “Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financing Holding”, specify that all companies in the Group, including Yuanta Financial Holdings, shall comply. The Bank has established good corporate governance, risk management mechanism and complete internal regulations to prevent unethical conduct and create an operational environment for sustainable development.</p> <p>B. The Bank’s Board of Directors and senior management personnel have signed the “Integrity Statement” to actively implement the commitment of the integrity management policies.</p> <p>(2) The Bank follows the risk assessment mechanism against unethical conduct of Integrity Management Guidelines and Procedures for Integrity Management and Guidelines for Conduct. Also, the prevention programs, following the Procedures for Integrity Management and Guidelines for Conduct, cover prevention measures for the behaviors in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. In addition, in June 2022, the Bank formulated the Operating Procedures of Assessing the Risk of Involvement in Unethical Conduct and has executed it in 2022. The assessment results show that the overall potential risk is low; and, based on the risk assessment and inspection results, it is appropriate and effective to review the plan for unethical conduct prevention.</p> <p>(3) A. The “Guidelines for Conduct” outlines a list of unethical conducts and conflicting interests. Yuanta Bank has established its “Work Rules,” “Code of Ethics,” “Regulations Governing Implementation of Whistle-blowing System” and “Enforcement Rules for Acceptance of Whistle-blowing Cases,” including establishment and announcement of the whistle-blowing channels (in writing, Tel. No. and email), handling personnel and units, processing procedure and retention of record, non-disclosure requirement on the whistle-blower’s identity and protection of the whistle-blower’s interest and right, and whistle-blowing on any misconduct or corruption of wealth management personnel, in order to prevent customers and Yuanta Bank from any loss or help them mitigate the loss. Yuanta Bank also provides various incentive standards, and disciplinary and</p>

Item	Implementation		
	Yes	No	Summary
			<p>complaint system, in order to urge the labor and management to engage in establishing the corporate ethics and professional ethical conduct. Meanwhile, Yuanta Bank demands that the directors and management should take the initiative to lead by example, comply with the ethical principles, and build the ethical enterprise culture.</p> <p>B. The labor contract that the Bank and all of its staff signed includes the agreement of confidentiality, which stipulates that employees shall shoulder full obligation for confidentiality of the authorized services, tasks, documents and customers' data. Unless stipulated or approved, no disclosure is permitted. The same procedure shall be followed after employees left jobs. No browse or summarization of reports and documents unrelated to according duties are permitted.</p> <p>C. The Bank developed reward and penalty policies stipulating that any employee of material violation against ethical conduct shall be discharged or dismissed</p> <p>D. The Bank set up Human Resource Evaluation Committee for reviewing employee reward and penalty cases and disputes..</p>
<p>2. Fully execute ethical corporate management :</p> <p>(1) Did the Bank evaluate ethics records of its clients and sign any agreement stipulating ethical conduct?</p> <p>(2) Does the Bank regularly (at least once a year) report to the Board of Directors on its ethical corporate management policies, plans to prevent unethical conduct, and the implementation of supervision?</p> <p>(3) Did the Bank develop policies against conflicts of interest, provides proper declaration channels and fully execute these policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) According to Yuanta Bank's "Directions for Procurement Operations," in order to verify the trading counterparts' ethical management status, if the transaction amount between Yuanta Bank and its contractors attains NT\$20,001, the requesting unit shall complete the "Supplier Management Checklist," in order to verify the supplier's ethical management status as the basis for review on the supplier. When executing the procurement contract, Yuanta Bank also demands that the supplier should include ethical management clauses and sustainable procurement clauses into the contract before both parties execute the same.</p> <p>(2) The Bank designated Compliance Affairs Dept. as the exclusive unit for ethical-management related affairs. Internal Audit Dept., Business Management Dept., Human Resource Dept., Administration and Facilities Management Dept., Legal Affairs Dept. and Compliance Affairs Dept. of the Bank are responsible for ethical management procedures. In addition, the Business Management Department summarizes the Bank's performance of integrity management and reports to Yuanta Financial Holdings and the Bank's Board of Directors every year.</p> <p>(3) A. (3)A. The Bank's Professional Code of Ethics has specified a policy to prevent conflicts of interest. The Bank's personnel shall not engage in any loan of funds, major asset transactions, provision</p>

Item	Implementation		
	Yes	No	Summary
(4) Has the Bank, to fully execute ethical management, established effective accounting and internal audit systems and conduct periodical auditing by the internal audit unit based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, and examine accordingly the compliance with the prevention programs or appoint accountants to conduct such audit?	✓		<p>of guarantees, or other transactions that conflict with the company’s interests in their names or the names of others. When a proposal at the Board of Directors’ meeting concerns the interests of the Directors or of the juristic person they represent, the Directors shall explain the important content of the interest relationship and deal with it lawfully and appropriately or avoid dealing with it.</p> <p>B. It is regulated that critical financial transaction involving stakeholders shall be approved by Board of Directors. The stakeholder query system has also been established to fully ensure that transactions involving stakeholders shall not be more preferable to counterparts.</p> <p>(4) A. The Compliance Affairs Department of the Bank will provide the Audit Office with the results of the potential risk assessment and analysis of unethical conduct, while the Audit Office will continue the follow-up operations following the provisions of Article 20 Paragraph 2 and Paragraph 3 of Yuanta Financial Holdings’ Integrity Management Guidelines.</p> <p>B. The Audit Office of the Bank included the operating standards relating to the internal control system in the audit of each unit in 2022 to assess the implementation and effectiveness of the internal control system. The results of the audit did not reveal any violation of the Code of Conduct for Ethical Management.)</p> <p>C. The Bank's accounting system was formulated in accordance with the Regulations Governing the Preparation of Financial Reports by Public Bank, the International Financial Reporting Standards and other relevant laws and regulations, and in line with the Bank's actual accounting practices. The Bank's quarterly financial reports are audited (reviewed) by PricewaterhouseCoopers and submitted to the Audit Committee and the Board of Directors, as well as subject to internal audits and external audits by the Financial Examination Bureau to ensure that the Bank's accounting system is designed and implemented in an effective manner.</p>
(5) Does the bank regularly hold internal and external education and training on integrity management?	✓		<p>(5) Each year, the Bank arranges the Directors to attend professional courses in corporate governance, and holds bank-wide statutory training courses for new employees. The courses include principle of fair and good faith, prohibition of insider trading, fair trade, regulatory rules on disclosure of merger and acquisition information, personal data protection, self-inspection, anti- bribery and corruption, stakeholders transactions, and whistleblower systems, etc. It is to engage employee’s professional knowledge and judgment ability regarding relevant laws and integrity so that they can apply and</p>

Item	Implementation		
	Yes	No	Summary
			implement them in daily operations, and ensure the implementation of the integrity management policy. The Bank is devoted to deepen “integrity” in the daily operations.
<p>3. Operation of the whistle-blowing mechanism :</p> <p>(1) Did the Bank develop a clear whistle-blowing and reward mechanism, establish convenient channels for the reporters and designate appropriate dedicated personnel for persons being reported?</p> <p>(2) Did the Bank develop standards of procedures, subsequent measures to be taken after the investigation is completed and confidentiality mechanism on the investigation of reported cases?</p> <p>(3) Did the Bank execute measures to protect reporters from improper treatment arising from whistle-blowing?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) A. In order to establish an ethical and transparent corporate culture and promote sound management, the Bank has set up employee feedback mailboxes as the labor-management dialogue and employee complaint and grievance platforms. To maintain the Bank's diversified whistleblowing and reporting mechanism, the Bank formulates the "Implementation Regulations Governing Whistleblowing System," specifying that anyone who finds a crime, a fraud or a violation of the law can report via writing, telephone, or email or by any means. The Legal Compliance Department is appointed as the accepting unit to transfer the case to the investigation unit (Internal Audit Dept) in accordance with the standard operating procedures for investigation and subsequent processing. Yuanta Bank also discloses the whistle-blowing system & regulations, whistle-blowing hotline, email and information about investigation and resolution of the accepted whistle-blowing cases in the “Whistle-blowing System” in the “Corporate Governance Section” on Yuanta Bank’s official website (4 whistle-blowing cases were accepted in 2022, including two cases beyond the scope or case type defined by Yuanta Bank’s “Regulations Governing Implementation of Whistle-blowing System,” while the responsible unit has completed the investigation on the other two cases and responded to the whistle-blower).</p> <p>B. Yuanta Bank established the “Directions for Discipline and Reward to Employees” in order to provide various incentive standards for the report on any misconduct or corruption of wealth management personnel in order to prevent customers and Yuanta Bank from any loss or help them mitigate the loss.</p> <p>(2) The “Implementation Regulations Governing Whistleblowing System” set by the Bank specifies the investigation principles and procedures, the follow-up handling mechanism, and that the personnel handling the whistleblowing case shall have a written statement to declare that the identity of the whistleblower and the contents of the report shall be kept confidential.</p> <p>(3) The Bank takes the following protective measures for whistleblowers :</p> <p>A. Whistleblowers shall not be fired, dismissed, and demoted, and receive a pay cut or other</p>

Item	Implementation		
	Yes	No	Summary
			<p>unfavorable treatment; whistleblowers' dueful rights and interests in accordance with laws, regulations, contracts or the custom shall not be harmed, unless it is not directed against the whistleblower, but due to the reorganization, merge or abolishment necessary in response to the Bank's business or operations, or unless the whistleblower is punished according to relevant regulations for other illegal or improper acts verified by the Bank.</p> <p>B. If the whistleblower is threatened, intimidated or otherwise disadvantaged by others, the Bank shall assist the whistleblower in reporting to the police.</p>
4. Enhance information disclosure : Did the Bank disclose the content of principles of ethical management and its performance on website and Market Observation Post System?	✓		Information in respect of ethical management is disclosed in the Annual, and Report on the Bank's website and posted on the Bank's official website and Market Observation Post System.
5. If the Bank has developed its practice principles of ethical management in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please explicate its implementation and any deviation from the principles : The Bank fully complies with regulation and conducts management according to "Ethical Management Principles" and "Code of Conduct".			
6. Other important information enabling better understanding to the Bank's implementation of ethical corporate management (such as the Bank reviews and amends its practice principles of ethical corporate management.) : In order to implement the ISO 20400 sustainable procurement, Yuanta Group established the Yuanta Group Supplier Sustainable Procurement Guidelines and Guidance thereof, demanding that suppliers should comply with related requirements, including ethical management, and should engage in business activities based on the principles of fairness, honest, integrity and transparency, practice the ethical management policy, and prevent unethical conducts proactively.			

III. Financing Status and Operation Overview

1. Capital and Shares

(1) Sources of Capital

Unit : NT\$1,000, thousand shares; Base Date : January 31, 2023

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

Unit : thousand shares; Base Date : January 31, 2023

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

(2) Shareholder Structure

Unit : thousand shares; Base Date : January 31, 2023

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

(3) Dispersion of Ownership

Unit : thousand shares; Base Date : January 31, 2023; Face value \$10 per share

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

(4) List of Principal Shareholders

Unit : thousand shares; Base Date : January 31, 2023

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

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

Item		Year	2021	2022	January 31, 2023 (Note 2)
Market Price/Share	Highest		Not applicable	Not applicable	Not applicable
	Lowest		Not applicable	Not applicable	Not applicable
	Average		Not applicable	Not applicable	Not applicable
Book Value/Share	Before Distribution		NT\$16.64	NT\$15.13	NT\$16.44
	After Distribution		15.96	Note 1	Not applicable
EPS	Weighted Average Shares (thousand shares)		7,394,039	7,394,039	7,394,039
	EPS	Before Adjustment	NT\$1.08	NT\$0.99	NT\$0.08
		After Adjustment	NT\$1.08	Note 1	Not applicable
Dividend/Share (NT\$/Share)	Cash Dividends		NT\$0.68	Note 1	Not applicable
	Stock Dividends	By Earnings	—	Note 1	Not applicable
		By Capital Surplus	—	Note 1	Not applicable
	Accumulated Unpaid Dividends		—	Note 1	Not applicable
Return on Investment	P/E ratio		Not applicable	Not applicable	Not applicable
	Dividend Yield		Not applicable	Not applicable	Not applicable
	Cash Dividend Yield		Not applicable	Not applicable	Not applicable

Note 1 : The appropriation of the Bank's 2022 earnings is pending until the resolution of 2022 shareholders' meeting (the Board of Directors on behalf of shareholders)

Note 2 : The preliminary financial data ending January 31,2023 were prepared by the Bank.

2. Financial Debentures and Capital Utilization Plan

(1) Issuance of Financial Debentures

Type of financial debentures	1 st term financial debentures B 2014	3 rd term financial debentures 2015	4 th term financial debentures 2015
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10300180640 Dated June 27, 2014	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015
Date of issuance	September 4, 2014	August 27, 2015	August 27, 2015
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NTS	NTS	NTS
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$4.7 billion	NT\$5.55 billion	NT\$3 billion
Interest rate	2.00%	4.1%	2.1%
Duration	Duration : 10 years Maturity : September 4, 2024	Duration : Perpetual Maturity : N/A	Duration : 10 years Maturity : August 27, 2025
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Early redemption or buy-back from the market upon 10 years after issuance is subject to the approval by the competent authority	Repayment in a lump sum upon maturity
Outstanding balance	NT\$4.7 billion	NT\$5.55 billion	NT\$3 billion
Paid-in capital for previous year	NT\$36,496,931 thousand	NT\$37,690,491 thousand	NT\$37,690,491 thousand
Net value upon final account in the previous year	NT\$46,245,949 thousand	NT\$51,073,449 thousand	NT\$51,073,449 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	This debenture has no maturity date or specified redemption date. The Bank may early redeem or buy back this debenture from the market upon 10 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	46.06%	67.36%	73.85%
Eligible entity capital and type	Yes, Tier II	Yes, Tier I	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12, 2014 Taiwan Ratings : twA + (Debentures rating)	January 16, 2023 Taiwan Ratings : twAA	January 16, 2023 Taiwan Ratings : twAA

Type of financial debentures	5 th term financial debentures 2015	1 st term financial debentures 2021	2 nd term financial debentures 2021
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	Jin-Kuan-Yin-Kong-1090222256 Dated September 8, 2020	Jin-Kuan-Yin-Kong-1100201363 Dated February 2, 2021
Date of issuance	September 29, 2015	February 23, 2021	April 29, 2021
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$1.45 billion	NT\$5 billion	NT\$0.50 billion
Interest rate	4.1%	0.67%	0.45%
Duration	Duration : Perpetual Maturity : N/A	Duration : 10 years Maturity : February 23, 2031	Duration : 5 years Maturity : April 29, 2026
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Early redemption or buy-back from the market upon 10 years after issuance is subject to the approval by the competent authority	Repayment in a lump sum upon maturity or early redemption or buy-back from the market upon 5 years after issuance is subject to the approval by the competent authority	Repayment in a lump sum upon maturity
Outstanding balance	NT\$1.45 billion	NT\$5 billion	NT\$0.5 billion
Paid-in capital for previous year	NT\$37,690,491 thousand	NT\$73,940,390 thousand	NT\$73,940,390 thousand
Net value upon final account in the previous year	NT\$51,073,449 thousand	NT\$123,942,740 thousand	NT\$123,942,740 thousand
Performance	None	None	None
Terms of redemption or early repayment	This debenture has no maturity date or specified redemption date. The Bank may early redeem or buy back this debenture from the market upon 10 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date	The Bank may early redeem or buy back this debenture from the market upon 5 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To sustainable development for the construction of the headquarter office (green building)
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	76.98%	17.51%	17.91%
Eligible entity capital and type	Yes, Tier I	Yes, Tier II	None
Credit rating organization, date of rating and rating score	January 16, 2023 Taiwan Ratings : twAA	January 16, 2023 Taiwan Ratings : twAA	January 16, 2023 Taiwan Ratings : twAA

Type of financial debentures	1 st term financial debentures 2022	2 nd term financial debentures 2022	3 rd term financial debentures A 2022
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-1100229886 Dated November 30,2022	Jin-Kuan-Yin-Kong-1110225255 Dated October 17,2022	Jin-Kuan-Yin-Kong-1110225255 Dated October 17,2022
Date of issuance	March 21, 2022	November 24, 2022	December 29, 2022
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$2 billion	NT\$3.7 billion	NT\$0.9 billion
Interest rate	0.77%	2.40%	2.40%
Duration	Duration : 5 years Maturity : March 21, 2027	Duration : 7 years Maturity : November 24, 2029	Duration : 8 years Maturity : December 29, 2030
Priority	Unsecured financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT\$2 billion	NT\$3.7 billion	NT\$0.9 billion
Paid-in capital for previous year	NT\$73,940,390 thousand	NT\$73,940,390 thousand	NT\$73,940,390 thousand
Net value upon final account in the previous year	NT\$123,024,178 thousand	NT\$123,024,178 thousand	NT\$123,024,178 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	Lending to the Green Project and Social Benefits Project loan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	18.05%	21.05%	21.78%
Eligible entity capital and type	None	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	January 16, 2023 Taiwan Ratings : twAA	January 16, 2023 Taiwan Ratings : twAA	January 16, 2023 Taiwan Ratings : twAA

Type of financial debentures	3 rd term financial debentures B 2022	The following is intentionally left blank.	The following is intentionally left blank.
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-1110225255 Dated October 17,2022		
Date of issuance	December 29, 2022		
Par value	NT\$10,000,000		
Issue and trading venue	Taipei City		
Currency	NT\$		
Issuing price	Issued at par value		
Total amount	NT\$1.9 billion		
Interest rate	2.55%		
Duration	Duration : 10 years Maturity : December 29, 2032		
Priority	Unsecured subordinated financial debentures		
Guarantor	None		
Trustee	None		
Underwriter	None		
Certification attorney	None		
Certification CPA	None		
Certification financial Institution	None		
Repayment	Repayment in a lump sum upon maturity		
Outstanding balance	NT\$1.9 billion		
Paid-in capital for previous year	NT\$73,940,390 thousand		
Net value upon final account in the previous year	NT\$123,024,178 thousand		
Performance	None		
Terms of redemption or early repayment	None		
Terms and conditions of conversion and exchange	None		
Restrictions	None		
Capital utilization plan	To increase capital adequacy ratio and enrich working capital		
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	23.33%		
Eligible entity capital and type	Yes, Tier II		
Credit rating organization, date of rating and rating score	January 16, 2023 Taiwan Ratings : twAA		

(2) Acquisitions or Assignment of Other Financial Institutes

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

None.

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

None.

(3) Implementation Capital Utilization Plan

A. The issue amount of the subordinated financial bonds approved by FSC via its approval letter under Jin-Guan-Yin-Kong-Zi No. 10300180640 dated June 27, 2014 was NT\$8 billion. The issue amount of the subordinated financial bonds approved by FSC via its approval letter under Jin-Guan-Yin-Kong-Zi No. 10400130410 dated June 12, 2015 was NT\$10 billion (or equivalent to foreign currency). The issue amount of the subordinated financial bonds approved by FSC via its approval letter under Jin-Guan-Yin-Kong-Zi No. 1090222256 dated September 8, 2020 was NT\$5 billion (or equivalent to foreign currency). The issue amount of the subordinated financial bonds approved by FSC via its approval letter under Jin-Guan-Yin-Kong-Zi No. 1100201363 dated February 2, 2021 was NT\$500 million. The issue amount of the general financial bonds approved by FSC via its approval letter under Jin-Guan-Yin-Kong-Zi No. 1100229886 dated November 30, 2021 was NT\$5 billion (or equivalent in USD). The issue amount of the subordinated financial bonds approved by FSC via its approval letter under Jin-Guan-Yin-Kong-Zi No. 1110225255 dated October 17, 2022 was NT\$6.5 billion.

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

B. As of January 31, 2023, the Bank has issued debentures of NT\$28.7 billion. Applying amount and the according execution are itemized as follows :

Date of Approval & Approval Document No.	Total Amount	Execution
Jin-Kuan-Yin-Kong-10300180640 dated June 27, 2014	The subordinated financial debentures of NT\$8 billion	<ul style="list-style-type: none"> The 1st term (2014) subordinated financial debentures B of NT\$4.7 billion were issued on September 4, 2014.
Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	The subordinated financial debentures of NT\$10 billion (or equivalent to foreign currency)	<ul style="list-style-type: none"> The 3rd term (2015) perpetual non-cumulative subordinated financial debentures of NT\$5.55 billion were issued on August 27, 2015. The 4th term (2015) subordinated financial debentures of NT\$3 billion were issued on August 27, 2015. The 5th term (2015) perpetual non-cumulative subordinated financial debentures of NT\$1.45 billion were issued on September 29, 2015.
Jin-Kuan-Yin-Kong-1090222256 Dated September 8, 2020	The subordinated financial debentures of NT\$5 billion (or equivalent to foreign currency)	<ul style="list-style-type: none"> The 1st term (2021) subordinated financial debentures of NT\$5 billion were issued on February 23, 2021.
Jin-Kuan-Yin-Kong-1100201363 Dated February 2, 2021	The financial debentures of NT\$0.5 billion	<ul style="list-style-type: none"> The 2nd term (2021) financial debentures of NT\$0.5 billion were issued on April 29, 2021.

Date of Approval & Approval Document No.	Total Amount	Execution
Jin-Kuan-Yin-Kong-1100229886 Dated November 30,2021	The financial debentures of NT\$5 billion (or the equivalent in USD)	<ul style="list-style-type: none"> The 1st term (2022) financial debentures of NT\$2 billion were issued on March 21, 2022.
Jin-Kuan-Yin-Kong-1110225255 Dated October 17,2022	The subordinated financial debentures of NT\$6.5 billion	<ul style="list-style-type: none"> The 2nd term (2022) subordinated financial debentures of NT\$3.7 billion were issued on November 24, 2022. The 3rd term (2022) subordinated financial debentures A of NT\$0.9 billion were issued on December 29, 2022. The 3rd term (2022) subordinated financial debentures B of NT\$1.9 billion were issued on December 29, 2022.

3. Business Overview

(1) Business Performance for 2021~2022

A. Revenue Breakdown

Unit : NTS1,000; %

Item \ Year	2022		2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Net interest income	14,280,352	68.82	13,068,647	61.92
Net service fee and Commission Income	4,086,589	19.69	5,058,513	23.97
Gain (loss) on financial assets and financial liabilities at fair value through profit or loss	1,473,318	7.10	744,337	3.53
Realized gain on financial assets at fair value through other comprehensive income	991,773	4.78	2,038,565	9.66
Gain arising from derecognition of financial assets measured at amortised cost	5,985	0.03	19,805	0.09
Foreign exchange gain	(233,028)	(1.12)	189,999	0.90
Impairment loss on asset	(2,625)	(0.01)	(310,206)	(1.47)
Other non-interest income	148,109	0.71	295,237	1.40
Net Revenue	20,750,473	100.00	21,104,897	100.00

B. Deposit

Unit : NTS in million; %

Item \ Year	2020		2021		Comparison with 2021	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Checking Deposits	6,074	0.41	6,184	0.42	(110)	(1.78)
Demand Deposits	193,569	13.00	252,894	17.21	(59,325)	(23.46)
Demand Saving Deposits	588,925	39.54	613,615	41.75	(24,690)	(4.02)
Time Deposits	453,517	30.45	371,254	25.26	82,263	22.16
Time Saving Deposits	247,255	16.60	225,728	15.36	21,527	9.54
Total	1,489,340	100.00	1,469,675	100.00	19,665	(0.28)

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

C. Loan

Unit : NT\$ in million; %

Item \ Year	2022		2021		Comparison with 2021	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Corporate Loans	494,429	49.94	413,600	47.25	80,829	19.54
General Corporate Loans	321,970	32.52	242,279	27.68	79,691	32.89
Small-and-medium Business Loans	172,408	17.41	170,731	19.50	1,677	0.98
Government Loans	—	—	—	—	—	—
Delinquent	51	0.01	590	0.07	(539)	(91.36)
Consumer Loans	481,134	48.59	449,500	51.35	31,634	7.04
Mortgage	406,743	41.08	382,358	43.68	24,385	6.38
Auto Loans	55,200	5.57	50,238	5.74	4,962	9.88
Consumer Unsecured Loans	17,238	1.74	14,747	1.68	2,491	16.89
Stock-secured Loan	1,086	0.11	971	0.11	115	11.84
Delinquent	104	0.01	231	0.03	(126)	(54.98)
Other (Note)	763	0.08	955	0.11	(192)	(20.10)
Overseas Subsidiaries	14,573	1.47	12,320	1.41	2,252	18.28
Total	990,136	100.00	875,420	100.00	114,713	13.10

Note : Including certificate of deposit loan and composite overdraft.

D. Foreign Exchange

Unit : US\$1,000; %

Item \ Year	2022		2021		Comparison with 2021	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Import Business	836,287	1.80	895,559	1.96	(59,272)	(6.62)
Export Business	1,231,487	2.64	614,023	1.34	617,464	100.56
Outward Remittance	21,715,855	46.62	22,291,926	48.67	(576,071)	(2.58)
Inward Remittance	22,796,953	48.94	22,002,864	48.03	794,089	3.61
Total	46,580,582	100.00	45,804,372	100.00	776,210	1.69

E. Trust Business

Unit : NT\$1,000; %

Year		2022	2021	Comparison with 2021	
				Amount Increase (Decrease)	Increase (Decrease) Proportion(%)
Item					
Total Balance of Trust Assets		240,854,720 (Note 1)	206,539,431(Not 2)	34,315,289	16.61
Other Consigned Items		4,225,128	4,303,478	(78,350)	(1.82)
Total Revenue of Trust Business Service Fee		2,152,338	2,800,594	(648,256)	(23.15)
Scale of Assets under Custody of Investment Insurance Policy		4,918	4,265	653	15.31
The Custody Asset in Discretionary Investment Account		33,385,880	33,370,062	15,818	0.05
Scale of Assets under Custody of Foreign Investment		22,450,474	31,565,073	(9,114,599)	(28.88)
The Custody of Other Property		79,740	79,740	0	0.00
Scale of Assets under Custody of Business Guarantee Bond		2,955,000	2,255,000	700,000	31.04
Custodian Service Fee Income		55,377	42,971	12,406	28.87
Certification of Securities	Amount of Certification	14,415,137	17,721,990	(3,306,853)	(18.66)
	Revenue of Certification Service Charges	4,478	4,436	42	0.95

Note 1 : Including OBU trust property in the amount of NT\$3,393,777 thousands.

Note 2 : Including OBU trust property in the amount of NT\$2,839,254 thousands.

F. Insurance

Unit : NT\$ in million; %

Year		2022	2021	Comparison with 2021	
				Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Commission income					
Non-investment insurance		1,116	859	257	29.92
Investment insurance		326	690	(364)	(52.75)
Property insurance		22	22	0	0.00

G. Credit Card

Unit : NT\$ in million; %

Year		2022	2021	Comparison with 2021	
				Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Item					
Cards in Circulation (Card)		1,187,417	1,179,037	8,380	0.71
Valid number of cards		548,443	554,494	(6,051)	(1.09)
Transaction Amount (NT\$ million)		50,490	47,376	3,114	6.57
Revolving Balance (NT\$ million)		1,225	1,219	6	0.49

H. Investment

Unit : NT\$ in million; %

Item \ Year	2022	2021	Comparison with 2021	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Bond Trading Volume	171,875	292,544	(120,669)	(41.25)
Bill Trading Volume	3,222,394	5,117,016	(1,894,622)	(37.03)

Unit : US\$ in million; %

Item \ Year	2022	2021	Comparison with 2021	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Spot Transaction	49,708	23,976	25,732	107.32
Forward Exchange Transaction	14,173	14,137	36	0.25
Foreign Exchange SWAP	42,986	31,450	11,536	36.68
Option Transaction	141	106	35	33.02

I. E-Banking

Unit : in thousands

Item \ Year	2022	2021	Comparison with 2021	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Total transactions online/via mobile bank	156,864	137,608	19,256	13.99
Total transactions via Prestige Corporate Banking	9,150	7,523	1,627	21.63
Mobile payment/cross-border collection/payment	1,413	655	758	115.73
Total transactions				

(2) 2022 Operating Plan

In 2022, Yuanta Bank upheld “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 and legal compliance is satisfied, Yuanta Bank will expand various business scales step by step to increase the market competition. The business plan is summarized as follows :

A. Business Development

- 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 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 : Yuanta Bank continues to integrate and utilize the Group’s resources (securities investment research, investment trust fund and life insurance). It selects fine-quality products strictly 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 the future, 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 strategy for 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.

B. Internal Control

- a. By establishing the risk models and databases, Yuanta Bank intends to improve its ability to control various risks over credit, market, operation and concentration. Yuanta Bank executes the risk detection and monitoring mechanism periodically, in order to mitigate risks effectively.
- b. Yuanta Bank strengthens the awareness and norms toward the employees' code of conduct, establishes the ethical management culture and improves the educational promotion, in order to implement the regulations governing fair dealing, internal control, anti-money laundering and countering of terrorism financing, information security, and personal data protection, etc., to build the fair compliance culture.
- c. It enhances and also practices the risk control, compliance and internal audit/internal control of overseas branches and subsidiaries.

C. Personnel Training

- a. Yuanta Bank implements the orientation and on-the-job education and training for employees to strengthen employees' recognition of the organizational culture, and keeps improving employees' expertise in response to the business development, and establishes the successor cultivation mechanism to reserve business and management talents at all levels and lay the solid foundation for Yuanta Bank's sustainable development.
- b. Yuanta Bank encourages employees to keep improving, improves its digital literacy and train bilingual talents, organizes digital financial practices and

business English training courses, provides the incentives and rewards for English proficiency test certificates and international professional licenses to help Yuanta Bank with digital transformation, establishment of bilingual branches and overseas business development.

(3) Overview of financial product research and business development

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

The main financial products in the past two years are various TWD and foreign currency deposits, consumer loans, corporate loans, import and export foreign exchange, foreign exchange, wealth management, trust, and credit cards. NO additional business units have been established in the past two years.

For the business development scale and the profit and loss situation, please refer to the overview of 2021-2022 consolidated business development in Section 2 of this chapter.

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

a. R&D expenditures :

Unit : NT\$ in thousands

Year	2022	2021
Amount	332,000	234,000

b. R&D results :

- i. E-conference system (Teams) and remote virtualized office environment (WVD) construction project.
- ii. Microsoft Windows Server upgrading and database upgrading project.
- iii. IBM Host Upgrading Project.
- iv. Account management system conversion construction project.
- v. Bank-wide intranet information management platform project.
- vi. Emerging Technology Network-based Construction Project (1st stage).
- vii. NTD core system upgrading project.
- viii. Foreign currency 24-hour automatic fund transfer in original currency
- ix. Expansion of new credit review system as Disbursement Module
- x. Expansion of new credit review system as e-contract module
- xi. House loan appraisal system construction project.

- xii. Financial acquiring platform construction project.
 - xiii. Mobile wealth management construction project (1st/2nd Stage).
 - xiv. Retail banking AO mobile platform construction project (1st Stage).
 - xv. Mobile insurance enrollment construction project (2nd stage - investment-linked).
 - xvi. Bills service integration and equipment update and replacement project.
 - xvii. RPA – implementation of the new procedure project (2021-2022).
 - xviii. Mobile payment service project.
 - xix. Policy-based digital channel service projects.
 - xx. Open banking service project.
 - xxi. Credit loan scorecard model development project.
 - xxii. New wholesale banking review system construction project.
 - xxiii. Financial Trading System Upgrading (Calypso implemented into LIBOR Reforms module) Project.
 - xxiv. AML customer due diligence (CDD) e-signature integration platform project.
 - xxv. Corporate internet bank optimization project
 - xxvi. Personal network bank system revision (including English version) project.
 - xxvii. The computer system information security assessment project (Class I, II, III).
 - xxviii. E-payment institution information system standards and security management assessment project.
 - xxix. Endpoint Detection and Response (EDR) enhancement project
 - xxx. Global information analysis and defensive system implementation project
 - xxxi. Business Continuity Management System Implementation (ISO 22301) project
- c. IT Research and Development Projects
- i. Emerging Technology Network-based Construction Project (2nd stage), Backup Optimization Project, Centralized File Transmission Construction

Project, Application Performance Monitoring Management Project, Active-Active Data Center Network Equipment Construction Project, NTD Core System Local Active-Active Framework Implementation Project, Non-discretionary Money Trust Investment in Stock System Construction Project, Mobile Wealth Management Construction Project (3rd Stage), Retail Banking AO Mobile Platform Construction Project (2nd Stage), Real Estate Mortgage Cancellation and Application Platform Construction Project, RPA–Implementation of the New Procedure Project (2023), SWALLOW System Upgrading Project, Fund System Host Upgrading Project, Insurance Agency System Host Upgrading Project, Customer Service Platform Upgrading Project, Credit Loan Operations Platform Construction, Interbank FEP Database and Local Active-Active Framework Upgrading Project, New Wholesale Banking Review System Construction Project, Financial Trading System Upgrading Project (Calypso implemented into LIBOR Reforms module), Funds Pricing and Asset & Liability Management System Upgrading Project (Oracle application system FTP/ALM-system upgrading), Cloud Native Transformation Plan & Gold Diamond Action APP Construction Project, Yuanta FIDO Identity Authentication Project, and AI Customer Service 2nd-Stage system Construction Project.

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

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

A. Short-Term Business Development Plans

- a. Improve the loaning drives and structural adjustment, expand the spread interest, and maintain the stable growth of net interest income.
 - i. For the corporate banking operations, it maintains the momentum for development and sprouting of fine-quality customers, and also strengthens

- the development of foreign currency loans and fine-quality syndicated loan services to improve the interest spread for deposits and loans.
- ii. For the consumer banking operations, it promotes the house loan and car loan business growth steadily, and invests resources to enhance the underwriting of the wealth management-type house loan and credit loan operations with better yield rate.
 - iii. In consideration of the asset and liability management throughout Yuanta Bank, deposit-taking strategy will be mainly in New Taiwan Dollars, supplemented by foreign currencies, and deposit structure and period adjustment will be made to control deposit costs.
- b. It solicits for customers via the credit card operations and connects the bank-wide new cross-selling model.
- i. For the deposit operations, it provides cardholders with NTD/foreign currency preferential interest rate projects, in order to increase the average balance of deposits in the accounts, and charges certain foreign currency debits for overseas consumption back to customers to attract the customers to open accounts denominated in foreign currency additionally.
 - ii. The salary transfer service is coupled with the credit card application plus chargeback program, in order to increase the application rate of salary transfer accounts for credit cards.
 - iii. It plans to integrate the Fu Ju bonus points received from the wealth management service into icash card, in order to keep persuading customers to use Yuan Meng bonus of the icash card and systematic fund investment policy using credit card debit service, and increase customers' AUM through the membership system.
 - iv. For the credit card customers' need for loans, it will continue to upgrade the product cross-selling rate through development of telemarketing and digital platforms.
- c. Improve the functions of digital financial platforms, and engage in the FinTech emerging technology application project.
- i. For the customer-oriented purposes, continue to develop the online services and availability and diversity thereof on the platforms, including mobile banking, online banking, online corporate banking, Yuanta e-

- counter, mobile insurance enrollment and remote insurance enrollment.
- ii. Promote the addition of the mobile payment tools including “Line Pay Money,” “Taiwan Pay,” “iCash Pay,” “Pluspay,” “EasyCard,” “Pxpayplus” and “O’Pay” into Yuanta Bank’s accounts or credit cards to link the scenario in the customers’ daily life and also perfect the cash flow services by integration of multiple payment tools.
 - iii. The digital services are based on the identity authentication. In order to improve the security and convenience of digital financial services, Yuanta Bank has started to plan and construct the FIDO system since 2022, in order to apply it to device binding and identity authentication in mobile banks. scheduled to apply the FIDO to the identity authentication and data query in the mobile services provided by Yuanta FHC’s subsidiaries.
- d. Fulfill compliance with laws, and maintain Yuanta Bank’s robust management.
- i. Strengthen the execution of the fair dealing principles : The fair dealing will be practiced by the specific policies dedicated to strengthening the first-line personnel, including adoption of related systems and regulations, and execute training program, care for customers, prevention of fraud and anti-money laundering, optimization of operating procedures, upgrading of customer service satisfaction and processing of customers’ complaints, and convening of the fair dealing commission meeting periodically to have the second-line and third-line personnel conduct the review, discussion and follow-up, and report to the Board of Directors regularly, in order to fulfill the promotion of the fair dealing culture.
 - ii. For compliance with the AML/CTF system, continue to adjust the system’s functions and transaction monitoring mechanism per the need for integration of practices and implement the data comparison and search operations into the automated procedure to upgrade the operational efficiency.
 - iii. 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.

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

B. Long-Term Business Development Plans

- a. Upgrade the channel's value and operation performance to improve the profitability stably.
 - i. Promote the branches' sprouting plan, provide the branches with tools and resources to expand the point and line to plane for peripheral customers, screen the name list of potential customers to be developed precisely, and combine credit cards, loans and wealth management services into package products, in order to increase the branches' tools to develop customers and enhance customers' loyalty.
 - ii. 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.
 - iii. Target the name list of fine-quality group companies, develop and increase the number of subsidiaries and dimension of traded products step by step, and strengthen the stability of long-term profit and risk controllability at the same time of increase in income.
 - iv. Strengthen cross-selling to and sprout management of the existing customers through marketing activities and customer base analysis.
- b. Strengthen the practical application and development of FinTech, and improve the core competitiveness.
 - i. Control the market trend, and develop the customer segment marketing and increase the horizontal cooperation in creation of various scene financial services under the personalized service application scenario, in order to deepen the bond with customers and increase the frequency of active

- transactions with customers.
- ii. Continue to expand the application of empowerment technology under the information security management system framework, e.g. RPA procedure automation, AI, and big data, in order to combine emerging technologies with ESG digital applications and create efficient green financial products and services.
 - iii. Execute the 3-year plan for digital empowerment development strategy, in order to establish Yuanta’s core competitiveness in digital innovation and rapid delivery; use a cloud native seed team capable of agile development to build the integrated mobile services that may enhance customer experience, and upgrade the information infrastructure to ensure the stability and safety of the system and accelerate the digital transformation.
- c. Fulfill the promotion of green finance and sustainable development
- i. Yuanta Bank connects with the international trends and improves the abilities to respond to climate changes and ESG-related risks in response to the FSC’s Green Finance Action Plan 3.0. Meanwhile, Yuanta Bank will prepare the sustainable management strategies and action plans per the policies and regulations promoted by the government, in order to improve the sustainable management development and financial service quality.
 - ii. Yuanta FHC was invited to join the “Sustainable Finance Pioneers Alliance” in September 2022. It committed to take initiative actions on the issues including “Green Procurement,” “Investment, Financing and Engagement,” “Information Disclosure,” “Assistance and Promotion” and “Connection to the World” more proactively, in order to increase the momentum for the country’s and industry’s transformation to net-zero carbon emission. Yuanta Bank will exercise the financial business’ influence over the industry, guide the industry to continue promoting carbon reduction and transformation to sustainability, and combine green financing and the Equator Principles with syndicated loan operations, in order to guide customers to practice the goal for sustainable management jointly.
 - iii. Yuanta Bank will continue to promote the offering of various product projects, such as green/sustainable development bonds, credit card carbon footprint reduction, house loan for green building and eco-friendly energy

car loan, fulfill the responsible investment and the responsibility to be borne by the financial business, and demonstrate its determination to develop sustainable finance.

(5) Employee Composition

Year		2021	2022	January 31, 2023
Number of Staff		4,386	4,358	4,359
Average Age		41.44	41.70	41.74
Average Seniority		9.70	9.91	9.90
Education Level Ratio	PhD	0.09%	0.16%	0.16%
	Master Degree	15.02%	15.51%	15.57%
	University/ College	81.09%	80.83%	80.84%
	Senior High School	3.71%	3.48%	3.41%
	Lower than Senior High School	0.09%	0.02%	0.02%

Note : Yuanta Savings Bank (Philippines) had 48 employees on January 31, 2023.

Note : Yuanta Savings Bank (Korea) had 62 employees on January 31, 2023.

(6) Corporate Social Responsibilities and Ethics

Yuanta Bank has engaged in the social services in the field of culture and education & public welfare permanently by donating funds to “Yuanta Cultural and Educational Foundation” (hereinafter referred to as “Yuanta Foundation”). The Foundation identifies the care for public welfare as its core value and starts from education, aiming at the six major dimensions including the “Involvement in Volunteers Public Welfare Platform,” “Aid for Disadvantaged Group Caring for Children and Juvenile,” “Educate and Train Youth’s Independence,” “Inclusive Financing/Innovation & Cultivation,” “Healthcare, Care for the Elderly” and “Community Service & Environmental Protection.” It sprouted the rural area education, care for the community, healthcare and various public welfare and education activities in depth and width. Yuanta Foundation upholds the philosophy for “taken from the society, giving back to society”. By practicing specific action programs, it hopes to set an example for others to follow and solicit for more charity and power to create a more harmonious, equal and beautiful public welfare society.

In 2022, Yuanta Bank has organized a total 641 events, including 219 self-organized events, 389 co-organized events, and 33 sponsored events, and received the recognition by the “Enterprise-Aided Charity and Education Business Gold Award” from Ministry of Education. 2,362 persons served as the charity volunteers, and the events benefited more

than 630,000 persons. The enterprise's volunteers also joined and responded to activities, included their expertise in finance into the public welfare and care extension activities and invested diversified educational resources proactively, in order to make its public welfare operations more active.

Since Yuanta Foundation was founded 20 years ago, it has insisted on the philosophy for "the public welfare should refer to continuous contribution." It constructs the "Charity Public Welfare Platform" proactively to build a bridge for caring. It also works with various public welfare partners to innovate the activity types and combines the current trends and integrate resources from multiple parties, in order to make the power of dream become stronger. It devotes itself to giving and accompanying to make love everlasting. "Education" refers to an important path directing to dreams. "Accompanying" is considered as the key principle to warm one's life. Continuous selfless contribution, communication of warm hope and light to make love and care more powerful, and also make "Yuanta Flower" bloom everywhere!

In the process of construction of the "public welfare platform," it works with like-minded partners and volunteers to move on. By investing the extensive channels and abundant human resources in the public welfare operations, Yuanta Group uses its best to promote various volunteer services and create the new activity types with its public welfare partners jointly. "Yuanta Happiness Day" refers to a representative self-organized event of Yuanta Foundation. This year, it continued to visit remote areas in Taiwan to increase its strength to extend care with art feasts, drama shows and basic financial management activities and to send the tailor-made "Happiness Gift Bag" to children. Since the activities were started in 2012, it has organized more than 30 charity events inviting nearly 7,000 schoolchildren to engage in such educational entertainment activities. Also, it called on 1,783 volunteers inside and outside the Group to provide the escorting services.

It not only provides economic aids but also matches adequate supplies to be donated to the units in need. It initiated the "Love Book Fun" book raising activity and called on colleagues to donate second-hand books in good condition. After cleaning the books, it gave the books to the rural areas with insufficient resources, as a diversified reading resources. It also gathered volunteers dedicated to storytelling, hoping to enrich the life of children with the power of knowledge received from reading. The "Yuanta Wealth Management Day" combined the public welfare and expertise in finance. Since 2018, it has trained professional volunteer trainers to research and develop innovative wealth management teaching materials jointly, practice inclusive finance education goals. By

means of the teaching materials, children are taught about the investment concept and market information to "learn by doing" and managing their own finance from childhood.

Based on the “Insistence on Dream and Brave to Move Forward” philosophy, it firmly believes that as long as one embraces his original intent and moves towards the goal and act honestly, he may transform the power of good into greater momentum, like the sun delivering warmth and shining on each corner of the society! On the road to public welfare, it combines Yuanta Group’s vast channels and abundant human resource to promote the public welfare and the recruitment of like-minded volunteer partners to work with it proactively. It also innovates and reforms the activities in line with the trend, and practices the real intent of service, care and contribution. It spreads the seed of hope extensively to reclaim the sustainable forest for the “Deed of Good.”

In order to fulfill the corporate social responsibility and extend the humane care, Yuanta Bank provides customers with the access to donate funds to 28 social organizations via credit cards or accounts and to help social welfare organizations with exposure of their advertisements and promotional materials via Yuanta Bank’s promotional channels (e.g. credit card debit notes and EDM, etc.), in order to provide customers with more opportunities to participate in the social welfare in more convenient manners.

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

Year \ Item	2022	2021	Comparison with 2021
The Number of Full-Time Non-supervisor Employees	3,898	3,916	(18)
Annual Average Salary of Full-Time Non-supervisor Employees	1,174,707	1,193,490	(18,783)
Annual Median Salary of Full-Time Non-supervisor Employees	993,926	1,004,105	(10,179)

(8) IT Development Projects

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

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.

B. Future Development or procurement and installation plans :

In response to the business continuity and business development, and to practice the information security management, Yuanta Bank plans to execute the following : Emerging Technology Network-based Construction Project (2nd stage), Backup Optimization Project, Centralized File Transmission Construction Project, Application Performance Monitoring Management Project, Active-Active Data Center Network Equipment Construction Project, NTD Core System Local Active-Active Framework Implementation Project, Non-discretionary Money Trust Investment in Stock System Construction Project, Mobile Wealth Management Construction Project (3rd Stage), Retail Banking AO Mobile Platform Construction Project (2nd Stage), Real Estate Mortgage Cancellation and Application Platform Construction Project, RPA–Implementation of the New Procedure Project (2023), SWALLOW System Upgrading Project, Fund System Host Upgrading Project, Insurance Agency System Host Upgrading Project, Customer Service Platform Upgrading Project, Credit Loan Operations Platform Construction, Interbank FEP Database and Local Active-Active Framework Upgrading Project, New Wholesale Banking Review System Construction Project, Financial Trading System Upgrading Project (Calypso implemented into LIBOR Reforms module), Funds Pricing and Asset & Liability Management System Upgrading Project (Oracle application system FTP/ALM-system upgrading), Cloud Native Transformation Plan & Gold Diamond Action APP Construction Project, Yuanta FIDO Identity Authentication Project, AI Customer Service 2nd-Stage system Construction Project, information security scanning, computer system information security assessment (Class 1), e-payment institution information system standards and security management assessment project, International Information Security Management Standard ISO 27001 : 2022 Revision Consulting Service Assessment Project, Global Information Analysis and Defensive System (2nd stage) and IPS optimization projects.

C. Emergency Recovery and Security Measures

In order to safeguard the smoothness of major system operation, local backup and remote backup mechanisms are devised for the host of each connectivity system according to the service features and conduct corresponding fail-over maneuvers to

the system levels. It is not only the responding capability of the trainers, but also the effectiveness of the backup recovery procedures reviewed. In order to safeguard the equipment of the system and data storage, the Bank plans the following safety preventive measures :

a. Computer Room Security

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

b. System and Network Security

i. Firewall

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

ii. IP Address Protection

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

iii. Weakness Scanning and Flaw Repair

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

iv. Anti-virus Mechanism

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

v. The Application Firewall

Establish the application firewall on critical gateways of the external website. Actively analyze and filter OSI L4-L7 Internet behavior. For illegal

programming or any penetration and attack against the flaws of the system or programs, the application firewall will actively quarantine, block and report such matter to fortify the Internet defense and system security.

vi. Monitor the Changes of Files

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

vii. Mobile Device Management Mechanism

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

viii. External DNS protection :

Implement cloud DNS protection mechanism to avoid DNS blocking attacks.

c. Information Security and Personal Data Protection

In order to improve the financial service quality, information security management and personal data protection, Yuanta Bank practices the systems including “ISO 27001 : 2013 Information Security Management” and “BS 10012 : 2017 Personal Information Management” and maintains the review on certification by BSI once per six months and re-examination on the certification once per three years. Meanwhile, per the competent authority's requirement and in response to the control over digital financial information security, Yuanta Bank performs the “assessment on computer system information security,” “assessment on e-payment institution information system standards and security control operations,” “ATM information security response drill,” “DDoS drill,” “APP testing” and “network and system penetration testing service.” Meanwhile, it continues to engage in improving the information security, personal data protection management mechanism and risk control, and improving personnel's awareness toward security, and in order to protect the confidentiality, completeness and availability of information assets, and provide customers with safer financial services. In order to improve Yuanta Bank's business continuity

in the case of any crisis, Yuanta Bank implemented the “ISO 22301 : 2019 international business continuity management system,” which also passed the certification, in order to protect Yuanta Bank’s business from being affected by the destructive event and ensure that Yuanta Bank may be recovered from the event.

(9) Information and Communication Security Management

The information security issue becomes more important, given the popularization of online transactions. Yuanta Bank has implemented the information security management system (ISMS) since 2011, and received the ISO 27001 certification on December 30, 2011. After that, it still maintained the review on certification by BSI once per six months and re-examination on the certification once per three years. Therefore, per the high information security requirements, Yuanta Bank has developed the information security governance stably. Further, in order to improve Yuanta Bank’s business continuity in the case of any crisis, Yuanta Bank implemented the “ISO 22301 international business continuity management system,” which also passed the certification on May 13, 2022, in order to protect Yuanta Bank’s business from being affected by the destructive event and ensure that Yuanta Bank may be recovered from the event. This year, Yuanta Bank has completed multiple information security tests and drills, such as application system recovery drills, ATM information security response drills, DDoS protection drills, mobile APP detection, network and system penetration test, and blue and red teams’ offensive and defensive exercise, etc..Through various information security operations and drills, Yuanta Bank reviewed the completeness and adequacy of its entire computer system control measures and detected the information security threats and weaknesses, in order to enhance and improve Yuanta Bank’s network and information system security protection abilities. In order to strengthen the people-oriented concept about information security governance, Yuanta Bank continues to conduct the information security education and training and anti-hacking drills (such as social engineering drills), in order to improve all employees’ awareness toward information security. This year, the information security investment strategies focus on the investment in protection facilities, including server security vulnerability management, network boundary protection management and information security management at the user end, in order to deal with the ever-changing new information security threats, mitigate information security risks, plan information security protection projects and information security management projects, in order to optimize the existing equipment’s response to the information security risk.

(10) Employee Welfare

- A. In addition to enrolling employees in labor insurance and national health insurance in accordance with Government's laws and regulations, the Bank also enrolled employees in group insurance, including term life insurance, injury insurance, critical illness insurance, accidental medical insurance, cancer insurance and occupational disaster insurance, etc.
- B. Yuanta Bank establishes the Employee Benefits Committee, adopts various regulations governing reimbursement, e.g. three major festivals, birthday gift money, marriage subsidy, childbirth subsidy, funeral subsidy, emergency relief fund and employee child scholarship, and provides diversified club activities.
- C. Provided employees meal reimbursement.
- D. According to the Articles of Incorporation, if Yuanta Bank retains earnings at the year's final accounting, the remuneration to employees shall be 1%~5% of the remainder, if any, after reduction of the accumulated loss.
- E. Provided preferential interest rates for savings accounts of employees, mortgages, property remodeling loans and consumer loans.
- F. Provided employees with Employee Stock Ownership Trust.
- G. Yuanta Bank also set forth the maternity protection policies (e.g. paternity (prenatal checkup) leave and maternity leave) superior to those provided under the labor laws.
- H. Yuanta Bank also provides the EAPs.

(11) Pension system and implementation thereof :

Yuanta Bank sets forth the retirement system in accordance with the Labor Standards Act and Labor Pension Act. Yuanta Bank sets forth the employee retirement regulations requiring the monthly contribution of the pension reserve. Meanwhile, it has Labor Pension Supervisory Committee responsible for the management and utilization of pension reserve. Until the end of 2022, Yuanta Bank' pension fund has accumulated until NT\$692,784 thousand. Following the promulgation of the Labor Pension Act on July 1, 2005, Yuanta Bank has made monthly payment of the pension fund equivalent to 6% of the insured value maintained by the individual employee into the employee's personal labor pension account. In 2022, Yuanta Bank contributed a total of NT\$215,871 thousand. Further, Yuanta Bank provides the employee group annuity policies to help employees reserve the pension fund

to improve the protection of their life after retirement.

(12) Labour agreements and employee rights protection measures :

In order to maintain and protect basic human rights, Yuanta Bank, according to the labor laws, and together with the parent company, Yuanta FHC, in accordance with the basic human right protection principles disclosed by the international human right convention including the “Universal Declaration of Human Rights” and “ILO Convention,” set forth the work rules and related personnel management regulations prohibiting discriminating against job applicants or employees due to the factors including race, thought, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age and marriage, in order to create an equal employment environment, advocate diversity and equality, practice the equal pay for equal work, and provide a healthy and safe workplace. Meanwhile, Yuanta Bank convenes the labor-management meeting periodically to research employees’ rights and welfare, and provide the individuals and labor union with the channel to feed back their opinion, in order to facilitate the labor-management harmony and build the vision for mutual benefit and win-win situation.

IV. Financial Information and Risk Management

1. Financial Review 2018~2022

(1) Condensed Consolidated Balance Sheet for 2018~2022

Unit : NT\$1,000

Item \ Year	Financial Information (Note 1)				
	2022	2021	2020	2019	2018
Cash and cash equivalents, Due from Central Bank and call loans to other banks	99,836,587	100,238,756	74,056,925	71,241,820	67,745,895
Financial assets at fair value through profit or loss	89,213,105	161,891,541	166,389,485	148,571,375	134,709,206
Financial assets at fair value through other comprehensive income	215,288,117	212,830,894	153,197,610	101,295,739	107,072,776
Investments in debt instruments at amortised cost	254,865,623	266,896,275	218,228,224	201,309,106	180,208,887
Bills and bonds purchased under resale agreements	33,014,468	4,268,212	2,098,668	5,310,000	—
Receivables – net	20,713,269	18,226,694	16,982,854	20,179,275	26,471,731
Current income tax assets	99,407	120,362	1,557,562	2,434,100	2,426,227
Assets classified as held for sale-net	81,469	194,563	203,730	533,632	910,934
Bills discounted and loans – net	976,745,906	863,122,903	771,040,472	747,243,764	731,029,935
Other financial assets – net	270,573	151,338	281,484	165,899	136,630
Property and equipment – net	14,900,840	13,778,026	13,669,631	12,510,636	12,390,152
Right of use assets – net	10,084,699	10,200,565	10,571,258	10,687,982	—
Investment property- net	946,386	818,751	816,689	843,889	867,763
Intangible assets – net	8,822,887	9,050,594	9,464,148	11,038,196	11,285,222
Deferred income tax assets	1,167,670	1,089,009	936,981	838,639	611,830
Other assets – net	2,418,057	1,482,323	2,470,307	2,082,050	12,233,100
Total Assets	1,728,469,063	1,664,360,806	1,441,966,028	1,336,286,102	1,288,100,288
Deposits from Central Bank and other banks	38,607,095	25,624,124	15,412,299	13,107,028	22,047,274
Due to Central Bank and other banks	—	839,700	675,000	—	—
Financial liabilities at fair value through profit or loss	3,811,451	2,169,051	3,014,414	3,568,060	4,823,707
Bills and bonds sold under repurchase agreements	36,546,046	2,769,734	—	1,550,312	16,226,824
Payables	9,133,729	8,405,506	7,756,587	8,921,978	13,008,154
Current income tax liabilities	1,106,130	1,309,217	756,047	1,810,146	801,009
Liabilities of assets classified as held for sale	—	—	—	—	2,115
Deposits and remittances	1,489,412,369	1,469,769,731	1,246,503,535	1,137,390,287	1,062,903,982
Financial debentures payable	28,700,000	22,200,000	34,500,000	34,500,000	38,000,000
Other financial liabilities	2,578,157	2,553,403	3,349,248	6,714,309	10,762,290
Provisions	874,557	1,121,523	1,262,012	1,451,149	1,860,508
Lease liabilities	2,453,691	2,436,990	2,683,736	2,658,761	—
Deferred income tax liabilities	635,973	470,916	420,877	315,443	392,512
Other liabilities	2,729,908	1,666,733	1,689,533	2,424,310	1,620,799

Item		Year	Financial Information (Note 1)				
			2022	2021	2020	2019	2018
Total Liabilities	Before distribution		1,616,589,106	1,541,336,628	1,318,023,288	1,214,411,783	1,172,449,174
	After distribution		Note 2	1,546,340,291	1,323,097,509	1,221,172,457	1,176,524,269
Equity attributable to owners of the parent company			111,879,957	123,024,178	123,942,740	121,874,319	115,651,114
Share capital	Before distribution		73,940,390	73,940,390	73,940,390	73,940,390	73,940,390
	After distribution		Note 2	73,940,390	73,940,390	73,940,390	73,940,390
Capital surplus			25,960,441	25,960,441	25,960,441	25,960,441	25,960,441
Retained earnings	Before distribution		24,990,852	23,623,460	20,859,402	20,392,923	14,832,758
	After distribution		Note 2	18,619,797	15,785,181	13,632,249	10,757,663
Other equity interest			(13,011,726)	(500,113)	3,182,507	1,580,565	917,525
Total equity	Before distribution		111,879,957	123,024,178	123,942,740	121,874,319	115,651,114
	After distribution		Note 2	118,020,515	118,868,519	115,113,645	111,576,019

Note 1 : The financial information for each fiscal year has been reviewed and verified by the accountants and prepared using the financial reports issued by the accountants.

Note 2 : The profit distribution proposal for 2022 has not yet been resolved through (the Board of Directors on behalf of) the shareholders' meeting.

Note 3 : As of the printing date of the annual report, 2023 financial information has not been, audited or reviewed by an independent external auditor.

(2) Condensed Consolidated Statements of Comprehensive Income for 2018~2022

Unit : NT\$1,000

Item	Year	Financial Information (Note 1)				
		2022	2021	2020	2019	2018
Interest income		22,732,124	17,588,447	18,904,851	22,611,119	23,039,102
Less : Interest expense		8,451,772	4,519,800	6,284,104	9,144,173	9,021,599
Net interest income		14,280,352	13,068,647	12,620,747	13,466,946	14,017,503
Net non-interest income		6,470,121	8,036,250	7,644,202	9,904,603	7,950,331
Net revenue		20,750,473	21,104,897	20,264,949	23,371,549	21,967,834
Provision for bad debt expenses, commitment and guarantee reserve		361,604	532,883	1,942,978	1,066,650	666,380
Operating expenses		11,526,017	11,375,207	10,290,144	10,797,597	11,255,799
Income from continuing operations before income tax		8,862,852	9,196,807	8,031,827	11,507,302	10,045,655
Income tax expense		(1,574,464)	(1,174,945)	(1,135,956)	(1,461,072)	(1,438,055)
Net income		7,288,388	8,021,862	6,895,871	10,046,230	8,607,600
Other comprehensive (loss) income (net of tax)		(13,428,946)	(3,866,203)	1,933,224	275,488	(972,627)
Total comprehensive income		(6,140,558)	4,155,659	8,829,095	10,321,718	7,634,973
Net income attributable to : Parent company		7,288,388	8,021,862	6,895,871	10,046,230	8,607,600
Comprehensive income attributable to : Parent company		(6,140,558)	4,155,659	8,829,095	10,321,718	7,634,973
EPS(NT\$)		0.99	1.08	0.93	1.36	1.16

Note 1 : The above financial information was audited by accountants. Prepared through the financial reports for each fiscal year issued by the accountants.

Note 2 : As of the printing date of the annual report, 2022 financial information has not been audited or reviewed by an independent external auditor.

(3) Condensed Separate Balance Sheet for 2018~2022

Unit : NT\$1,000

Item	Financial Information (Note 1)				
	2022	2021	2020	2019	2018
Cash and cash equivalents, Due from Central Bank and call loans to other banks	96,566,047	97,728,529	70,989,066	67,645,382	65,300,164
Financial assets at fair value through profit or loss	89,187,683	161,867,167	166,389,485	148,571,375	134,709,206
Financial assets at fair value through other comprehensive income	212,621,110	210,637,712	152,215,988	100,413,010	106,222,389
Investments in debt instruments at amortised cost	254,722,768	266,805,420	218,122,761	201,115,927	179,925,213
Bills and bonds purchased under resale agreements	33,014,468	4,268,212	2,098,668	5,310,000	—
Receivables – net	20,635,484	18,173,257	16,927,015	20,108,312	26,168,202
Current income tax assets	99,119	120,152	1,557,461	2,433,421	2,425,746
Assets classified as held for sale-net	81,469	194,563	203,730	533,632	868,288
Bills discounted and loans – net	962,259,898	850,861,516	760,528,904	737,626,205	720,651,097
Equity investments accounted for under the equity method– net	4,931,796	4,688,779	4,458,062	4,747,629	5,208,251
Other financial assets – net	2,582	4,682	35,042	77,553	6,003
Property and equipment – net	14,823,963	13,705,909	13,583,396	12,415,059	12,290,864
Right of use assets – net	9,976,030	10,082,232	10,437,892	10,573,282	—
Investment property- net	946,386	818,751	816,689	843,889	867,763
Intangible assets – net	8,799,242	9,021,529	9,423,352	10,592,029	10,807,589
Deferred income tax assets	1,120,560	1,067,740	918,957	827,380	600,465
Other assets – net	2,347,200	1,432,761	3,147,511	2,738,343	12,048,017
Total Assets	1,712,135,805	1,651,478,911	1,431,853,979	1,326,572,428	1,278,099,257
Deposits from Central Bank and other banks	38,607,095	25,624,124	15,412,299	13,107,028	22,047,274
Due to Central Bank and other banks	—	839,700	675,000	—	—
Financial liabilities at fair value through profit or loss	3,811,451	2,169,051	3,014,414	3,568,060	4,823,707
Bills and bonds sold under repurchase agreements	36,546,046	2,769,734	—	1,550,312	16,226,824
Payables	8,849,401	8,205,358	7,585,582	8,725,192	12,815,557
Current income tax liabilities	1,098,841	1,302,784	750,367	1,809,941	796,365
Deposits and remittances	1,473,530,937	1,457,271,213	1,236,742,507	1,128,024,552	1,053,292,520
Financial debentures payable	28,700,000	22,200,000	34,500,000	34,500,000	38,000,000
Other financial liabilities	2,578,157	2,553,403	3,349,248	6,714,309	10,762,290
Provisions	859,981	1,107,679	1,246,528	1,437,171	1,735,809
Lease liabilities	2,331,706	2,308,934	2,539,411	2,537,997	—
Deferred income tax liabilities	634,313	469,722	416,992	313,811	390,634

Item \ Year		Financial Information (Note 1)				
		2022	2021	2020	2019	2018
Other liabilities		2,707,920	1,633,031	1,678,891	2,409,736	1,557,163
Total Liabilities	Before distribution	1,600,255,848	1,528,454,733	1,307,911,239	1,204,698,109	1,162,448,143
	After distribution	Note 2	1,533,458,396	1,312,985,460	1,211,458,783	1,166,523,238
Equity attributable to owners of the parent company		111,879,957	123,024,178	123,942,740	121,874,319	115,651,114
Share capital	Before distribution	73,940,390	73,940,390	73,940,390	73,940,390	73,940,390
	After distribution	Note 2	73,940,390	73,940,390	73,940,390	73,940,390
Capital surplus		25,960,441	25,960,441	25,960,441	25,960,441	25,960,441
Retained earnings	Before distribution	24,990,852	23,623,460	20,859,402	20,392,923	14,832,758
	After distribution	Note 2	18,619,797	15,785,181	13,632,249	10,757,663
Other equity interest		(13,011,726)	(500,113)	3,182,507	1,580,565	917,525
Total equity	Before distribution	111,879,957	123,024,178	123,942,740	121,874,319	115,651,114
	After distribution	Note 2	118,020,515	118,868,519	115,113,645	111,576,019

Note 1 : The financial information for each fiscal year has been reviewed and verified by the accountants and prepared using the financial reports issued by the accountants.

Note 2 : The 2022 earnings distribution plan has not been resolved by (the Board of Directors acting on behalf of) a shareholders' meeting.

Note 3 : No 2023 financial information which has not yet been audited or reviewed by an external auditor before the date of publication of the annual report.

(4) Condensed Separate Statements of Comprehensive Income for 2018~2022

Unit : NT\$1,000

Item	Year	Financial Information (Note 1)				
		2022	2021	2020	2019	2018
Interest income		21,860,546	16,957,020	18,278,282	21,904,151	22,304,036
Less : Interest expense		8,093,263	4,329,781	6,106,605	8,904,730	8,786,722
Net interest income		13,767,283	12,627,239	12,171,677	12,999,421	13,517,314
Net non-interest income		6,597,156	8,110,257	7,701,204	9,965,763	8,081,151
Net revenue		20,364,439	20,737,496	19,872,881	22,965,184	21,598,465
Provision for bad debt expenses, commitment and guarantee reserve		346,441	539,619	1,919,004	1,063,211	665,321
Operating expenses		11,177,383	11,023,350	9,936,777	10,405,832	10,916,495
Income from continuing operations before income tax		8,840,615	9,174,527	8,017,100	11,496,141	10,016,649
Income tax expense		(1,552,227)	(1,152,665)	(1,121,229)	(1,449,911)	(1,409,049)
Net income		7,288,388	8,021,862	6,895,871	10,046,230	8,607,600
Other comprehensive (loss) income (net of tax)		(13,428,946)	(3,866,203)	1,933,224	275,488	(972,627)
Total comprehensive income		(6,140,558)	4,155,659	8,829,095	10,321,718	7,634,973
Net income attributable to : Parent company		7,288,388	8,021,862	6,895,871	10,046,230	8,607,600
Comprehensive income (loss) attributable to : Parent company		(6,140,558)	4,155,659	8,829,095	10,321,718	7,634,973
EPS(NT\$)		0.99	1.08	0.93	1.36	1.16

Note 1 : The financial information for each fiscal year has been reviewed and verified by the accountants and prepared using the financial reports issued by the accountants.

Note 2 : As of the printing date of the annual report, 2023 financial information has not been audited or reviewed by an independent external auditor.

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

Year	Independent Auditing Firm	CPA	Consolidated Financial Report Auditor's Opinion
2018	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Unqualified opinion with emphasis of matter and other matter
2019	PricewaterhouseCoopers, Taiwan	Jason Lo & Maria Chen	Unqualified opinion with other matter
2020	PricewaterhouseCoopers, Taiwan	Jason Lo & Maria Chen	Unqualified opinion with other matter
2021	PricewaterhouseCoopers, Taiwan	Jason Lo & Shu-Mei Chi	Unqualified opinion with other matter
2022	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Jason Lo	Unqualified opinion with other matter

(6) Consolidated Financial Analysis for 2018–2022

Item (Note 7)		Year		Financial Analysis (Note 1)		
		2022	2021	2020 (Note 4)	2019 (Note 3)	2018 (Note 2)
Operating Performance	Ratio of deposits to loans (%)	66.48	59.36	62.55	66.51	69.55
	NPL ratio (%)	0.02	0.10	0.14	0.16	0.23
	Ratio of interest cost to annual average deposits (%)	0.49	0.27	0.44	0.68	0.64
	Ratio of interest income to annual average loans outstanding (%)	1.89	1.71	1.98	2.44	2.49
	Total assets turnover (times)	0.01	0.01	0.01	0.02	0.02
	Average operation revenue per employee (thousand NT\$)	4,576	4,633	4,382	5,077	4,638
	Average profit per employee (thousand NT\$)	1,607	1,761	1,491	2,183	1,817
Profitability	Return on tier I capital (%)	7.67	7.66	6.85	10.30	11.52
	Return on assets (%)	0.43	0.52	0.50	0.76	0.66
	Return on equity (%)	6.21	6.50	5.61	8.46	7.52
	Net income ratio (%)	35.12	38.01	34.03	42.98	39.18
	EPS (NT\$)	0.99	1.08	0.93	1.36	1.16
Financial Structure	Ratio of liabilities to assets (%)	93.51	92.60	91.39	90.89	91.00
	Ratio of property and equipment to equity (%)	13.32	11.20	11.03	10.27	10.71
Growth rate	Rate of assets growth (%)	3.85	15.42	7.91	3.80	(2.00)
	Rate of earnings growth (%)	(3.63)	14.50	(30.20)	14.55	3.19
Cash flow	Cash flow ratio (%)	Note 5	101.53	23.23	110.82	Note 5
	Cash flow adequacy ratio (%)	186.43	195.11	169.15	152.19	70.84
	Cash flow coverage ratio (%)	Note 5	7,032.92	497.28	27,091.21	Note 5
Ratio of liquidity reserve (%)		30.10	37.33	37.00	34.00	35.00
Total balance of secured loans of related parties (thousand NT\$)		6,905,364	8,273,413	8,723,639	6,378,105	6,207,805
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		0.70	0.94	1.10	0.83	0.82
Scale of operations (Note 6)	Asset market share (%)	2.38	2.45	2.25	2.29	2.25
	Net-worth market share (%)	2.41	2.66	2.76	2.83	2.89
	Deposits market share (%)	2.69	2.90	2.65	2.64	2.50
	Loans market share (%)	2.51	2.41	2.31	2.36	2.32
<p>The specified reasons of changes in financial ratios for the latest two years : (If the variation does not reach 20%, the analysis can be omitted)</p> <ol style="list-style-type: none"> 1. The decrease in the NPL ratio was mainly due to the decrease in NPL in 2022. 2. The increase in interest expenses as % of the annual average balance of deposits was primarily a result of the increase in interest expenses in 2022. 3. The decrease in asset growth rate was primarily a result of the decrease in investment positions. 4. The decrease in profit growth rate was primarily a result of the decrease in pre-tax profit and loss this year from last year. 						

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

Note 2 : The average assets and net worth are calculated after the reorganization of the organization and the retroactive application of IFRS 9 to the balance of January 1, 2018.

Note 3 : The average assets and net worth are calculated based on the retroactive application of IFRS 16 to the balance

of January 1, 2019.

Note 4 : The average assets were calculated based on the balance of the net spot foreign exchange fund receivable (payable) adjusted retroactively on January 1, 2020.

Note 5 : Because cash flows from operating activities in statement of cash flows are cash outflow in 2018 and 2022, it is not included for the calculation of cash flow ratio and cash flow coverage ratio.

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

Note 7 : The formulas of various ratios are as follows :

1. Operating Performance

(1) Ratio of deposits to loans = Annual average loans outstanding / Annual average deposit (Including postal savings re-deposits)

(2) NPL ratio = Total NPL / Total loans outstanding

(3) Ratio of interest cost to annual average deposits = Total interest cost from deposits / Annual average deposits

(4) Ratio of interest income to annual average loans outstanding = Total interest income from loans / Annual average amount of loans outstanding

(5) Total assets turnover (times) = Operating income / Average total assets

(6) Average operation revenue per employee (Note 11) = Operating Revenues / Annual average total number of employees

(7) Average profit per employee = Net income after tax / total employees

2. Profitability

(1) Return on tier I capital = Before-tax profit or loss / Total amount of tier I capital

(2) Return on assets = Net income / Average total assets

(3) Return on Equity = Net income / Average total equity

(4) Net income ratio = Net income / Total operating revenues

(5) EPS = (Net profit attributable to parent company-preferred stock dividend) / Weighted average number of shares issued (Note 9)

3. Financial structure

(1) Ratio of Liabilities to Assets = Liabilities / Total assets

(2) Ratio of Property and Equipment to Equity = Property and equipment assets / Total equity

4. Growth rate

(1) Rate of Assets growth = (Total assets for current year - Total assets for previous year) / Total assets for previous year

(2) Rate of earnings growth = (Before-tax profit or loss for current year - Before-tax profit or loss for previous year) / Before-tax profit for previous year

5. Cash flow (Note 12)

(1) Cash flow ratio = Net cash flow from operating activities / (interbank lending and overdraft + payable commercial paper + Financial liabilities at fair value through profit or loss + RP + Payable accounts-current portion)

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the latest five years / (Capital expenditure + cash dividends for the latest five years)

(3) Cash flow coverage ratio = Net cash flow from operating activities / net cash flow from investing activities

6. Ratio of liquidity reserve = Liquidity assets defined by Central Bank / Accrual liquidity reserve liabilities

7. Scale of operations

(1) Asset market share = total assets / total assets of all financial institutions able to engage in deposit and loan business (Note 10)

(2) Net-worth market share = net worth / total net worth of all financial institutions able to engage in deposit and loan business

(3) Deposit market share = total value of deposits / total value of deposits at all financial institutions able to engage in deposit and loan business

(4) Loan market share = total value of loans / total value of loans at all financial institutions able to engage in deposits and loan business

Note 8 : The total liabilities have deducted allowance for guarantee liability and allowance for accidental loss.

Note 9 : The following shall be noted in the equations of EPS of the preceding paragraph :

1. It is based on weighted average common stock shares instead of the issued stock shares at the end of year.

2. For cash capitalization or Treasury stock trade, the circulation period is to be considered for the calculation of weighted average stock shares.

3. For capitalized retained earnings or additional paid-in, for the calculation of earnings per share of previous

years and semi-annual, it is to be adjusted retroactively and proportionally to the ratio of capitalization but not the issuance period of the capitalization.

4. If the preferred stock is non-convertible cumulative preferred stock, the dividend (distributed or not distributed) is to be deducted from Net Income or is to be added to Net Loss.
5. If the preferred stock is non-cumulative preferred stock; also, if there is Net income generated, preferred stock dividend is to be deducted from Net income; however, if there is net loss resulted, no adjustment is required.

Note 10 : The financial institutions which could do the deposit and loan business include domestic banks, local branches of foreign and Mainland Chinese banks, credit co-operative associations and credit departments of farmers and fishermen's associations.

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

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

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

(7) Separate Financial Analysis for 2018~2022

Item		Year	Financial Analysis (Note 1)				
			2022	2021	2020 (Note 4)	2019 (Note 3)	2018 (Note 2)
Operating performance	Ratio of deposits to loans (%)	66.21	59.02	62.18	66.20	69.19	
	NPL ratio (%)	0.02	0.10	0.12	0.15	0.21	
	Ratio of interest cost to annual average deposits (%)	0.47	0.26	0.43	0.67	0.63	
	Ratio of interest income to annual average loans outstanding (%)	1.84	1.67	1.94	2.39	2.44	
	Total assets turnover (times)	0.01	0.01	0.01	0.02	0.02	
	Average operation revenue per employee (thousand NT\$)	4,607	4,678	4,413	5,149	4,709	
	Average profit per employee (thousand NT\$)	1,649	1,810	1,531	2,253	1,877	
Profitability	Return on tier I capital (%)	7.73	7.79	6.96	10.48	11.77	
	Return on assets (%)	0.43	0.52	0.50	0.77	0.67	
	Return on equity (%)	6.21	6.50	5.61	8.46	7.52	
	Net income ratio (%)	35.79	38.68	34.70	43.75	39.85	
	EPS (NT\$)	0.99	1.08	0.93	1.36	1.16	
Financial Structure	Ratio of liabilities to assets (%)	93.45	92.54	91.33	90.82	90.93	
	Ratio of property and equipment to equity (%)	13.25	11.14	10.96	10.19	10.63	
Growth rate	Rate of assets growth (%)	3.67	15.34	7.94	3.86	(1.97)	
	Rate of earnings growth (%)	(3.64)	14.44	(30.26)	14.77	3.52	
Cash flow	Cash flow ratio (%)	Note 5	102.36	25.67	104.82	Note 5	
	Cash flow adequacy ratio (%)	184.02	192.62	171.15	152.39	76.96	
	Cash flow coverage ratio (%)	Note 5	7,257.72	554.71	10,847.22	Note 5	
Ratio of liquidity reserve (%)		30.10	37.33	37.00	34.00	35.00	
Total balance of secured loans of related parties (thousand NT\$)		6,905,364	8,273,413	8,723,639	6,378,105	6,207,805	
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		0.70	0.94	1.10	0.83	0.82	
Scale of operations (Note 6)	Asset market share (%)	2.38	2.45	2.25	2.29	2.25	
	Net-worth market share (%)	2.41	2.66	2.76	2.83	2.89	
	Deposits market share (%)	2.69	2.90	2.65	2.64	2.50	
	Loans market share (%)	2.51	2.41	2.31	2.36	2.32	
<p>The specified reasons of changes in financial ratios for the latest two years : (If the variation does not reach 20%, the analysis can be omitted)</p> <ol style="list-style-type: none"> 1. The decrease in the NPL ratio was mainly due to the decrease in NPL in 2022. 2. The increase in interest expenses as % of the annual average balance of deposits was primarily a result of the increase in interest expenses in 2022. 3. The decrease in asset growth rate was primarily a result of the decrease in investment positions. 4. The decrease in profit growth rate was primarily a result of the decrease in pre-tax profit and loss this year from last year. 							

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

Note 2 : The average assets and net worth are calculated after the reorganization of the organization and the retroactive application of IFRS 9 to the balance of January 1, 2018.

- Note 3 : The average assets and net worth are calculated based on the retroactive application of IFRS 16 to the balance of January 1, 2019.
- Note 4 : The average assets were calculated based on the balance of the net spot foreign exchange fund receivable (payable) adjusted retroactively on January 1, 2020.
- Note 5 : Because cash flows from operating activities in statement of cash flows are cash outflow in 2018 and 2022, it is not included for the calculation of cash flow ratio and cash flow coverage ratio.
- Note 6 : Because of inaccessibility to information, market share of operating scale is calculated according to separate financial statements.

(8) Consolidated Capital Adequacy for 2018~2022

Unit : NT\$1,000

Item		Year	Consolidated Capital Adequacy Ratio				
			2022	2021	2020	2019	2018
Regulatory Capital	Common Equity Tier 1 Capital		103,492,379	113,484,386	112,621,903	108,234,328	102,190,820
	Additional Tier 1 Capital		7,000,000	7,000,000	7,000,000	6,549,768	6,552,514
	Tier 2 Capital		24,313,593	18,842,023	20,423,469	23,596,563	27,131,454
	Regulatory Capital		134,805,972	139,326,409	140,045,372	138,380,659	135,874,788
Risk-weighted Assets	Credit Risk	Standardized Approach	851,120,606	782,872,514	710,299,359	755,272,256	759,426,981
		Internal ratings-based Approach	—	—	—	—	—
		Securitization	—	—	—	—	—
	Operational Risk	Basic Indicator Approach	—	—	—	—	—
		Standardized Approach	38,641,650	38,751,085	40,154,208	40,682,988	41,023,677
		Advanced Measurement Approaches	—	—	—	—	—
	Market Risk	Standardized Approach	36,531,113	67,065,100	60,140,425	75,038,125	62,686,325
		Internal Models Approach	—	—	—	—	—
		Total Amount of Risk-weighted Assets	926,293,369	888,688,699	810,593,992	870,993,369	863,136,983
	Capital Adequacy Ratio (%)			14.55	15.68	17.28	15.89
Tier 1 Capital Ratio (%)			11.93	13.56	14.76	13.18	12.60
Common Equity Tier 1 Ratio (%)			11.17	12.77	13.89	12.43	11.84
Leverage Ratio (%)			6.21	7.00	8.03	8.34	8.22
Please specify the reasons for the changes of capital adequacy ratios for the past two years : (If the variation does not reach 20%, the analysis can be omitted)							
The changes of capital adequacy ratios for the past two years are less than 20% and waived from explanation.							

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

Note 2 : The relevant formulas are as follows :

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

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

(9) Separate Capital Adequacy for 2018~2022

Unit : NT\$1,000

Item		Year	Capital Adequacy Ratio					
			2022	2021	2020	2019	2018	
Regulatory Capital	Common equity Tier 1 Capital		103,516,025	112,341,256	111,561,319	107,500,816	101,366,390	
	Additional Tier 1 Capital		7,000,000	5,827,805	5,885,484	5,362,861	5,250,451	
	Tier 2 Capital		24,242,386	16,309,071	18,037,550	21,093,417	24,383,747	
	Regulatory Capital		134,758,411	134,478,132	135,484,353	133,957,094	131,000,588	
Risk-weighted Assets	Credit Risk	Standardized Approach	845,424,116	767,787,449	698,221,207	745,186,037	747,940,387	
		Internal Ratings- based Approach	—	—	—	—	—	
		Securitization	—	—	—	—	—	
	Operational Risk	Basic Indicator Approach	—	—	—	—	—	
		Standardized Approach	37,747,236	37,899,167	39,357,742	40,086,554	40,674,805	
		Advanced Measurement Approaches	—	—	—	—	—	
	Market risk	Standardized Approach	36,491,325	67,033,013	60,140,425	75,038,125	62,686,325	
		Internal Models Approach	—	—	—	—	—	
	Total Amount of Risk-weighted Assets			919,662,677	872,719,629	797,719,374	860,310,716	851,301,517
	Capital Adequacy Ratio (%)			14.65	15.41	16.98	15.57	15.39
Tier 1 Capital Ratio (%)			12.02	13.54	14.72	13.12	12.52	
Common Equity Tier 1 Ratio (%)			11.26	12.87	13.99	12.50	11.91	
Leverage Ratio (%)			6.27	6.92	7.95	8.27	8.13	

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

Note 2 : The relevant formulas are as follows :

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

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

2. Consolidated Financial Report for 2022

Please refer to “Appendix Consolidated Financial Report for 2022” in this annual report.

3. Risk Management and Other Significant Events

(1) Information of Credit Risk Management

A. Credit Risk Management System in 2022

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

Item	Contents
	<p>5. Internal Audit :</p> <p>The independent internal audit entities review the enforcement of the Bank's credit risk management systems periodically and disclose it in the audit report truly, and ensure that the relevant entities have taken the corrective actions in a timely manner.</p>
<p>3. Scope and characteristics of credit risk report and measurement systems</p>	<p>1. Scope and characteristics of credit risk report :</p> <ol style="list-style-type: none"> (1) Report to Board of Directors. (Regularly)/(Integrated risk report) (2) Report to Audit Committee. (Regularly)/(Integrated risk report) (3) Monthly report to Risk Management Committee. (Integrated risk report) (4) Monthly report to Risk Management. (5) Monthly monitoring and disclosing the large exposure-related information such as the usage rate of the country, industry, group, single person(natural & juristic), real estate and China Exposure. (6) Daily monitor the loan concentration ratio and early warning notification incidents stipulated in Article 72(2) of the Banking Act. <p>2. Credit risk measurement systems include :</p> <ol style="list-style-type: none"> (1) Capital requirements calculation platform information system. (2) The credit information and investigation system : Credit rating. (3) The collection system : Asset appraisal. (4) The Bank's credit risk alarming system : The credit risk alarming mechanism. (5) Mid-term crediting management platform. (Including post loan management and the review platform) (6) Scorecards of consumer banking and credit rating models of corporate banking. (7) Large exposure system.
<p>4. Credit risk hedging or risk reduction policies, and strategies and procedures for controlling the ongoing effectiveness of hedging and risk reduction tools</p>	<p>1. Credit risk hedging or risk reduction policies :</p> <ol style="list-style-type: none"> (1) Review the credit risk hedging plan and execution of the centralized risk or higher risk businesses. (2) Plan to amend the Bank's regulations of risk reduction and controlling system to follow the risk reduction regulations in the Basel III. (3) Regularly review financial products' risk weights. <p>2. Strategies and procedures for controlling effectiveness of hedging and risk reduction :</p> <p>Establish the collateral management system in accordance with Basel III risk reduction regulations, and ensure the ongoing effective mess of risk reduction of collaterals through periodical revaluation of collaterals, loan-to-value ratio alert, analysis of centralization and stress testing.</p>
<p>5. Approach for regulatory capital requirements</p>	<p>Standardized Approach.</p>

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

Unit : NT\$1,000 ; Base Date : December 31, 2022

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Capital Requirements
Sovereigns	351,418,655	0
Non-central Government Public Sector Entities	1,477,568	23,641
Banks (Including multilateral development banks and central counterparties)	119,287,957	3,539,490
Corporations (Securities Firms and Insurance Companies Included)	375,947,893	24,705,357
Retail Exposures	88,903,177	5,300,094
Real Estate Exposure Class	636,286,648	29,315,958
Equity-securities Investment	19,412,489	2,144,815
Equity investments in funds and venture capitals	0	0
Other Assets	40,656,570	2,520,775
Total	1,633,390,957	67,550,130

(2) Information of Securitization Management

A. Securitization Management System in 2022

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

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

B. Engagement in Securitization

As of December 2022, the Bank has never been the originator for securitization.

C. Risk Exposure and Capital Requirements for Securitization

As of December 2022, the Bank didn't hold any investments in securitized product.

D. Information of Investment in Securitization Products

As of December 2022, the Bank didn't hold any investments in securitized product.

(3) Information of Operational Risk Management

A. Operational Risk Management System in 2022

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

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

B. Capital Requirements for Operational Risk

Unit : NT\$1,000 ; Base Date : December 31, 2022

Year	Gross Income	Capital Requirements
2020	19,579,849	
2021	20,108,150	
2022	21,159,597	
Total	60,847,596	3,019,779

(4) Information of Market Risk Management

A. Market Risk Management System in 2022

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

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

B. Capital Requirements for Market Risk

Unit : NT\$1,000; Base Date : December 31, 2022

Type of Risk	Capital Requirements
Interest Rate Risk	2,080,713
Equity Risk	164,286
Foreign Exchange Risk	674,307
Commodity Risk	0
Total	2,919,306

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

Unit : NT\$1,000

Item	2022			
	December 31, 2022	Average VaR	Minimum VaR	Maximum VaR
Interest Rate	17,342	43,803	17,342	107,125
Equity	12,559	17,276	12,075	23,305
Foreign Exchange	11,624	12,630	5,604	23,628
Commodity	0	0	0	0
Subtotal	41,525	73,709	35,021	154,058
Diversified Effect	-16,162	-20,002	-	-
Total Value at Risk	25,363	53,707	24,058	132,596

(5) Information of Liquidity Risk Management

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

Unit : NT\$1,000; Base Date : December 31, 2022

	Total	0-10 days	11-30 days	31-90days	91-180 days	181-1year	Over 1 year
Primary Funds Inflow upon Maturity	1,538,163,531	192,484,952	88,943,571	179,819,096	159,284,501	173,261,491	744,369,920
Primary Funds Outflow upon Maturity	1,796,483,109	73,518,921	112,929,281	267,798,728	240,447,609	350,410,602	751,377,968
Gap	(258,319,578)	118,966,031	(23,985,710)	(87,979,632)	(81,163,108)	(177,149,111)	(7,008,048)

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

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

Unit : US\$1,000; Base Date : December 31, 2022

	Total	0-30 days	31-90days	91-180 days	181-1year	Over 1 year
Primary Funds Inflow upon Maturity	6,539,868	1,643,965	908,961	180,233	305,433	3,501,276
Primary Funds Outflow upon Maturity	8,413,008	2,780,634	1,892,420	1,134,298	1,596,003	1,009,653
Gap	(1,873,140)	(1,136,669)	(983,459)	(954,065)	(1,290,570)	2,491,623

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

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

The main principles of the Bank's liquidity management are the multiple, steady and reliable sources of fund, diverse and not concentrated uses of fund, and conservative, sound and stable funding flexibility. The quantitative and qualitative management of market liquidity risk is conducted based on the consideration of the concentration of the Bank's positions, the trading volume of the market, and large trades which is affected by market movement.

Funding liquidity risk involves on-balance-sheet and off-balance-sheet items. The Bank assesses the cash inflow, cash outflow, and cash flow gap for liquidity measurement on a regular basis. Effective funding liquidity risk management is conducted through appropriate allocation of the assets and liabilities based on the result of cost-benefit analysis.

The quantitative and qualitative liquidity risk tolerance is reviewed and approved by the Board on an annual basis. Various indicators and warning triggers, such as Liquidity Coverage Ratio and Net Stable Funding Ratio, are established to measure liquidity risk exposure. Scenario simulations and stress tests are conducted on a regular basis to manage the unfavorable factors against the Bank's liquidity and proper action will be taken based on the analysis to mitigate the impact. The measurement is set up based on the consideration of various business characteristics and includes items like asset quality, outside indicators, liquidity ratios, concentration limits, stableness limits, and stress tests. The monitoring report of the indicators is submitted to the Bank's ALCO and the Board on a regular basis to facilitate the senior management to review and supervise the status of the Bank's liquidity.

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

For changes in important domestic and foreign policies and laws, the relevant departments of the Bank always analyze and evaluate the impact on various businesses in advance and adjust relevant internal operating strategies procedures on time to counter.

(7) The impact of technological changes (including information security risks) and industrial changes on the financial business and countermeasures :

In recent years, the FSC has continued to promote the development of financial technology. On August 27, 2020, the Financial Technology Development Roadmap was released to form a friendly financial technology development ecosystem and promote the launch of related services or business models to improve the efficiency accessibility, usability, and quality of financial services. In addition, considering factors such as the maturity of the development of payment market environment and the public spending habits, on March 4, 2021, a new measurement index for non-cash payment transactions was adopted, and starting on July 1, 2021, the revised "Electronic Payment Institution Management Regulation" was in effect to promote the development of non-cash payment transactions nationwide.

In response to the infrastructure for digitization and data sharing under the "FinTech Development Roadmap" issued by FSC, and the "digital identity authentication and authorization" business planning in March 2022, in line with the competent authority's laws and regulations, and in consideration of the risk management, Yuanta Bank continued to engage in the interdisciplinary cooperation and integration of resources and launch

various digital services for inclusive finance. Yuanta FHC gathered the major subsidiaries including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Futures and Yuanta Securities Investment Trust to propose the business planning jointly, and the planning was already approved by the competent authority. Yuanta Bank will play the core role and establish the Group's identification mechanism responsible for establishing the "Yuanta FIDO Identity Authentication" system. Under the information security control mechanism, Yuanta Bank follows the FIDO standards to build the cross-subsidiary FIDO authentication services, in order to reduce the operating procedures and steps to be taken by customers for opening of accounts and improve service efficiency. Yuanta Bank expects to build a more inclusive friendly financial environment through FinTech. For the information security, Yuanta Bank has implemented the ISO 27001 information security management system standards and passed the certification by BSI. Yuanta Bank will continue to improve the control and management of information security.

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

Yuanta Bank expanded the business location, expecting to extend the scope of services provided by Yuanta Bank, in order to provide the most adequate financial services in each district, and connect the dense service network via a consistent management platform to exert the co-marketing effects. Besides this, the business locations were selected based on the internal professional and careful cost-effect evaluation, in order to enable each business location to maximize the benefits. Therefore, the related risks were limited. For overseas business locations, so far, Yuanta Bank has established Yuanta Savings Bank Philippines, Inc., Yuanta Savings Bank Korea Co., Ltd., Hong Kong Branch, and Representative Office in Yangon, Myanmar, in order to build the business model that fits the local development and improve Yuanta Bank's operating ability and profit by appointing the senior management to reside locally and transfer experience. Therefore, in order to improve the internal control and management of overseas business locations, and practice the compliance and risk management between Yuanta Bank and its overseas business locations, Yuanta Bank helps the overseas business locations review related regulations and operating procedures periodically, and sets forth the monitoring indicators and early warning mechanism to mitigate operational risk and maintain its robust management.

(9) Risks and Reponses for Service Centralization

A. Group Centralization Risk

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

B. Industry Centralization Risk

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

C. Country Centralization Risk

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

D. Concentration risk of real estate lending :

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

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

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

(11) Litigation and Non-Litigation

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

Event	Subject-Matter Amounts of Money	Starting Date	Principal Interested Parties	Status as of the Annual Report Publication Date	Remark
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).	KRW\$19,599,160 thousand	September 2018	Plaintiff : Pentagon City Defendant : Yuanta Savings Bank Korea Co., Ltd.	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. 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. Now, the case is still pending trial in the Supreme Court of Korea.	Upon evaluation, no material effect would be produced to Yuanta Bank's operation or shareholders' equity.

(12) Information of Crisis Management

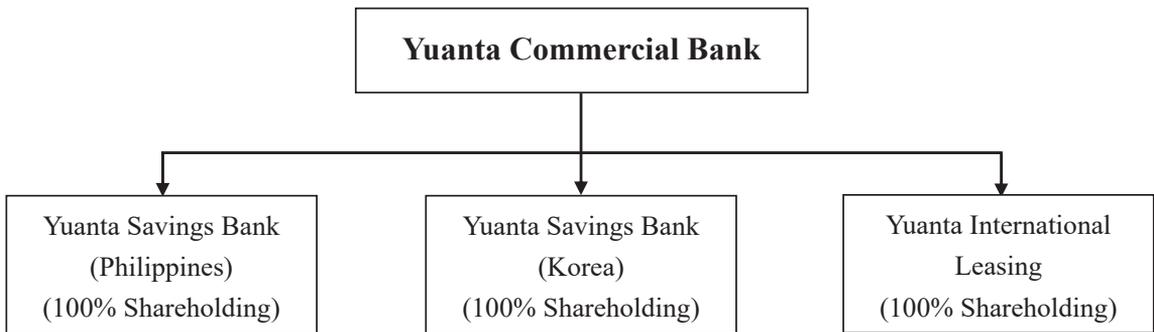
In order to perfect the Bank's crisis prevention and response mechanism, the Bank has defined the "Crisis Management Policies and Procedures" and "Manual for Crisis Management Response", so that supervisors of related units may report the emergency via the various channels and research and draft responsive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

V. Special Items

1. Information of Affiliates

(1) Organization Chart

Base Date : January 31, 2023



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

Name of Corporation	Date of Establishment	Address	Paid-in Capital	Scope of Business
Yuanta International Leasing Co., Ltd	November 15, 2012	6F.-1, No. 171, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan	NT\$100,000	Leasing
Yuanta Savings Bank Philippines, Inc.	November 5, 1997	Ground Floor, Chatham House Building, 116 Valero corner Rufino Streets, Salcedo Village, Makati City, Philippines	PHP\$2,400,000	Deposits, Lending and Foreign Exchange
Yuanta Savings Bank Korea Co., Ltd.	June 20, 1988	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	KRW\$67,580,120	Deposits and Lending

(2) Directors, Supervisors and Managers

Base Date : January 31, 2023

Name of Corporation	Position	Name of Individual or Representative(s)	Shareholdings (to the nearest 1000 shares)
Yuanta International Leasing	Chairman	Yuanta Commercial Bank Statutory Representatives :	10,000
	Director Supervisor President	Hui-Kuo Chien Li-Yun Chen 、 Pei- Wen Yang Wei-Ning Chang Pei- Wen Yang	100%
Yuanta Savings Bank Philippines, Inc.	Chairman	Allen Wu	2,400,000
	Director Independent Director Independent Director Independent Director President	Regina V. Saga Arturo E. Manuel, Jr. Celia Mojica Escareal-Sandejas Senen L. Matoto Regina V. Saga	100%
Yuanta Savings Bank Korea Co., Ltd.	Chairman of Board	Yu-Chun, Lin	13,516
	Representative Director External Director President	Young-Seok, Jung Chang-Gyun, Park Young-Seok, Jung	100%

(3) Business Overview

Unit : NT\$1,000; Base Date : December 31, 2022

Name of Corporation	Capital	Total Assets	Total Liabilities	Book Value	Operating Revenue	Operating Income	Income (after tax)	EPS (NT\$) (after tax)
Yuanta International Leasing	100,000	105,269	551	104,718	596	24	139	0.01
Yuanta Savings Bank Philippines, Inc.	1,322,880	1,404,093	304,339	1,099,754	54,453	(10,523)	(19,509)	(0.01)
Yuanta Savings Bank Korea Co., Ltd.	1,645,846	19,847,157	16,119,833	3,727,324	468,388	170,139	156,889	11.61

2. Branches and Overseas Offices

Base Date : March 31, 2023

Name	Tel	Fax	Address
Xinsheng Branch	(02) 2395-8199	(02) 2395-6619	No. 148-1, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Zhongzheng Branch	(02) 2311-3166	(02) 2375-9911	No.45, Sec. 1, Hankou St., Zhongzheng Dist., Taipei City 100, Taiwan
Chengjihong Branch	(02) 2382-2888	(02) 2381-8399	No.42, Hengyang Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Nanmen Branch	(02) 2321-3300	(02) 2341-5222	No. 83, Sec. 1, Nanchang Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Ximen Branch	(02) 2388-2768	(02) 2388-1928	No.69, Baoqing Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Yanping Branch	(02) 2558-9222	(02) 2558-1700	No.57, Sec. 2, Yanping N. Rd., Datong Dist., Taipei City 103, Taiwan
Chengde Branch	(02) 2592-0000	(02) 2592-1209	No.210, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan
Datong Branch	(02) 2558-5869	(02) 2550-0879	No.66, Nanjing W. Rd., Datong Dist., Taipei City 103, Taiwan
Dazhi Branch	(02) 8502-0999	(02) 8502-2218	No. 99, Jingye 1st Rd., Zhongshan Dist., Taipei City 104, Taiwan
Zhongshan North Road Branch	(02) 2521-7888	(02) 2521-0678	No.135, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Yuanshan Branch	(02) 2598-6598	(02) 2598-6799	No.47, Sec. 3, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Songjiang Branch	(02) 2516-8608	(02) 2516-1078	No.109, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan
Nanjing East Road Branch	(02) 2545-8777	(02) 2545-8118	No.221, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Chengtung Branch	(02) 2562-1998	(02) 2562-2058	No. 77, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Mingshen Sanmin Branch	(02) 2766-5198	(02) 2766-2998	No. 167-3, Sec. 5, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan
Minsheng Branch	(02) 8712-9666	(02) 8712-7077	No.52-1, Sec. 4, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan
East Taipei Branch	(02) 2577-1015	(02) 2578-4922	No.112, Guangfu N. Rd., Songshan Dist., Taipei City 105, Taiwan
Dunhua Branch	(02) 2545-5569	(02) 2712-0196	No.201, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan
Business Department	(02) 2173-6680	(02) 2772-1909	No.66, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City 105, Taiwan
Yanji Branch	(02) 2778-6398	(02) 2778-1538	No.387,Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan
Heping Branch	(02) 2343-2233	(02) 2392-3131	No.197-1, Sec. 1, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan
Guangfu Branch	(02) 8773-6667	(02) 8773-5068	3F.-1, No.300, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 106, Taiwan
Tungmen Branch	(02) 2321-8833	(02) 2391-0202	No.33, Sec. 2, Jinshan S. Rd., Da'an Dist., Taipei City 106, Taiwan
Sinyi Branch	(02) 2703-2569	(02) 2703-1908	No. 133, Sec. 1, Anhe Rd., Da'an Dist., Taipei City 106, Taiwan
Taipei Branch	(02) 2705-7888	(02) 2755-3751	No.56, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan
Gongguan Branch	(02) 2369-3955	(02) 2369-3983	No.275, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan
Guting Branch	(02) 2365-4567	(02) 2368-5959	No.37, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan
Dunan Branch	(02) 2775-3668	(02) 2775-5288	No. 97, Sec. 1, Da an Rd., Da'an Dist., Taipei City 106, Taiwan

Name	Tel	Fax	Address
Wanhua Branch	(02) 2308-6558	(02) 2308-6500	No. 123, Sec. 1, Xiyuan Rd., Wanhua Dist., Taipei City 108, Taiwan
Zhongxiao Branch	(02) 8786-7778	(02) 8786-7758	No.400, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Yongchun Branch	(02) 2723-0688	(02) 2723-0716	No.478, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Songshan Branch	(02) 8785-7618	(02) 8785-9711	No.675, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
World Trade Center Branch	(02) 2377-8568	(02) 2736-3866	No. 123, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan
Shihlin Branch	(02) 2837-6638	(02) 2835-5886	No.314, Zhongzheng Rd., Shilin Dist., Taipei City 111, Taiwan
Tianmu Branch	(02) 2871-2558	(02) 2871-1117	No.14, Tianmu W. Rd., Shilin Dist., Taipei City 111, Taiwan
Zhongcheng Branch	(02) 2838-5959	(02) 2838-0101	No.27, Sec. 1, Zhongcheng Rd., Shilin Dist., Taipei City 111, Taiwan
Beitou Branch	(02) 2898-2121	(02) 2897-9667	No.35, Sec. 2, Beitou Rd., Beitou Dist., Taipei City 112, Taiwan
Shipai Branch	(02) 2823-0857	(02) 2823-0758	No.120, Sec. 2, Shipai Rd., Beitou Dist., Taipei City 112, Taiwan
Wende Branch	(02) 2797-7988	(02) 2797-0858	No.68, Wende Rd., Neihu Dist., Taipei City 114, Taiwan
Neihu Branch	(02) 8751-8759	(02) 8751-9858	No.189, Gangqian Rd., Neihu Dist., Taipei City 114, Taiwan
Ruiguang Branch	(02) 2627-1000	(02) 2627-1919	No.21, Ln. 583, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan
Huandong Branch	(02) 2793-7708	(02) 2793-7606	2F., No. 386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114, Taiwan
Nangang Branch	(02) 2783-2600	(02) 2783-1556	No.28, Park St., Nangang Dist., Taipei City 115, Taiwan
Chingmei Branch	(02) 8663-6766	(02) 8663-3139	No.3, Jingwun St., Wenshan Dist., Taipei City 116, Taiwan
Keelung Branch	(02) 2428-8111	(02) 2425-3535	No. 126, Yi 1st Rd., Zhongzheng Dist., Keelung City 202, Taiwan
Sinban Branch	(02) 2953-6677	(02) 2953-8866	No.156-3, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Banqiao Branch	(02) 2953-6789	(02) 2953-3386	No.69, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Puqian Branch	(02) 8952-0788	(02) 8952-0828	No.125, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
East Banqiao Branch	(02) 2955-9966	(02) 8953-3033	No.443, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Jiangcui Branch	(02) 2258-1188	(02) 2258-2298	No.321, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City 220, Taiwan
Xizhi Branch	(02) 2641-7266	(02) 2641-7822	No.285, Zhongxiao E. Rd., Xizhi Dist., New Taipei City 221, Taiwan
Xindian Zhongzheng Branch	(02) 2911-0058	(02) 2911-7858	No.225, Zhongzheng Rd., Xindian i Dist., New Taipei City 231, Taiwan
Xindian Branch	(02) 2912-5799	(02) 2914-1255	No.252, Sec. 2, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan
Beishin Branch	(02) 2218-1399	(02) 2218-1655	No.91, Minquan Rd., Xindian Dist., New Taipei City 231, Taiwan
Xiulang Branch	(02) 8921-9218	(02) 8921-9238	No.253, Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan
Yonghe Branch	(02) 8231-1288	(02) 8231-1277	No.657, Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan
Shuanghe Branch	(02) 2245-7198	(02) 2245-0698	2F.-1, No.232, Zhonghe Rd., Zhonghe Dist., New Taipei City 235, Taiwan
Jhonghe Branch	(02) 2245-6789	(02) 2245-5676	No.1 & No.3, Taihe St., Zhonghe Dist., New Taipei City 235, Taiwan

Name	Tel	Fax	Address
Liancheng Branch	(02) 2240-5100	(02) 2240-2830	No.87, Liancheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan
Tucheng Branch	(02) 2270-3030	(02) 2260-5151	No.255, Sec. 1, Zhongyang Rd., Tucheng Dist.,New Taipei City 236, Taiwan
Jincheng Branch	(02) 2273-2899	(02) 2273-5559	No.46, Sec. 3, Jincheng Rd., Tucheng Dist., New Taipei City 236, Taiwan
Shulin Branch	(02) 2675-7268	(02) 2675-7255	No.99, Sec. 1, Zhongshan Rd., Shulin Dist.,New Taipei City 238, Taiwan
Beisanchong Branch	(02) 2982-9192	(02) 2989-3060	No.195, Jhengyi N. Rd., Sanchong Dist., New Taipei City 241, Taiwan
Sanchong Branch	(02) 2983-2255	(02) 2988-5810	No.111, Sec.3, Chongsin Rd., Sanchong Dist., New Taipei City 241, Taiwan
South Xinzhuang Branch	(02) 2203-7676	(02) 2202-6017	No.107, Siwei Rd., Sinzhuang Dist., New Taipei City 242, Taiwan
Shangsinzhuang Branch	(02) 2990-0999	(02) 2993-3222	No.173, Siyuan Rd., Sinzhuang Dist.,New Taipei City 242, Taiwan
Sinzhuang Branch	(02) 2996-7999	(02) 8992-6322	No.246, Xintai Rd., Sinzhuang Dist.,New Taipei City 242, Taiwan
Lujhou Branch	(02) 2281-8958	(02) 2281-0266	No.10, Zhongshan 1st Rd., Lujhou Dist.,New Taipei City 247, Taiwan
Luodong Branch	(03) 956-8966	(03) 956-2333	No.38, Zhongzheng N. Rd., Luodong Township, Yilan County 265, Taiwan
Hsinchu Branch	(03) 545-6688	(03) 545-6008	No.276, Minsheng Rd., Hsinchu City 300, Taiwan
Hsinchu Science Park Branch	(03) 666-7888	(03) 666-7688	No.267, Sec. 1, Guangfu Rd., Hsinchu City 300, Taiwan
Datong Branch	(03)523-6600	(03) 525-7700	No.196, Linsen Rd., Hsinchu City 300, Taiwan
East Hsinchu Branch	(03) 564-3500	(03) 564-1873	No.23, No.25, Guanxin Rd., East Dist., Hsinchu City 300, Taiwan
Jhubei Branch	(03) 555-9199	(03) 555-7200	No.85, Guangming 6th Rd., Jhubei City, Hsinchu County 302, Taiwan
Sinli Branch	(03) 494-3000	(03) 494-3648	No.152, Sec. 2, Zhongyang W. Rd., Zhongli Dist., Taoyuan City 320, Taiwan
Zhongli Branch	(03) 426-6007	(03) 426-6017	No.7, Zhongyang E. Rd., Zhongli Dist.,Taoyuan City 320, Taiwan
Pingzhen Branch	(03) 494-2690	(03) 494-3061	No.18, Huannan Rd., Pingzhen Dist.,Taoyuan City 324, Taiwan
North Taoyuan Branch	(03) 326-1234	(03) 326-0707	No.194, Sec. 1, Daxing W. Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Chenggong Branch	(03) 337-8588	(03) 336-6666	No.12, Sec. 1, Chenggong Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Taoyuan Branch	(03) 356-5000	(03) 356-5001	No.375, Sec. 1, Zhuangjing Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Taosin Branch	(03) 338-5518	(03) 338-5618	No.51-2, Fusing Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Linkou Branch	(03) 328-8999	(03) 328-8668	No.118, Wenhua 3rd Rd., Guishan Dist., Taoyuan City 333, Taiwan
Changung Branch	(03) 397-5678	(03) 397-4567	No. 11-5, Wenhua 2nd Rd., Guishan Dist., Taoyuan City 333, Taiwan
Nankan Branch	(03) 312-9550	(03) 312-9551	No.309, Zhongzheng Rd., Luzhu Dist.,Taoyuan City 338, Taiwan
Toufen Branch	(037) 663-763	(037) 663-761	No. 79, Heping Rd., Toufen City, Miaoli County 351, Taiwan
Miaoli Branch	(037) 336-678	(037) 336-718	No.460, Zhongzheng Rd., Miaoli City, Miaoli County 360, Taiwan
Taichung Branch	(04) 2227-1799	(04) 2220-7499	No.8, Sec. 2, Ziyou Rd.,Central Dist., Taichung City 400, Taiwan
Fusing Branch	(04) 2261-6889	(04) 2262-1060	No.269, Sec. 1, Fusing Rd., South Dist., Taichung City 402, Taiwan

Name	Tel	Fax	Address
North Taichung Branch	(04) 2226-8800	(04) 2226-8700	No.213, Sec. 3, Sanmin Rd., North Dist., Taichung City 404, Taiwan
Chongde Branch	(04) 2232-9961	(04) 2233-1818	No.46, Sec. 2, Chongde Rd., North Dist., Taichung City 406, Taiwan
Shueinan Branch	(04) 2293-8998	(04) 2296-2702	No.239, Sec. 3, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan
Wunsin Branch	(04) 2297-0068	(04) 2296-5966	No.337, Sec. 3, Wunsin Rd., Xitun Dist., Taichung City 407, Taiwan
Chunggang Branch	(04) 2465-0889	(04) 2465-0989	No.900, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan
Nantun Branch	(04) 2471-6066	(04) 2471-6266	No. 56, Sec. 3, Dongxing Rd., West Dist., Taichung City 403, Taiwan
Taiping Branch	(04) 2270-2688	(04) 2273-6000	No. 62, Zhongxing E. Rd., Taiping Dist., Taichung City 411, Taiwan
Dali Branch	(04) 2492-2288	(04) 2496-9422	No.724, Tucheng Rd., Dali Dist., Taichung City 412, Taiwan
Dali Defang Branch	(04) 2418-0538	(04) 2418-0738	No.113, Sec. 2, Defang Rd., Dali Dist., Taichung City 412, Taiwan
Fongyuan Branch	(04) 2529-3366	(04) 2524-0028	No.23, Yuanhuan W. Rd., Fengyuan Dist., Taichung City 420, Taiwan
Shalu Zhongshan Branch	(04) 2662-1999	(04) 2662-2050	No.428, Zhongshan Rd., Shalu Dist., Taichung City 433, Taiwan
Shalu Branch	(04) 2665-6656	(04) 2663-3852	No.535, Zhongshan Rd., Shalu Dist., Taichung City 433, Taiwan
Dajia Branch	(04) 2688-6088	(04) 2688-6366	No.833, Sec. 1, Zhongshan Rd., Dajia Dist., Taichung City 437, Taiwan
Changhua Branch	(04) 726-7001	(04) 720-0598	No.898, Sec. 2, Zhongshan Rd., Changhua City, Changhua County 500, Taiwan
Changhsin Branch	(04) 729-1688	(04) 729-2199	No.140, Zhongxingzhuang, Changhua City, Changhua County 500, Taiwan
Lugang Branch	(04) 778-5799	(04) 777-9779	No.321, Zhongshan Rd., Lukang Township, Changhua County 505, Taiwan
Yuanlin Branch	(04) 835-6403	(04) 835-2653	No.283, Sec. 2, Datong Rd., Yuanlin City, Changhua County 510, Taiwan
Beidou Branch	(04) 887-3881	(04) 887-3886	No.166, Guangfu Rd., Beidou Township, Changhua County 521, Taiwan
Caotun Branch	(049) 232-1661	(049) 232-1800	No.88, Zhongxing Rd., Caotun Township, Nantou County 542, Taiwan
Chiayi Branch	(05) 232-7469	(05) 232-6415	No.185, Zhongxing Rd., Chiayi City 600, Taiwan
South Chiayi Branch	(05) 229-0666	(05) 223-9630	No.198, Xinrong Rd., West Dist., Chiayi City 600, Taiwan
Dounan Branch	(05) 597-1138	(05) 597-1139	No.67, Zhongshan Rd., Dounan Township, Yunlin County 630, Taiwan
Huwei Branch	(05) 633-9169	(05) 633-9423	No.1, Heping Rd., Yunlin County 632, Taiwan
Doushin Branch	(05) 535-1799	(05) 535-1313	No.29, Wunhua Rd., Yunlin County 640, Taiwan
Fuchen Branch	(06) 228-1281	(06) 222-2415	No.165, Sec. 1, Minsheng Rd., West Central Dist., Tainan City 700, Taiwan
Tainan Branch	(06) 293-8688	(06) 293-8699	No.348, Sec. 1, Yonghua Rd., West Central Dist., Tainan City 700, Taiwan
Chinhua Branch	(06) 223-0006	(06) 228-6651	No. 230, Sec. 3, Jinhua Rd., West Central Dist., Tainan City 700, Taiwan
Fudong Branch	(06) 268-7815	(06) 267-3371	No.348, Sec. 2, Dongmen Rd., East Dist., Tainan City 701, Taiwan
Wanli Branch	(06) 262-3260	(06) 262-5069	No.12-6, Aly. 88, Ln. 211, Wanli Rd., South Dist., Tainan City 702, Taiwan
Beifu Branch	(06) 226-6120	(06) 226-7357	No.157, Sec. 3, Ximen Rd., North Dist., Tainan City 704, Taiwan

Name	Tel	Fax	Address
Kaiyuan Branch	(06) 238-3125	(06) 236-3661	No.461, Shengli Rd., North Dist., Tainan City 704, Taiwan
Anhe Branch	(06) 255-1236	(06) 256-9941	No.226, Sec. 1, Anhe Rd., Annan Dist., Tainan City 709, Taiwan
Annan Branch	(06) 355-9083	(06) 356-2440	No.279, Sec. 5, Anhe Rd., Annan Dist., Tainan City 709, Taiwan
Yongkang Branch	(06) 312-6789	(06) 312-1528	No.511, Siaodong Rd., Yongkang Dist., Tainan City 710, Taiwan
Jiali Branch	(06) 721-4888	(06) 721-0249	No.278, Wunhua Rd., Jiali Dist., Tainan City 722, Taiwan
Shinying Branch	(06) 633-3300	(06) 633-7033	No.117, Zhongshan Rd., Shinying Dist., Tainan City 730, Taiwan
Kaohsiung Branch	(07) 282-2101	(07) 282-2168	No.143, Zhongzheng 4th Rd., Chianjin Dist., Kaohsiung City 801, Taiwan
Chianjin Branch	(07) 272-2766	(07) 272-6595	No.217, Zhonghua 3rd Rd., Chianjin Dist., Kaohsiung City 801, Taiwan
Lingya Branch	(07) 223-5550	(07) 2247-638	No.58, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan
Gushan Branch	(07) 550-5378	(07) 550-5376	No. 15, Mingcheng 4th Rd., Gushan Dist., Kaohsiung City 804, Taiwan
Qijin Branch	(07) 571-5898	(07) 571-0704	No.106, Miaoqian Rd., Qijin Dist., Kaohsiung City 805, Taiwan
Sanduo Branch	(07) 332-2726	(07) 332-2662	No.83, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan
Qianzhen Zhongshan Branch	(07) 336-2020	(07) 335-6673	No.2, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan
Qianzhen Branch	(07) 821-4581	(07) 815-1607	No.517, Caoya 2nd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan
Sanmin Branch	(07) 395-1588	(07) 395-3288	No.462, Minzu 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Shiquan Branch	(07) 316-0699	(07) 323-5290	No.259, Shiquan 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Dachang Branch	(07) 381-4488	(07) 385-8095	No.501, Juemin Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Minzu Branch	(07) 341-3587	(07) 341-2517	No. 569-1, Minzu 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Youchang Branch	(07) 364-9911	(07) 365-6634	No.803-1, Houchang Rd., Nanzi Dist., Kaohsiung City 811, Taiwan
Siaogang Branch	(07) 806-3799	(07) 807-0399	No.678, Hanmin Rd., Xiaogang Dist., Kaohsiung City 812, Taiwan
Zuoying Branch	(07) 581-0898	(07) 581-0798	No.158, Zuoying Avenue, Zuoying Dist., Kaohsiung City 813, Taiwan
Mingcheng Branch	(07) 556-7188	(07) 556-7371	No.359, Mingcheng 2nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan
Boai Branch	(07) 558-6088	(07) 558-3699	No.491, Mingcheng 2nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan
Kaofong Branch	(07) 740-3699	(07) 710-6619	No.342, Zhongshan W. Rd., Fengshan Dist., Kaohsiung City 830, Taiwan
Wujia Branch	(07) 831-9900	(07) 822-8863	No.490, Wujia 2nd Rd., Fengshan Dist., Kaohsiung City 830, Taiwan
Chengching Branch	(07) 732-6501	(07) 732-6758	B1., No.123, Dapi Rd., Niaocong Dist., Kaohsiung City 833, Taiwan
Kinmen Branch	(082) 322-566	(082) 373-102	No.188-1 Mincyuan Rd., Jincheng Township, Kinmen County 893, Taiwan
Pingjeon Branch	(08) 722-6060	(08) 722-6039	No.115, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan
Pingtung Branch	(08) 735-0426	(08) 737-0121	No.690, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan
Tungshin Branch	(089) 324-351	(089) 324-734	No.427, Sec. 1, Zhonghua Rd., Taitung city, Taitung County 950, Taiwan

Name	Tel	Fax	Address
Hualien Branch	(03) 831-1708	(03) 832-1169	No.167, Guolian 1st Rd., Hualien City, Hualien County 970, Taiwan
Offshore Banking Unit (OBU)	(02) 2173-6699	(02) 2772-2513	3F, No.66, Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Hong Kong Branch	(852) 2511-1719	(852) 2511-1897	Room 2508, 25/F, Tower 1, Admiralty Centre, No.18 Harcourt Road, Hong Kong

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

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

Affiliate	Tel	Fax	Address
Yuanta International Leasing Co., Ltd.	(02) 2781-1999	(02) 2772-5825	6F.-1, No. 171, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan

Appendix : Consolidated Financial Report for 2021

**YUANTA COMMERCIAL BANK CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**



INDEPENDENT AUDITORS' REPORT

PWCR22000422

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

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Commercial Bank Co., Ltd. and its subsidiaries as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Commercial Bank Co., Ltd. and its subsidiaries as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Public Banks” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No. 10802731571 and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Yuanta Commercial Bank Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic 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 Yuanta Commercial Bank Co., Ltd. and its subsidiaries' consolidated financial statements of the current period are stated as follows:

Impairment evaluation of bills discounted and loans

Description

For the accounting policy of the impairment evaluation of bills discounted and loans, please refer to Note 4(9); for critical accounting estimates and assumption uncertainty of impairment of bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Notes 6(8) and 12(4). Total bills discounted and loans (including adjustment for premium or discount) and their allowance for credit losses as at December 31, 2022, were NTD 990,145,956 thousand and NTD 13,400,050 thousand, respectively.

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

How our audit addressed the matter

We obtained and gained an understanding of Yuanta Commercial Bank Co., Ltd. and its subsidiaries' policies, internal controls, and operation procedures in relation to the credit risk management and the impairment evaluation of bills discounted and loans and performed sample tests. We conducted the following procedures on the impairment evaluation of bills discounted and loans as at December 31, 2022: sample examined the stage classification for expected credit losses; sample tested the calculation of the probability of default, loss given default, and exposure at default; sample examined documents regarding management's individual evaluation of future cash flows and collateral value; and evaluated whether the provision for impairment loss amount complied with the competent authority's related regulations.

Impairment assessment of goodwill

Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Notes 4(16) and 4(17); for the critical accounting estimates and assumption uncertainty of impairment assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(14). The book value of goodwill and accumulated impairment loss as at December 31, 2022, were NTD 10,600,300 thousand and NTD 2,786,237 thousand, respectively.

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

How our audit addressed the matter

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

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Yuanta Commercial Bank Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



Kuo, Puo-Ju



Lo, Chiao-Sen

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 9, 2023

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1) and 7	\$ 20,146,427	1	\$ 19,895,399	1
11500	Due from Central Bank and call loans to other banks	6(2) and 8	79,690,160	5	80,343,357	5
12000	Financial assets at fair value through profit or loss	6(3)	89,213,105	5	161,891,541	10
12100	Financial assets at fair value through other comprehensive income	6(4)	215,288,117	12	212,830,894	13
12200	Investments in debt instruments at amortised cost	6(5) and 8	254,865,623	15	266,896,275	16
12500	Bills and bonds purchased under resale agreements	6(6)	33,014,468	2	4,268,212	-
13000	Receivables – net	6(7) and 7	20,713,269	1	18,226,694	1
13200	Current income tax assets	7	99,407	-	120,362	-
13300	Assets classified as held for sale - net	6(16)	81,469	-	194,563	-
13500	Bills discounted and loans – net	6(8) and 7	976,745,906	56	863,122,903	52
15500	Other financial assets – net	6(9) and 7	270,573	-	151,338	-
18500	Property and equipment – net	6(10) and 7	14,900,840	1	13,778,026	1
18600	Right-of-use assets – net	6(11) and 7	10,084,699	1	10,200,565	1
18700	Investment property- net	6(13)	946,386	-	818,751	-
19000	Intangible assets – net	6(14)	8,822,887	1	9,050,594	-
19300	Deferred income tax assets	6(39)	1,167,670	-	1,089,009	-
19500	Other assets – net	6(15) and 7	2,418,057	-	1,482,323	-
	Total Assets		\$ 1,728,469,063	100	\$ 1,664,360,806	100

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
LIABILITIES AND EQUITY						
LIABILITIES						
21000	Deposits from Central Bank and other banks	6(17)	\$ 38,607,095	2	\$ 25,624,124	2
21500	Due to Central Bank and other banks	6(18)	-	-	839,700	-
22000	Financial liabilities at fair value through profit or loss	6(19)	3,811,451	-	2,169,051	-
22500	Bills and bonds sold under repurchase agreements	6(6)	36,546,046	2	2,769,734	-
23000	Payables	6(20) and 7	9,133,729	1	8,405,506	1
23200	Current income tax liabilities	7	1,106,130	-	1,309,217	-
23500	Deposits and remittances	6(21) and 7	1,489,412,369	86	1,469,769,731	88
24000	Financial debentures payable	6(22) and 7	28,700,000	2	22,200,000	2
25500	Other financial liabilities	6(23)	2,578,157	-	2,553,403	-
25600	Provisions	6(24)(25)	874,557	-	1,121,523	-
26000	Lease liabilities	7	2,453,691	-	2,436,990	-
29300	Deferred income tax liabilities	6(39)	635,973	-	470,916	-
29500	Other liabilities	6(26) and 7	2,729,908	-	1,666,733	-
	Total Liabilities		<u>1,616,589,106</u>	<u>93</u>	<u>1,541,336,628</u>	<u>93</u>
EQUITY						
31000	Equity attributable to owners of the parent company					
31100	Share capital					
31101	Common stock	6(27)	73,940,390	4	73,940,390	4
31500	Capital surplus	6(28)	25,960,441	2	25,960,441	2
32000	Retained earnings	6(29)				
32001	Legal reserve		18,077,013	1	15,725,529	1
32003	Special reserve		542,784	-	59,652	-
32011	Unappropriated earnings		6,371,055	1	7,838,279	-
32500	Other equity	6(30)	(13,011,726)	(1)	(500,113)	-
	Total Equities		<u>111,879,957</u>	<u>7</u>	<u>123,024,178</u>	<u>7</u>
TOTAL LIABILITIES AND EQUITY						
			<u>\$ 1,728,469,063</u>	<u>100</u>	<u>\$ 1,664,360,806</u>	<u>100</u>

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31				Changes Percentage (%)
		2022		2021		
		AMOUNT	%	AMOUNT	%	
41000	Interest income	\$ 22,732,124	110	\$ 17,588,447	83	29
51000	Less: Interest expense	(8,451,772)	(41)	(4,519,800)	(21)	87
	Net interest income	<u>14,280,352</u>	<u>69</u>	<u>13,068,647</u>	<u>62</u>	9
	Net non-interest income					
49100	Net service fee and commission income	4,086,589	19	5,058,513	24	(19)
49200	Gain on financial assets and financial liabilities at fair value through profit or loss	1,473,318	7	744,337	3	98
49310	Realized gain on financial assets at fair value through other comprehensive income	991,773	5	2,038,565	10	(51)
49450	Gain arising from derecognition of financial assets measured at amortised cost	5,985	-	19,805	-	(70)
49600	Foreign exchange (loss) gain	(233,028)	(1)	189,999	1	(223)
49700	Reversal of impairment loss on asset	(2,625)	-	(310,206)	(1)	(99)
		(14)(16)(34)				
49800	Other non-interest income	<u>148,109</u>	<u>1</u>	<u>295,237</u>	<u>1</u>	(50)
	Net revenue	<u>20,750,473</u>	<u>100</u>	<u>21,104,897</u>	<u>100</u>	(2)
58200	Provision for bad debt expenses, commitment and guarantee reserve	(361,604)	(2)	(532,883)	(2)	(32)
	Operating expenses					
58500	Employee benefit expense	(6,771,597)	(32)	(6,786,985)	(32)	-
59000	Depreciation and amortization expenses	(1,300,505)	(6)	(1,286,101)	(6)	1
59500	Other general and administrative expenses	(3,453,915)	(17)	(3,302,121)	(16)	5
61001	Income from continuing operations before income tax	<u>8,862,852</u>	<u>43</u>	<u>9,196,807</u>	<u>44</u>	(4)
61003	Income tax expense	(1,574,464)	(8)	(1,174,945)	(6)	34
64000	Net income	<u>\$ 7,288,388</u>	<u>35</u>	<u>\$ 8,021,862</u>	<u>38</u>	(9)

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent						Total equity
	Common stock	Capital surplus	Retained Earnings		Unappropriated earnings	Other equity interest	
		Legal reserve	Special reserve	Exchange differences on translation of foreign financial statements	Gain (loss) on Financial assets at fair value through other comprehensive income		
For the year ended December 31, 2021							
Balance, January 1, 2021	\$ 73,940,390	\$ 25,960,441	\$ 13,557,383	\$ 74,866	\$ 7,227,153	\$ 4,008,656	\$ 123,942,740
Appropriation and distribution of 2020 earnings							
Legal reserve appropriated			2,168,146		(2,168,146)		
Reversal of special reserve				15,214	15,214		
Cash dividends of ordinary shares					(5,074,221)		(5,074,221)
Net income for the year					8,021,862		8,021,862
Other comprehensive loss for the year					(26,648)	(3,230,177)	(3,866,203)
Total comprehensive income (loss) for the year					7,995,214	(3,230,177)	4,155,659
Disposal of investments in equity instruments designated at fair value through other comprehensive income					(156,935)	156,935	
Balance, December 31, 2021	<u>\$ 73,940,390</u>	<u>\$ 25,960,441</u>	<u>\$ 15,725,529</u>	<u>\$ 59,652</u>	<u>\$ 7,838,279</u>	<u>\$ 935,414</u>	<u>\$ 123,024,178</u>
For the year ended December 31, 2022							
Balance, January 1, 2022	\$ 73,940,390	\$ 25,960,441	\$ 15,725,529	\$ 59,652	\$ 7,838,279	\$ 935,414	\$ 123,024,178
Appropriation and distribution of 2021 earnings							
Legal reserve appropriated			2,351,484		(2,351,484)		
Reversal of special reserve				483,132	483,132		
Cash dividends of ordinary shares					(5,003,663)		(5,003,663)
Net income for the year					7,288,388		7,288,388
Other comprehensive income (loss) for the year					68,014	(269,727)	(13,428,946)
Total comprehensive income (loss) for the year					7,356,402	(13,227,233)	(6,140,558)
Disposal of investments in equity instruments designated at fair value through other comprehensive income					(985,347)	985,347	
Balance, December 31, 2022	<u>\$ 73,940,390</u>	<u>\$ 25,960,441</u>	<u>\$ 18,077,013</u>	<u>\$ 542,784</u>	<u>\$ 6,371,055</u>	<u>\$ 11,306,472</u>	<u>\$ 111,879,957</u>

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 8,862,852	\$ 9,196,807
Adjustments		
Income and expenses having no effect on cash flows		
Depreciation	894,248	895,993
Amortization	406,257	390,108
Provision for bad debt expense, commitment and guarantee reserve	1,141,572	1,749,274
Interest expense	8,451,772	4,519,800
Interest income	(22,732,124)	(17,588,447)
Dividend income	(1,328,441)	(1,197,253)
Net change in other provisions	(5,235)	(24,247)
Loss (gain) from disposal or retirement of property and equipment	3,356	(541)
Gain on disposal of investment property	(120)	(5,707)
Loss on disposal of other asset	-	212
Gain on disposal of assets classified as held for sale	(12,331)	(4,957)
Impairment (reversal of gain) loss on financial assets	(1,266)	11,644
Impairment loss on non-financial assets	3,891	298,562
Gain from lease modification	(487)	(724)
Gain on rent concession	(97)	(11,663)
Changes in assets/liabilities relating to operating activities		
Changes in operating assets		
Increase in due from Central Bank and call loans to other banks	(3,269,962)	(7,480,529)
Decrease in financial assets at fair value through profit or loss	72,678,436	4,497,944
Increase in financial asset at fair value through other comprehensive income	(15,858,443)	(62,889,381)
(Decrease) increase in financial assets at amortised cost	12,030,658	(48,668,021)
Increase in receivables	(1,235,158)	(1,114,687)
Increase in bills discounted and loans	(114,878,066)	(93,728,752)
(Increase) decrease in other financial assets	(264,981)	67,292
(Increase) decrease in other assets	(979,391)	936,388
Net changes in liabilities relating to operating activities		
Increase in due to Central Bank and other banks	12,982,971	10,211,825
Increase (decrease) in financial liabilities at fair value through profit or loss	1,642,400	(845,363)
Increase (decrease) in payables	(324,957)	819,737
Increase in Deposits and remittances	19,642,638	223,266,196
Increase (decrease) in other financial liabilities	24,754	(795,845)
Decrease in provisions for employee benefits	(202,613)	(128,744)
Increase (decrease) in other liabilities	1,063,175	(22,800)
Cash (outflow) inflow generated from operations	(21,264,692)	22,354,121
Interest received	21,574,726	17,471,972
Dividend received	1,328,441	1,197,253
Interest paid	(7,398,592)	(4,690,618)
Income tax (paid) refunded	(1,502,732)	735,271
Net cash flows (used in) from operating activities	(7,262,849)	37,067,999

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31,	
	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from disposal of assets classified as held for sale	\$ 120,880	\$ 67,000
Proceeds from disposal of investment properties	2,380	6,060
Acquisition of property and equipment	(1,532,051)	(584,965)
Proceeds from disposal of property and equipment	1,168	2,566
Acquisition of intangible assets	(32,526)	(17,615)
Acquisition of right - of - use assets	(347)	(110)
Net cash flows used in investing activities	(1,440,496)	(527,064)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
(Decrease) increase in due to Central Bank and other banks	(839,700)	164,700
Proceeds from issuance of financial debentures	8,500,000	5,500,000
Repayments of financial debentures	(2,000,000)	(17,800,000)
Increase in bills and bonds sold under repurchase agreements	33,776,312	2,769,734
Payment of principal portion of lease liabilities	(578,924)	(557,389)
Payments of cash dividends	(5,003,663)	(5,074,221)
Net cash flows from (used in) financing activities	33,854,025	(14,997,176)
Net effect of foreign exchange rate changes on cash and cash equivalents	(76,555)	(672,913)
Net increase in cash and cash equivalents	25,074,125	20,870,846
Cash and cash equivalents at beginning of year	64,604,745	43,733,899
Cash and cash equivalents at end of year	\$ 89,678,870	\$ 64,604,745
The components of cash and cash equivalents		
Cash and cash equivalents as per consolidated balance sheet	\$ 20,146,427	\$ 19,895,399
Due from central bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	36,517,975	40,441,134
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	33,014,468	4,268,212
Cash and cash equivalents at end of reporting period	\$ 89,678,870	\$ 64,604,745

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and organization

- (1) Yuanta Commercial Bank Co., Ltd. (the “Bank”) was incorporated as a public company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Bank (formerly Asia Pacific Commercial Bank) acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operations on February 12, 1992. The Bank is principally engaged in commercial banking activities allowed by the Banking Laws of the Republic of China and in business activities authorized by the supervising authority of the central government. In accordance with the Financial Holding Company Act, the Bank joined Fuhwa Financial Holdings on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific Commercial Bank was approved to be renamed Fuhwa Commercial Bank.
- (2) On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa Financial Holdings through stock transfer and became a wholly-owned subsidiary. With the approval of the shareholders’ meeting in June 2007, Fuhwa Financial Holdings was renamed Yuanta Financial Holdings and the Bank was also renamed Yuanta Commercial Bank on September 23, 2007.
- (3) In order to expand economic scale, enhance marketing integration, reduce operating costs, and develop operating performance, the merger of the Bank, Yuanta Life Insurance Agency Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd. was resolved at the meeting of the Board of Directors on January 21, 2016. The effective date was set for September 11, 2016. The surviving company in the merger was the Bank and the dissolved companies in the merger were Yuanta Life Insurance Agency Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd.
- (4) The merger with Ta Chong Commercial Bank Co., Ltd. (hereon referred to as “Ta Chong Bank”) was resolved at the meeting of the Board of Directors on September 14, 2016. The merger was approved by the Financial Supervisory Commission of R.O.C. (Jin-Guan-Yin-Kong-Zi Order No. 10500320920) on January 17, 2017. The effective merger date was set for January 1, 2018. The surviving company in the merger was the Bank and the dissolved company in the merger was Ta Chong Bank.
- (5) The head office directs company-wide operations and opened domestic as well as overseas branches to promote business. As of December 31, 2022, the Bank has an offshore banking unit, Hong Kong branch and 149 branches including the business department and 1 overseas representative office.

(6) As of December 31, 2022, the number of the Bank’s and subsidiaries’ (collectively referred herein as the “Consolidated Company”) employees was 4,535.

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 9, 2023.

3. Application of new standards, amendments and interpretations

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts— cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Consolidated Company’s financial condition and financial performance based on the Consolidated Company’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, 2024
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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

4. Summary of significant accounting policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (B) Financial assets and liabilities at fair value through other comprehensive income.
- (C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.
- C. The Consolidated Company's analysis of expense is classified based on the nature of expenses.
- D. The Consolidated Company classifies the economic activities as operating activities, investment activities and financing activities based on the judgment of the management. Consolidated statements of cash flows report the changes in cash and cash equivalents in the period based on operating, investing and financing activities. Cash and cash equivalents include highly liquid investments. Components of cash and cash equivalents are disclosed in Note 4(5).

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

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

recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Consolidated Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)	
			December 31, 2022	December 31, 2021
The Bank	Yuanta International Leasing Co., Ltd. (“Yuanta International Leasing”)	Leasing business	100.00	100.00
"	Yuanta Savings Bank (Philippines) Inc. (“Yuanta Savings Bank (Philippines)”)	Deposits and loans of savings bank	100.00	100.00
"	Yuanta Savings Bank (Korea) Inc. (“Yuanta Savings Bank (Korea)”)	Deposits and loans of savings bank	100.00	100.00

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

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

None.

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

None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

at the dates of the transactions.

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

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

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

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

B. Translation of foreign operations

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

- (A) All presented assets and liabilities are re-translated by the closing exchange rate prevailing at the date of the consolidated balance sheet.
- (B) The presented gains and losses of Offshore Banking Unit and HK Branch is re-translated by the exchange rate of the trading date, and the presented gains and losses of overseas subsidiaries are re-translated by the average exchange rate of that period.
- (C) All gains and losses arising from translation are recognized in other comprehensive income.

(5) Cash and cash equivalents

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

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

In relation to transactions of bills and securities with a condition of repurchase agreement or resale agreement, the interest expense and interest income are recognized as incurred at the date of sale and

purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

(7) Financial assets and liabilities

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

A. Financial assets

All financial assets held by the Consolidated Company are classified into the following categories: “bills discounted and loans”, “receivables”, “financial assets at fair value through profit or loss”, “financial assets at fair value through other comprehensive income”, and “investments in debt instruments at amortised cost”.

(A) Regular way purchase or sale

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

(B) Bills discounted and loans

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

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

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

(C) Receivables

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

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

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

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

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

(F) Investments in debt instruments at amortised cost

- a. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Consolidated Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.

- b. At initial recognition, the Consolidated Company's measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

B. Financial liabilities

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

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

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

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

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

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

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

(B) Financial liabilities carried at amortised cost

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

C. Derecognition of financial assets

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

- (A) The contractual rights to receive cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows from the financial asset have been transferred and the Consolidated Company has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Consolidated Company has not retained control of the financial asset.

D. Derecognition of financial liabilities

(A) A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

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

(8) Offsetting financial instruments

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

(9) Impairment of financial assets

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

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

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

A. Operating lease

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

B. Finance lease

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

(11) Non-hedging and embedded derivatives

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

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

(12) Assets classified as held for sale

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

(13) Property and equipment

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

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

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

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

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

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

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

Lease payments are comprised of the following:

(A) Fixed payments, less any lease incentives receivable;

(B) Variable lease payments that depend on an index or a rate;

(C) Amounts expected to be payable by the lessee under residual value guarantees;

(D) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

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

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

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

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

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

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

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

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Investment property

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

- B. Part of the property may be held by the Consolidated Company for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Consolidated Company can be sold individually, then the accounting treatment should be made respectively.
- C. When the future economic benefit related to the investment property is highly likely to flow into the Consolidated Company and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is highly likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized as incurred in the consolidated statement of comprehensive income.
- D. When there is certain replacement occurring onto the investment property, the replacement cost should be recognized in the carrying amount of the investment property given that the criteria of recognition can be met. The carrying amount of the replaced account should be derecognized.
- E. Investment property is subsequently measured using the cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.
- F. The fair value of investment property is disclosed in the financial statements at each consolidated balance sheet date. Each year, the appraisal of fair value is conducted by external appraisal contractor and managing segments of the Consolidated Company review the characteristics, location and status of the investment property to determine its fair value accordingly. However, the fair value of investment property does not reflect that the future capital expense can be improved or benefited from, nor the future benefit related to future expense is reflected.

(16) Intangible assets

A. Goodwill

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

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

B. Computer software

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

(17) Impairment of non-financial assets

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

(18) Financial debentures payable

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

(19) Liabilities reserve, contingent liabilities and assets

- A. The Consolidated Company recognizes liabilities when all of the following three conditions are met:
- (A) present obligation (legal or constructive) has arisen as a result of past event;
 - (B) the outflow of economic benefits is highly probable upon settlement; and
 - (C) the amount is reliably measurable.
- B. The Consolidated Company does not recognize liability reserve for the future operating losses. If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Liability reserve should be recognized when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligations is remote.
- C. When the time value may have a significant impact on a currency, the reserve is measured by the present value of expense which is required for settling the anticipated obligation. The pre-tax discount rate is used with timely adjustment that reflects the current market assessments on the time value of money and the risks specific to the liabilities.
- D. Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Company. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Consolidated Company did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.
- E. Contingent asset is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Company. The Consolidated Company did not

recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(20) Financial guarantee contract and loan commitment

- A. Financial guarantee contract is a contract that requires the Consolidated Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
- B. The Consolidated Company initially recognizes financial guarantee contracts at fair value on the date of issuance. The Consolidated Company charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognized in deferred accounts and amortised through straight-line method during the contract term.
- C. Subsequently, the Consolidated Company measures the financial guarantee contract issued at the greater of the following two accounts:
 - (A) Allowance for losses in accordance with IFRS 9 as endorsed by the FSC.
 - (B) The amount initially recognized less, when appropriate, cumulative effect recognized in accordance with IFRS 15.
- D. The Consolidated Company's assessment of provisions for losses for loan commitments and financial guarantee contracts is described in Note 4(9). The increase in liabilities due to financial guarantee contracts and loan commitments is recognized in "bad debt expenses, commitments and guaranty policy reserve".
- E. In addition to the assessment of provisions for losses for financial guarantee contract described above, the Consolidated Company also assesses provisions for losses in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans" and other applicable laws. The greater of the two amounts is recognized and included in the guaranty policy reserve.

(21) Employee benefits

- A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected. Within the 12 months after the end of the reporting period when the services are rendered, the total undiscounted short-term pension benefits which the Consolidated Company needs to pay in the future are recognized as expenses.
- B. Pensions
 - (A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

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

C. Deposits

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

D. Termination benefits

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

E. Employees' compensation bonus

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

(22) Income tax

A. Current income tax

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

B. Deferred income tax

(A) Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included on the consolidated balance sheet are calculated using the balance sheet liability method and recognized as deferred income tax.

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

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

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

(23) Interest income and expense

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

(24) Net service fee and commission income

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

(25) Business combinations

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

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

(26) Operating segment report

A. The Consolidated Company's operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM").

B. Inter-segmental transactions are arm's length transactions, and gain and loss arising from such transactions are eliminated by the Consolidated Company upon the preparation of consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

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

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

(1) Expected credit losses of bills discounted and loans

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

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

(2) Fair value of unlisted stocks

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

(3) Impairment assessment of goodwill

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

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 8,710,697	\$ 7,366,132
Due from other banks	9,803,580	10,713,158
Checks for clearing	1,528,740	1,740,097
Futures trading guarantees	103,410	76,012
Total	<u>\$ 20,146,427</u>	<u>\$ 19,895,399</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Reserve for deposits - account A	\$ 10,967,640	\$ 15,899,701
Reserve for deposits - account B	42,591,672	39,520,433
Due from Central Bank	10,224,932	10,234,067
Deposits by foreign subsidiary to designated accounts of respective local central banks	3,192,805	2,258,756
Call loans to other banks	<u>12,713,111</u>	<u>12,430,400</u>
Total	<u>\$ 79,690,160</u>	<u>\$ 80,343,357</u>

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

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

C. Please refer to Note 8 for details of the above due from Central Bank and call loans to other banks pledged as collateral as of December 31, 2022 and 2021.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets mandatorily measured</u>		
<u>at fair value through profit or loss</u>		
Commercial paper	\$ 40,782,893	\$ 58,235,491
Corporate bonds	16,458,775	50,532,508
Interest rate structured products	8,250,000	-
Convertible corporate bonds	8,154,792	7,922,123
Government bonds	7,925,899	22,267,726
Financial bonds	2,700,136	18,005,190
Stocks of companies listed on TSE or OTC	1,954,671	2,264,089
Beneficiary securities	56,914	66,650
Treasury bills	-	998,474
Valuation adjustment	(1,717,462)	(51,296)
Derivative financial instruments	4,646,487	1,650,586
Total	<u>\$ 89,213,105</u>	<u>\$ 161,891,541</u>

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Debt instruments</u>		
Bonds (including government bonds, corporate bonds and financial bonds)	\$ 210,230,685	\$ 197,703,326
Short-term transactions instruments	1,507,887	1,424,391
Valuation adjustment	(14,525,416)	(1,805,153)
Subtotal	<u>197,213,156</u>	<u>197,322,564</u>
<u>Equity instruments</u>		
Stocks of companies listed on TSE or OTC	11,191,204	7,663,159
Beneficiary securities	2,612,610	3,271,019
Unlisted stocks	1,911,820	1,930,239
Valuation adjustment	2,359,327	2,643,913
Subtotal	<u>18,074,961</u>	<u>15,508,330</u>
Total	<u>\$ 215,288,117</u>	<u>\$ 212,830,894</u>

A. The Consolidated Company elects to classify strategic equity investments not held for trading as financial assets at fair value through other comprehensive income.

- B. The Consolidated Company sold the equity shares in order to adjust investment positions to spread risk for the years ended December 31, 2022 and 2021. The fair value of the equity instruments sold were \$9,531,900 and \$16,442,183, and the cumulative loss on disposal were \$1,012,507 and \$156,885, respectively.
- C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive (loss) income	(\$ 1,297,093)	\$ 226,278
Cumulative losses reclassified to retained earnings due to derecognition	\$ 985,347	\$ 156,935
Dividend income recognized in profit or loss		
Held at end of period	\$ 937,287	\$ 637,142
Derecognized during the period	298,789	485,506
	<u>\$ 1,236,076</u>	<u>\$ 1,122,648</u>
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive loss	(\$ 12,348,430)	(\$ 2,566,457)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	(\$ 1,279)	\$ 11,559
Reclassified due to derecognition	244,303	(915,917)
	<u>\$ 243,024</u>	<u>(\$ 904,358)</u>
Interest income recognized in profit or loss	<u>\$ 2,241,482</u>	<u>\$ 1,746,009</u>

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

(5) Investments in debt instruments at amortised cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Government bonds	\$ 67,449,322	\$ 66,513,762
Corporate bonds	12,541,481	2,685,782
Financial bonds	2,099,968	-
Short-term transactions instruments	<u>172,775,000</u>	<u>197,696,885</u>
Subtotal	254,865,771	266,896,429
Less: Accumulated impairment	(148)	(154)
Total	<u>\$ 254,865,623</u>	<u>\$ 266,896,275</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income	\$ 2,055,233	\$ 1,488,184
Reversal of impairment gain	<u>8</u>	<u>30</u>
	<u>\$ 2,055,241</u>	<u>\$ 1,488,214</u>

B. Details of the Consolidated Company's investments in debt instruments at amortised cost pledged as collateral as of December 31, 2022 and 2021, are provided in Note 8.

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bills and bonds purchased under resale agreement	\$ 33,014,468	\$ 4,268,212
Interest rate range	3.08%~5.34%	0.25%~0.46%
Contract resale amount	<u>\$ 33,356,020</u>	<u>\$ 4,270,966</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bills and bonds sold under repurchase agreement	\$ 36,546,046	\$ 2,769,734
Interest rate range	2.75%~4.73%	-0.05%~0.10%
Contract repurchase amount	<u>\$ 36,901,844</u>	<u>\$ 2,769,778</u>

(7) Receivables - net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit card receivables	\$ 8,883,926	\$ 8,339,888
Factoring receivables	6,749,712	5,463,356
Interest receivable	4,051,889	2,894,491
Accounts receivable	891,863	1,029,120
Acceptances receivables	212,681	567,264
Spot exchange receivables	9,671	3,477
Other receivables	460,248	676,334
Subtotal	<u>21,259,990</u>	<u>18,973,930</u>
Less: Allowance for bad debts	(546,507)	(746,426)
Adjustment for discount	(214)	(810)
Total	<u>\$ 20,713,269</u>	<u>\$ 18,226,694</u>

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

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

For the movement of allowance for bad debts in relation to receivables for the years ended December 31, 2022 and 2021, please refer to Note 12(4).

(8) Bills discounted and loans – net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bills discounted	\$ 10,663	\$ 52,595
Overdrafts	3,634	3,495
Short-term loans	130,844,015	76,385,809
Short-term loans secured	90,689,357	78,421,921
Medium-term loans	141,328,962	108,695,496
Medium-term loans secured	217,653,827	224,271,424
Long-term loans	4,823,525	5,846,989
Long-term loans secured	404,064,697	380,497,556
Import- export negotiations	37,855	42,043
Accounts receivable factoring	489,648	369,409
Loans transferred to non-performing loans	<u>189,890</u>	<u>833,028</u>
Subtotal	990,136,073	875,419,765
Less: Allowance for bad debts	(13,400,050)	(12,320,067)
Adjustment for premium	9,883	23,205
Total	<u>\$ 976,745,906</u>	<u>\$ 863,122,903</u>

A. The Consolidated Company recognized appropriate allowance for bad debts for the bills discounted and loans. For the movement of allowance for bad debts in relation to bills discounted and loans for the years ended December 31, 2022 and 2021, please refer to Note 12(4).

B. For the years ended December 31, 2022 and 2021, the Consolidated Company has recognised gain of \$5,985 and \$19,805 when derecognizing credit assets measured at amortised cost.

(9) Other financial assets – net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Advance	\$ 8,399	\$ 7,692
Non-loans reclassified to non-performing loans	335,562	235,328
Others	<u>267,894</u>	<u>146,623</u>
Subtotal	611,855	389,643
Less: Allowance for bad debts	(341,282)	(238,305)
Total	<u>\$ 270,573</u>	<u>\$ 151,338</u>

The Consolidated Company recognized appropriate allowance for bad debts for the other financial assets. For the movement of allowance for bad debts in relation to other financial assets for the years ended December 31, 2022 and 2021, please refer to Note 12(4).

(Blank below)

(10) Property and equipment - net

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

Cost	Land	Buildings and structures	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress and prepayments for business facilities	Total
At January 1, 2022	\$ 9,587,043	\$ 2,328,698	\$ 576,980	\$ 49,865	\$ 158,925	\$ 432,493	\$ 2,103,892	\$ 15,237,896
Additions	-	78	36,040	-	20,723	28,436	1,446,774	1,532,051
Disposals	-	(154,816)	(154,816)	(1,550)	(26,854)	(120,004)	-	(303,224)
Reclassifications	-	-	75,328	-	106	35,980	5,676	117,090
Reclassified to investment properties	(115,293)	(27,075)	-	-	-	-	-	(142,368)
Reclassified to intangible assets	-	-	(276)	-	-	-	(98,579)	(98,855)
Translation difference	-	1,323	2,472	16	2,734	885	87	7,517
At December 31, 2022	\$ 9,471,750	\$ 2,303,024	\$ 535,728	\$ 48,331	\$ 155,634	\$ 377,790	\$ 3,457,850	\$ 16,350,107
Accumulated depreciation								
At January 1, 2022	\$ -	\$ 801,052	\$ 308,319	\$ 37,508	\$ 86,539	\$ 226,154	\$ -	\$ 1,459,572
Depreciation	(-)	(51,861)	(126,021)	(4,567)	(24,127)	(83,720)	(-)	(290,296)
Disposals	-	-	154,798	1,206	26,038	116,658	-	298,700
Reclassified to investment properties	-	7,241	-	-	-	-	-	7,241
Translation difference	(-)	(591)	(1,847)	(11)	(2,082)	(511)	(-)	(5,042)
At December 31, 2022	\$ -	\$ 846,263	\$ 281,389	\$ 40,880	\$ 86,710	\$ 193,727	\$ -	\$ 1,448,969
Accumulated impairment								
At January 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298
At December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298
Net carrying amount	\$ 9,471,750	\$ 1,456,761	\$ 254,339	\$ 7,451	\$ 68,924	\$ 183,765	\$ 3,457,850	\$ 14,900,840

Note: A trust in Chang Hwa Bank was set up upon the land with a book value of \$910,200 due to the city renovation.

Cost	Buildings and structures					Office equipment		Transportation equipment		Miscellaneous equipment		Leasehold improvements		Construction in progress and prepayments for business facilities		Total
	Land	Buildings and structures	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress and prepayments for business facilities	Total								
At January 1, 2021	\$ 9,552,448	\$ 2,482,256	\$ 666,388	\$ 58,248	\$ 159,520	\$ 415,638	\$ 1,806,808	\$ 15,141,306								
Additions	-	-	28,497	1,100	26,487	29,915	498,966	584,965								
Disposals	-	-	(189,778)	(9,386)	(26,442)	(51,556)	-	(277,162)								
Reclassifications (Note)	41,042	(138,727)	75,429	-	5,945	38,785	(2,968)	19,506								
Reclassified to investment properties	(6,447)	(7,049)	-	-	-	-	-	(13,496)								
Reclassified to intangible assets	-	-	(218)	-	-	-	(198,783)	(199,001)								
Translation difference	-	(7,782)	(3,338)	(97)	(6,585)	(289)	(131)	(18,222)								
At December 31, 2021	\$ 9,587,043	\$ 2,328,698	\$ 576,980	\$ 49,865	\$ 158,925	\$ 432,493	\$ 2,103,892	\$ 15,237,896								
Accumulated depreciation																
At January 1, 2021	\$ -	\$ 784,204	\$ 357,134	\$ 38,880	\$ 95,490	\$ 195,669	\$ -	\$ 1,471,377								
Depreciation	-	(58,449)	(143,099)	(6,538)	(22,016)	(81,686)	-	(311,788)								
Disposals	-	-	189,710	7,862	26,441	51,124	-	275,137								
Reclassifications (Note)	-	32,646	-	-	-	-	-	32,646								
Reclassified to investment properties	-	5,632	-	-	-	-	-	5,632								
Reclassified to intangible assets	-	-	22	-	-	-	-	22								
Translation difference	-	3,323	(2,182)	48	4,526	77	-	10,156								
At December 31, 2021	\$ -	\$ 801,052	\$ 308,319	\$ 37,508	\$ 86,539	\$ 226,154	\$ -	\$ 1,459,572								
Accumulated impairment																
At January 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298								
At December 31, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298								
Net carrying amount	\$ 9,587,043	\$ 1,527,646	\$ 268,661	\$ 12,357	\$ 72,386	\$ 206,041	\$ 2,103,892	\$ 13,778,026								

Note: During the current period, an old building with a book value of \$86,220 (Cost:\$110,292 & Accumulated depreciation:\$24,072) 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.

(11) Leasing arrangements – lessee

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 8,642,811	\$ 8,768,418
Buildings	1,424,436	1,415,111
Machinery and equipment	8,615	9,134
Transportation equipment	1,473	617
Others	7,364	7,285
	<u>\$ 10,084,699</u>	<u>\$ 10,200,565</u>
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 19,724	\$ 19,440
Buildings	569,372	550,793
Machinery and equipment	3,751	3,405
Transportation equipment	534	-
Others	4,685	4,991
	<u>\$ 598,066</u>	<u>\$ 578,629</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$622,172 and \$362,619, respectively.

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 52,426	\$ 44,923
Expense on short-term lease contracts	14,854	16,086
Expense on leases of low-value assets	605	646

E. For the years ended December 31, 2022 and 2021, the Consolidated Company's total cash outflow for leases were \$646,809 and \$619,044, respectively.

(12) Leasing arrangements – lessor

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

	For the years ended December 31,	
	2022	2021
Finance income from the net investment in the finance lease	\$ 596	\$ 960

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

	December 31, 2022		December 31, 2021	
2023	\$	8,463	2022	\$ 8,463
			2023	8,463
Total	\$	8,463		\$ 16,926

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

	December 31, 2022	December 31, 2021
Undiscounted lease payments	\$ 8,463	\$ 16,926
Unearned finance income	(214)	(810)
Net investment in the lease	\$ 8,249	\$ 16,116

- E. For the years ended December 31, 2022 and 2021, the Consolidated Company recognised rental income in the amounts of \$29,395 and \$30,914, respectively, based on the operating lease agreement, which does not include variable lease payments.
- F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022		December 31, 2021	
2023	\$	25,542	2022	\$ 21,539
2024		18,258	2023	11,788
2025		15,596	2024	4,947
2026		5,444	2025	3,967
2027		2,592	2026	2,730
After 2028		3,652	After 2027	5,065
Total	\$	71,084	Total	\$ 50,036

(13) Investment property - net

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

Cost	Land and land improvements	Buildings and structures	Total
At January 1, 2022	\$ 757,313	\$ 222,578	\$ 979,891
Disposals	(5,361)	-	(5,361)
Reclassified from property and equipment	<u>115,293</u>	<u>27,075</u>	<u>142,368</u>
At December 31, 2022	<u>\$ 867,245</u>	<u>\$ 249,653</u>	<u>\$ 1,116,898</u>
<u>Accumulated depreciation</u>			
At January 1, 2022	\$ -	(\$ 70,095)	(\$ 70,095)
Depreciation	-	(5,886)	(5,886)
Reclassified from property and equipment	<u>-</u>	<u>(7,241)</u>	<u>(7,241)</u>
At December 31, 2022	<u>\$ -</u>	<u>(\$ 83,222)</u>	<u>(\$ 83,222)</u>
<u>Accumulated impairment</u>			
At January 1, 2022	(\$ 91,045)	\$ -	(\$ 91,045)
Recovery	654	-	654
Disposals	<u>3,101</u>	<u>-</u>	<u>3,101</u>
At December 31, 2022	<u>(\$ 87,290)</u>	<u>\$ -</u>	<u>(\$ 87,290)</u>
Net carrying amount	<u><u>\$ 779,955</u></u>	<u><u>\$ 166,431</u></u>	<u><u>\$ 946,386</u></u>

Cost	Land and land improvements	Buildings and structures	Total
At January 1, 2021	\$ 752,525	\$ 215,529	\$ 968,054
Disposals	(1,659)	-	(1,659)
Reclassified from property and equipment	<u>6,447</u>	<u>7,049</u>	<u>13,496</u>
At December 31, 2021	<u>\$ 757,313</u>	<u>\$ 222,578</u>	<u>\$ 979,891</u>
<u>Accumulated depreciation</u>			
At January 1, 2021	\$ -	(\$ 58,887)	(\$ 58,887)
Depreciation	-	(5,576)	(5,576)
Reclassified from property and equipment	<u>-</u>	<u>(5,632)</u>	<u>(5,632)</u>
At December 31, 2021	<u>\$ -</u>	<u>(\$ 70,095)</u>	<u>(\$ 70,095)</u>
<u>Accumulated impairment</u>			
At January 1, 2021	(\$ 92,478)	\$ -	(\$ 92,478)
Recovery	127	-	127
Disposals	<u>1,306</u>	<u>-</u>	<u>1,306</u>
At December 31, 2021	<u>(\$ 91,045)</u>	<u>\$ -</u>	<u>(\$ 91,045)</u>
Net carrying amount	<u><u>\$ 666,268</u></u>	<u><u>\$ 152,483</u></u>	<u><u>\$ 818,751</u></u>

- A. The fair value of the investment property held by the Consolidated Company as of December 31, 2022 and 2021 were \$1,108,031 and \$944,237, respectively. The investment property was determined by the valuation results of independent valuation experts who used the direct capitalization method of the income approach, market comparison approach, cost approach, land development analysis approach and other valuation approaches. These fair values are classified as Level 2 within the fair value hierarchy.
- B. For the years ended December 31, 2022 and 2021, rental income from the investment property were \$29,395 and \$30,914, respectively. For the years ended December 31, 2022 and 2021, direct operating expenses arising from the investment property amounted to \$2,817 and \$2,560, respectively. And direct operating expenses arising from the investment property that did not generate rent income amounted to \$482 and \$492, respectively.
- (14) Intangible assets - net

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

Cost	Goodwill	Computer software	Other intangible asset	Total
At January 1, 2022	\$ 10,600,300	\$ 703,888	\$ 2,438,028	\$ 13,742,216
Additions	-	32,526	-	32,526
Disposals	-	(58,929)	-	(58,929)
Reclassifications	-	(305)	-	(305)
Reclassified from property and equipment	-	98,855	-	98,855
Translation difference	-	13,889	187	14,076
At December 31, 2022	\$ 10,600,300	\$ 789,924	\$ 2,438,215	\$ 13,828,439
<u>Accumulated amortization</u>				
At January 1, 2022	\$ -	(\$ 313,282)	(\$ 1,305,577)	(\$ 1,618,859)
Amortization	-	(136,543)	(226,002)	(362,545)
Disposals	-	58,929	-	58,929
Reclassifications	-	330	-	330
Translation difference	-	(10,558)	(86)	(10,644)
At December 31, 2022	\$ -	(\$ 401,124)	(\$ 1,531,665)	(\$ 1,932,789)
<u>Accumulated impairment</u>				
At January 1, 2022	(\$ 2,786,237)	\$ -	(\$ 286,526)	(\$ 3,072,763)
At December 31, 2022	(\$ 2,786,237)	\$ -	(\$ 286,526)	(\$ 3,072,763)
Net carrying amount	\$ 7,814,063	\$ 388,800	\$ 620,024	\$ 8,822,887

Cost	Other			Total
	Goodwill	Computer software	intangible asset	
At January 1, 2021	\$ 10,600,300	\$ 552,822	\$ 2,438,553	\$ 13,591,675
Additions	-	17,615	-	17,615
Disposals	-	(53,845)	-	(53,845)
Reclassifications	-	(78)	-	(78)
Reclassified from property and equipment	-	199,001	-	199,001
Translation difference	-	(11,627)	(525)	(12,152)
At December 31, 2021	\$ 10,600,300	\$ 703,888	\$ 2,438,028	\$ 13,742,216
<u>Accumulated amortization</u>				
At January 1, 2021	\$ -	(\$ 261,554)	(\$ 1,079,736)	(\$ 1,341,290)
Amortization	-	(112,759)	(226,019)	(338,778)
Disposals	-	53,845	-	53,845
Reclassifications	-	17	-	17
Reclassified from property and equipment	-	(22)	-	(22)
Translation difference	-	7,191	178	7,369
At December 31, 2021	\$ -	(\$ 313,282)	(\$ 1,305,577)	(\$ 1,618,859)
<u>Accumulated impairment</u>				
At January 1, 2021	(\$ 2,786,237)	\$ -	\$ -	(\$ 2,786,237)
Impairments	-	-	(286,526)	(286,526)
At December 31, 2021	(\$ 2,786,237)	\$ -	(\$ 286,526)	(\$ 3,072,763)
Net carrying amount	\$ 7,814,063	\$ 390,606	\$ 845,925	\$ 9,050,594

A. Test of impairment for indefinite useful life intangible assets and goodwill of the Bank:

The Consolidated Company merged 18 branches of Chin Fon Bank and Ta Chong Bank in 2010 and 2018, respectively, which resulted in goodwill other intangible assets amounting to \$10,201,810 and \$2,433,894, respectively (indefinite useful life intangible assets were \$286,526), in order to expand the scale of operation and enhance market competitiveness and overall profitability. The Consolidated Company shall test annually for impairment of goodwill acquired from business combination in accordance with IAS 36. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Whether or not to provide impairment losses is determined by calculating value-in-use and carrying amount of net assets of each cash-generating unit which are Corporate Finance, Offshore Banking, Consumer Finance, Wealth Management and Financial Trading.

B. Goodwill and indefinite useful life intangible assets – Net allocation to the cash generating unit based on operating segments

	December 31, 2022		December 31, 2021	
Corporate Finance (Note)	\$	2,565,829	\$	2,565,829
Consumer Finance		1,716,199		1,716,199
Financial Trading		1,780,955		1,780,955
Wealth Management		1,751,080		1,751,080
Total	\$	7,814,063	\$	7,814,063

Note: In order to segment framework and management effectively, the business of international syndicated loan originally affiliated to Offshore Banking, is combined with Corporate Finance from January 1 2022.

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

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

the following estimated growth rate.

(B) For the years ended December 31, 2022 and 2021, the growth rate of key assumptions used in calculating value-in-use of every cash generating unit were 2.0% and 2.5%.

For the years ended December 31, 2022, the discount rate(net of tax) of key assumptions used in calculating value-in-use of Corporate Finance, Consumer Finance, Financial Trading and Wealth Management was 7.7%.

For the year ended December 31, 2021, the discount rate(net of tax) of key assumptions used in calculating value-in-use of Corporate Finance, Consumer Finance, Financial Trading and Wealth Management were 7.9%, and of Offshore Banking were 9.7%.

C. There was no impairment of goodwill in 2022. For the year ended December 31, 2021, due to the COVID-19 pandemic and the political and economic uncertainty and risk in China, Hong Kong and Macau, loan assets are decreasing among these areas, so the operating conditions differ from expectations. After an assessment, the recoverable amount of cash generating unit of Offshore Banking was less than it carrying amount. Thus, for the years ended December 31, 2022 and 2021, the cash generating unit recognised impairment loss on other intangible assets in the amount to \$286,526.

D. For the years ended December 31, 2022 and 2021, the total amount of accumulated impairment for goodwill and other intangible asset were all \$3,072,763.

(15) Other assets - net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refundable deposits - out (net)	\$ 2,091,480	\$ 1,180,468
Prepaid expenses	156,227	116,314
Other deferred expenses	49,779	78,731
Others	<u>120,571</u>	<u>106,810</u>
Total	<u>\$ 2,418,057</u>	<u>\$ 1,482,323</u>

(16) Assets classified as held for sale

In order to improve the efficiency of assets utilization, the Bank's Board of Directors approved the sale of its own real estate and expected to complete the sale within a year therefore, the relevant assets were reclassified to "assets held for sale". After remeasuring, the original assets at the lower of its carrying amount or fair value less costs to sell, the balance of assets held for sale were \$81,469 and \$194,563, respectively, as of December 31, 2022 and 2021. 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, 2022 and 2021, the Consolidated Company sold part of the assets held for sale, while the proceeds on disposal amounted to \$120,880 and \$67,000, respectively. Gain on disposal amounted to \$12,331 and \$4,957, respectively. For the years ended December 31, 2022 and 2021, the Consolidated Company recognized related reversal of impairment loss were \$4,545 and \$12,163, respectively.

(17) Deposits from Central Bank and other banks

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Overdrafts from other banks	\$ 1,923,082	\$ 3,303,101
Call loans from other banks	36,684,013	17,214,445
Redeposit from Chunghwa Post	-	<u>5,106,578</u>
Total	<u>\$ 38,607,095</u>	<u>\$ 25,624,124</u>

(18) Due to Central Bank and other banks

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Due to Central Bank	\$ -	\$ 839,700

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities held for trading</u>		
Derivative financial instruments	\$ 3,811,451	\$ 2,169,051

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

(20) Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Interest payable	\$ 2,018,129	\$ 964,949
Bonus payable	2,008,889	2,055,759
Checks for clearing	1,528,772	1,739,469
Accounts payable	1,012,602	1,030,886
Accrued expenses	730,878	698,612
Factoring payables	573,131	432,170
Collections payable for customers	295,087	322,092
Bankers' acceptances payables	212,681	567,264
Spot exchange payables	11,656	2,003
Other payables	741,904	592,302
Total	\$ 9,133,729	\$ 8,405,506

(21) Deposits and remittances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Checking deposits	\$ 6,074,310	\$ 6,184,284
Demand deposits	193,569,289	252,893,735
Time deposits	448,823,096	363,419,412
Negotiable certificates of deposit	4,694,000	7,834,000
Savings deposits	836,179,477	839,343,186
Remittances	72,197	94,770
Other	-	344
Total	\$ 1,489,412,369	\$ 1,469,769,731

(22) Financial debentures payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
General financial debentures	\$ 2,500,000	\$ 500,000
Subordinate financial debentures	26,200,000	21,700,000
Total	\$ 28,700,000	\$ 22,200,000

The details of financial debentures as of December 31, 2022 were as follows:

First series of subordinate financial debentures in 2014 (debenture 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 series of perpetual non-cumulative subordinate financial 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 series of subordinate financial 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 series of perpetual non-cumulative subordinate financial debentures in 2015

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

First series of subordinate financial 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 series of general financial debentures in 2021

Par value	\$500,000
Stated interest rate	Fixed interest rate at 0.45%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of general financial debentures in 2022

Par value	\$2,000,000
Stated interest rate	Fixed interest rate at 0.77%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Second series of subordinate financial debentures in 2022

Par value	\$3,700,000
Stated interest rate	Fixed interest rate at 2.40%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of subordinate financial debentures in 2022 (debenture A)

Par value	\$900,000
Stated interest rate	Fixed interest rate at 2.40%
Period	Eight years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of subordinate financial debentures in 2022 (debenture B)

Par value	\$1,900,000
Stated interest rate	Fixed interest rate at 2.55%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

(23) Other financial liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Principal of structured products	\$ 2,578,157	\$ 2,503,403
Other	-	50,000
Total	<u>\$ 2,578,157</u>	<u>\$ 2,553,403</u>

(24) Provisions

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Provisions for employee benefits	\$ 519,221	\$ 805,592
Provisions for guarantee liabilities	177,638	133,858
Provisions for loan commitments and letters of credit	37,202	39,756
Provisions for litigation losses	63,134	65,736
Provisions for decommission losses	<u>77,362</u>	<u>76,581</u>
Total	<u>\$ 874,557</u>	<u>\$ 1,121,523</u>

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

(25) Provisions for employee benefits

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Post-employment benefit plans	<u>\$ 519,221</u>	<u>\$ 805,592</u>

A. Defined benefit plans of the Bank

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 1,313,337	\$ 1,539,203
Fair value of plan assets	(798,686)	(739,568)
Net defined benefit liability	<u>\$ 514,651</u>	<u>\$ 799,635</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
Balance at January 1,	\$ 1,539,203	(\$ 739,568)	\$ 799,635
Current service cost	14,084	-	14,084
Interest expense (income)	7,696	(3,698)	3,998
	<u>1,560,983</u>	<u>(743,266)</u>	<u>817,717</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(38,443)	(38,443)
Change in financial assumptions	(93,427)	-	(93,427)
Experience adjustments	54,950	-	54,950
	<u>(38,477)</u>	<u>(38,443)</u>	<u>(76,920)</u>
Pension fund contribution	-	(215,678)	(215,678)
Pension paid	(209,169)	198,701	(10,468)
Balance at December 31,	<u>\$ 1,313,337</u>	<u>(\$ 798,686)</u>	<u>\$ 514,651</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2021</u>			
Balance at January 1,	\$ 1,607,787	(\$ 836,511)	\$ 771,276
Current service cost	16,713	-	16,713
Interest expense (income)	4,571	(2,509)	2,062
	<u>1,629,071</u>	<u>(839,020)</u>	<u>790,051</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(39,857)	(39,857)
Change in demographic assumptions	428	-	428
Change in financial assumptions	(30,178)	-	(30,178)
Experience adjustments	102,838	-	102,838
	<u>73,088</u>	<u>(39,857)</u>	<u>33,231</u>
Pension fund contribution	-	(14,429)	(14,429)
Pension paid	(162,956)	153,738	(9,218)
Balance at December 31,	<u>\$ 1,539,203</u>	<u>(\$ 739,568)</u>	<u>\$ 799,635</u>

(D) The Bank recognized pension costs amounting to \$18,082 and \$18,775 in consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021, respectively.

- (E) The Bank of Taiwan was commissioned to manage the Fund of the Bank’s defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization instruments, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Bank has no right to participate in managing and operating that fund and hence the Bank is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (F) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2022	2021
Discount rate	1.30%	0.50%
Future salary increase rate	2.00%	2.00%

For the years ended December 31, 2022 and 2021, assumptions regarding future mortality rate are set based on the 6th Chart of Life Span Estimate, used by the Taiwan Life Insurance Enterprises.

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

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 27,371)	\$ 28,216	\$ 24,537	(\$ 23,961)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 36,100)	\$ 37,312	\$ 32,637	(\$ 31,800)

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

- (G) Expected contributions to the defined benefit pension plans of the Bank for the year ending December 31, 2023 amounts to \$13,019.
- (H) As of December 31, 2022, the weighted average duration of that retirement plan is 9 years.

B. Pension plans of foreign subsidiaries:

(A) Yuanta Savings Bank (Philippines) has established pension plans. The pension plan for Yuanta Savings Bank (Philippines) is in compliance with the above-mentioned pension plan. As of December 31, 2022 and 2021, the pension liability were \$4,570 and \$5,126, respectively, while pension expenses recognized in comprehensive income for the years ended December 31, 2022 and 2021 were \$1,091 and \$1,210, respectively, the actuarial gains and losses on defined benefit plans were \$1,110 and (\$91), respectively.

(B) Yuanta Savings Bank (Korea) has established pension plans. The pension plan for Yuanta Savings Bank (Korea) complies with the above-mentioned pension plan. As of December 31, 2022 and 2021, the pension liability were \$0 and \$831, respectively, while pension expenses recognized in comprehensive income for the years ended December 31, 2022 and 2021 were \$8,578 and \$8,335, respectively the actuarial gains and losses on defined benefit plans were \$5,728 and \$0, respectively.

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

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

(B) The pension costs under defined contribution pension plans of the Consolidated Company for the years ended December 31, 2022 and 2021 were \$215,871 and \$204,178, respectively.

(26) Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Collections in advance	\$ 1,526,806	\$ 1,399,650
Refundable deposits - in	1,148,907	204,364
Others	54,195	62,719
Total	<u>\$ 2,729,908</u>	<u>\$ 1,666,733</u>

(27) Share capital

As of December 31, 2022 and 2021, authorized capital and paid-in capital were \$80,000,000 and \$73,940,390, respectively, equivalent to 8,000,000 thousand shares and 7,394,039 thousand shares, respectively, with a par value of \$10 dollars per share.

(28) Capital surplus

As of December 31, 2022 and 2021, additional paid-in capital is composed of the following:

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

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

(29) Retained earnings

A. Legal reserve

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

B. Special reserve

(A) Upon the first-time adoption of IFRSs, Financial-Supervisory-Securities-Corporate No. 1090150022 dated March 31, 2021 requires the Bank to reverse special earnings reserve in the proportion of the original recognition when the Bank subsequently uses, disposes or reclassifies related assets and the reversed portion may be distributed thereon. After adopting IFRSs, upon the distribution of earnings, the Bank shall set aside the equal amount of special reserve based on the profit of current year and undistributed earnings, for the decrease in other stockholders' equity of this year. Prior year's unappropriated earnings shall be set aside if there remains any insufficiency.

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

(C) In accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10510001510 dated May 25, 2016, the Bank shall, upon appropriating the earnings of 2016 to 2018, provide provision of 0.5% to 1% of income after taxes as special reserve. Starting from 2017 accounting year, public banks may reverse an amount of the aforementioned special reserve commensurate to employee transfer or arrangement expenditures resulting from the developments in financial technology. However, in accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10802714560 dated May 15, 2019, public banks are no longer required to set aside special reserve starting from 2019 accounting year. In addition, public banks may reverse an amount of the aforementioned prior year's special reserve commensurate to the abovementioned expenditures.

C. Unappropriated earnings distribution and dividend policy

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

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

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

(C) The Board of Directors has approved the distribution of earnings on behalf of stockholders for the year 2021 on May 26, 2022 and the distribution of earnings for the year 2020 on May 27, 2021. Details are shown as follows:

	2021 earnings		2020 earnings	
	Amount	Stock dividends per share (in dollars)	Amount	Stock dividends per share (in dollars)
Legal reserve	\$ 2,351,484		\$ 2,168,146	
Special reserve	483,132		(15,214)	
Cash dividends	<u>5,003,663</u>	\$ 0.6767	<u>5,074,221</u>	\$ 0.6863
Total	<u>\$ 7,838,279</u>		<u>\$ 7,227,153</u>	

(D) Earnings distribution for the year 2022 with the approval the Board of Directors on March 9, 2023 is as follows:

	2022 earnings Amount
Legal reserve	\$ 1,911,316
Special reserve	<u>4,459,739</u>
Total	<u>\$ 6,371,055</u>

The appropriation of the Bank's 2022 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

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

(30) Other equity items

	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total
Balance, January 1, 2022	(\$ 1,435,527)	\$ 935,414	(\$ 500,113)
Financial assets at fair value through other comprehensive income			
- Evaluation adjustment in the period	-	(13,645,523)	(13,645,523)
- Evaluation transferred to profit or loss	-	244,303	244,303
- Changes in accumulated impairment in the period	-	(1,279)	(1,279)
- Evaluation transferred to retained earnings (After Tax)	-	985,347	985,347
Changes in translation difference of foreign operating entities	(269,727)	-	(269,727)
Effects on income tax	-	175,266	175,266
Balance, December 31, 2022	(\$ 1,705,254)	(\$ 11,306,472)	(\$ 13,011,726)
	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total
Balance, January 1, 2021	(\$ 826,149)	\$ 4,008,656	\$ 3,182,507
Financial assets at fair value through other comprehensive income			
- Evaluation adjustment in the period	-	(2,340,179)	(2,340,179)
- Evaluation transferred to profit or loss	-	(915,917)	(915,917)
- Changes in accumulated impairment in the period	-	11,559	11,559
- Evaluation transferred to retained earnings (After Tax)	-	156,935	156,935
Changes in translation difference of foreign operating entities	(609,378)	-	(609,378)
Effects on income tax	-	14,360	14,360
Balance, December 31, 2021	(\$ 1,435,527)	\$ 935,414	(\$ 500,113)

(31) Net interest income

	For the years ended December 31,	
	2022	2021
<u>Interest income</u>		
Interest income on bills discounted and loans	\$ 17,266,197	\$ 13,968,071
Interest income on securities investment	4,687,008	3,242,824
Interest income from placement and call loans to other banks	364,822	114,241
Interest income of factoring receivables	178,201	44,882
Recurring interest income from credit cards	171,764	177,694
Other interest income	64,132	40,735
Subtotal	<u>22,732,124</u>	<u>17,588,447</u>
<u>Interest expense</u>		
Interest expense of deposits	(7,213,810)	(3,704,598)
Coupon of financial debentures	(511,667)	(685,352)
Interest expense on bills and bonds sold under	(373,889)	(1,278)
Interest expense of Central Bank and other banks' deposits	(188,189)	(24,034)
Interest expense of structured instruments repurchase agreements	(84,972)	(53,569)
Lease liabilities interest expense	(52,426)	(44,923)
Other interest expense	(26,819)	(6,046)
Subtotal	<u>(8,451,772)</u>	<u>(4,519,800)</u>
Total	<u>\$ 14,280,352</u>	<u>\$ 13,068,647</u>

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(32) Net service fee and commission income

	For the years ended December 31,	
	2022	2021
<u>Service fee and commission income</u>		
Service fee income on trust business	\$ 2,190,175	\$ 2,811,433
Service fee income on insurance brokerage	1,463,715	1,570,664
Service fee income on credit cards	908,561	923,809
Service fee income on credit extension	438,560	537,994
Service fee income on foreign exchange	85,995	81,576
Deposits and remittance and other service fee income	330,936	338,358
Subtotal	<u>5,417,942</u>	<u>6,263,834</u>
<u>Service fee and commission expense</u>		
Service fee expense on trust business	(1,391)	(2,927)
Service fee expense on credit cards	(813,445)	(743,190)
Service fee expense on credit extension	(34,231)	(28,287)
Service fee expense on foreign exchange	(43,186)	(38,383)
Deposits and remittance and other service fee income	(439,100)	(392,534)
Subtotal	<u>(1,331,353)</u>	<u>(1,205,321)</u>
Total	<u>\$ 4,086,589</u>	<u>\$ 5,058,513</u>

Note 1: For the years ended December 31, 2022 and 2021, the service fee income arising from engaging in electronic payment business amounted to \$715 and \$790, respectively.

Note 2: Due to the Bank concurrently engaging in electronic payment business, for the years ended December 31, 2022 and 2021, the interest earned from utilising funds received from users, which was calculated according to Article 4 of “Regulations Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions”, were \$0.82 and \$0.023, respectively.

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

	For the years ended December 31,	
	2022	2021
<u>Realized gain or loss on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 359,064	\$ 205,215
Treasury bills	18,084	2,277
Stocks	11,462	86,634
Beneficiary securities	6,754	5,089
Securities borrowed	1,497	(4,045)
Beneficiary certificates	-	(6)
Bonds	(703,691)	1,325,892
Exchange rate-linked instruments	1,954,959	47,318
Interest rate-linked instruments	182,531	(342,309)
Equity-linked instruments	(13,879)	(33)
Subtotal	<u>1,816,781</u>	<u>1,326,032</u>
<u>Unrealized gain or loss on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 17,982	\$ 27,774
Treasury bills	2,186	3,636
Stocks	(169,092)	(21,633)
Beneficiary securities	(3,305)	449
Bonds	(1,510,915)	(962,957)
Exchange rate-linked instruments	(58,921)	182,513
Interest rate-linked instruments	1,378,431	188,694
Equity-linked instruments	171	(171)
Subtotal	(343,463)	(581,695)
Total	<u>\$ 1,473,318</u>	<u>\$ 744,337</u>

A. The realized gains (losses) on the financial assets and liabilities at fair value through profit and loss of the Consolidated Company for the years ended December 31, 2022 and 2021, including net interest income, the gain (loss) on disposal and dividend income, are as follows:

	For the years ended December 31,	
	2022	2021
Net interest income	\$ 920,871	\$ 1,136,046
Gains on disposal	803,545	115,381
Dividend income	92,365	74,605
Total	<u>\$ 1,816,781</u>	<u>\$ 1,326,032</u>

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

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

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

(34) Impairment losses of assets

	For the years ended December 31,	
	2022	2021
Reversal of impairment loss (impairment loss) on investments in debt instruments at fair value through other comprehensive income	\$ 1,279	(\$ 11,559)
Reversal of impairment loss on investments in debt instruments at amortised cost	8	30
Impairment loss on assets classified as held for sale	(4,545)	(12,163)
Reversal of impairment loss on investment property	654	127
Impairment loss on intangible assets	-	(286,526)
Impairment loss on other assets	(21)	(115)
Total	<u>(\$ 2,625)</u>	<u>(\$ 310,206)</u>

(35) Other non-interest income

	For the years ended December 31,	
	2022	2021
Gains on default fine of loans	\$ 84,226	\$ 85,340
Rental income	29,395	30,914
Gains on trade/disposal of property	9,095	10,993
Gains on disposal of non-performing loans	3,064	105,769
Other net gains	22,329	62,221
Total	<u>\$ 148,109</u>	<u>\$ 295,237</u>

(36) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	\$ 5,758,675	\$ 5,825,456
Labor and health insurance fees	415,016	407,326
Pension costs	243,622	232,498
Other personnel expenses	354,284	321,705
Total	<u>\$ 6,771,597</u>	<u>\$ 6,786,985</u>

- A. According to the Articles of Incorporation of the Bank, if the Bank has earnings upon the year-end, after covering accumulated deficits with current year earnings (that is, income before taxes minus income before appropriation of employees' compensation), the remainder, if any, shall provision 0.01% to 5% as employees' compensation.
- B. For the years ended December 31, 2022 and 2021, employees' compensation bonus were accrued at \$48,555 and \$47,808, respectively. The amounts were recognized in salary expenses. For the year ended December 31, 2022, after considering accumulated deficits, the most appropriate estimate was accrued based on the period-end (the current year) earnings and the multiplier interval stipulated in the Articles of Incorporation; subsequently, where the accrued amounts are different from the actual distributed amounts as resolved by the Board of Directors on behalf of the stockholders' meeting, the differences are accounted for as changes in accounting estimates.
- C. Employees' compensation of 2021 as resolved at the meeting of the Board of Directors was in agreement with the amount recognized in the 2021 financial statements amounting to \$47,808.

(37) Depreciation and amortization expense

	For the years ended December 31,	
	2022	2021
Property and equipment depreciation	\$ 290,296	\$ 311,788
Investment property depreciation	5,886	5,576
Right-of-use asset depreciation	598,066	578,629
Intangible assets amortization	362,545	338,778
Deferred assets amortization	43,712	51,330
Total	<u>\$ 1,300,505</u>	<u>\$ 1,286,101</u>

(38) Other general and administrative expenses

	For the years ended December 31,	
	2022	2021
Tax	\$ 1,056,009	\$ 905,479
Insurance expense	439,801	414,057
Rental expense	351,431	344,634
Repairs and maintenance	335,114	323,511
Professional expense	185,914	177,298
Postage expense	166,885	166,443
Others	918,761	970,699
Total	<u>\$ 3,453,915</u>	<u>\$ 3,302,121</u>

(39) Income tax

A. Income tax expense

(A) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Income tax from current income	\$ 1,362,251	\$ 1,338,812
Prior year income tax overestimation	(8,136)	(81,030)
Total current tax	<u>1,354,115</u>	<u>1,257,782</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>220,349</u>	(<u>82,837</u>)
Income tax expense	<u>\$ 1,574,464</u>	<u>\$ 1,174,945</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		
Change in fair value of equity instruments at fair value through other comprehensive income	(\$ 16,483)	(\$ 4,826)
Gains (losses) on remeasurements of defined benefit plans	15,744	(6,674)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		
Change in fair value of debt instruments at fair value through other comprehensive income	(158,783)	(9,534)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Income tax from pretax income calculated at regulated tax rate	\$ 1,803,011	\$ 1,858,414
Temporary differences not recognized as deferred tax	(30,238)	(16,998)
Taxable loss not recognized as deferred tax assets	2,631	6,094
Prior year income tax overestimation	(8,136)	(81,030)
Net operating loss carryforwards deducted from the current year's use	(20,999)	(17,973)
Alternative Minimum Tax effects	(215)	1,830
Effects of items not recognized under relevant regulations, exemption and other income	(171,590)	(575,392)
Income tax expense	<u>\$ 1,574,464</u>	<u>\$ 1,174,945</u>

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

	2022				
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	Others (Note)	December 31,
Temporary differences:					
- Deferred tax asset:					
Allowance for credit losses in excess of tax limitation	\$ 600,176	(\$ 9,188)	\$ -	\$ 25	\$ 591,013
Employee benefit liabilities reserve	180,620	(41,826)	(15,744)	20	123,070
Unrealized exchange loss	215,010	(39,731)	-	-	175,279
Unrealized loss on financial assets at fair value through profit or loss	3,448	32,025	-	-	35,473
Unrealized loss on financial assets at fair value through other comprehensive income	6,332	-	158,805	1,058	166,195
Estimated non-leaving bonus	20,954	(573)	-	-	20,381
Net operating loss carryforward	11,906	(128)	-	535	12,313
Amortization of other intangible asset (accumulated impairment included)	34,383	(5,730)	-	-	28,653
Deferred revenue of credit cards	1,592	(67)	-	-	1,525
Others	14,588	(820)	-	-	13,768
Subtotal	<u>1,089,009</u>	<u>(66,038)</u>	<u>143,061</u>	<u>1,638</u>	<u>1,167,670</u>
- Deferred tax liability:					
Amortization of goodwill (accumulated impairment included)	(\$ 346,617)	(\$ 165,548)	\$ -	\$ -	(\$ 512,165)
Unrealized gain on financial assets at fair value through profit or loss	(12,306)	11,720	-	-	(586)
Unrealized gain on financial assets at fair value through other comprehensive income	(67,239)	-	16,497	(27,182)	(77,924)
Reserve for land value increment tax	(26,767)	-	-	-	(26,767)
Unrealized exchange gain	(457)	(383)	-	(10)	(850)
Others	(17,530)	(100)	(36)	(15)	(17,681)
Subtotal	<u>(470,916)</u>	<u>(154,311)</u>	<u>16,461</u>	<u>(27,207)</u>	<u>(635,973)</u>
Total	<u>\$ 618,093</u>	<u>(\$ 220,349)</u>	<u>\$ 159,522</u>	<u>(\$ 25,569)</u>	<u>\$ 531,697</u>

Note : Including the impact of exchange rate.

	2021				December 31,
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	Others (Note)	
Temporary differences:					
- Deferred tax asset:					
Allowance for credit losses in excess of tax limitation	\$ 672,737	(\$ 72,377)	\$ -	(\$ 184)	\$ 600,176
Employee benefit liabilities reserve	175,233	(1,160)	6,674	(127)	180,620
Unrealized exchange loss	447	214,581	-	(18)	215,010
Unrealized loss on financial assets at fair value through profit or loss	47,556	(44,108)	-	-	3,448
Unrealized loss on financial assets at fair value through other comprehensive income	-	-	6,656	(324)	6,332
Estimated non-leaving bonus	14,394	6,560	-	-	20,954
Net operating loss carryforward	13,643	(222)	-	(1,515)	11,906
Amortization of other intangible asset (accumulated impairment included)	-	34,383	-	-	34,383
Deferred revenue of credit cards	1,948	(356)	-	-	1,592
Others	11,023	3,565	-	-	14,588
Subtotal	936,981	140,866	13,330	(2,168)	1,089,009
- Deferred tax liability:					
Amortization of goodwill (accumulated impairment included)	(\$ 181,069)	(\$ 165,548)	\$ -	\$ -	(\$ 346,617)
Unrealized gain on financial assets at fair value through profit or loss	-	(12,306)	-	-	(12,306)
Unrealized gain on financial assets at fair value through other comprehensive income	(75,432)	28	7,922	243	(67,239)
Reserve for land value increment tax	(26,767)	-	-	-	(26,767)
Amortization of other intangible asset	(17,191)	17,191	-	-	-
Unrealized exchange gain	(120,329)	119,850	-	22	(457)
Others	(89)	(17,244)	(218)	21	(17,530)
Subtotal	(420,877)	(58,029)	7,704	286	(470,916)
Total	\$ 516,104	\$ 82,837	\$ 21,034	(\$ 1,882)	\$ 618,093

Note: Including the impact of exchange rate.

- D. As of December 31, 2022, the Yuanta Savings Bank (Philippines)'s unused loss deduction was \$145,952. The validity period for the loss deduction pursuant to local regulations was before 2027.
- E. As of December 31, 2022, Yuanta Savings Bank (Korea)'s unused loss carry forward was \$61,020. The validity period for the loss carry forward pursuant to local regulations was before 2026.
- F. The Bank's income tax returns through 2017 has been assessed and approved by Tax Authority.
- G. Yuanta International Leasing's income tax returns through 2020 has been assessed and approved by the Tax Authority.

(40) Earnings per share

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

	<u>For the years ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic and Diluted earnings per share</u>			
Profit attributable to the parent	<u>\$ 7,288,388</u>	7,394,039	<u>\$ 0.99</u>

	<u>For the years ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic and Diluted earnings per share</u>			
Profit attributable to the parent	<u>\$ 8,021,862</u>	7,394,039	<u>\$ 1.08</u>

7. Related party transactions

(1) Parent and ultimate controlling party

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

(2) Names and relationship of related parties

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

Names of related parties	Relationship with the Bank
Yuanta Asia Investment Limited ("Yuanta Asia Investment")	Affiliated company in the same group
Yuanta Securities Hong Kong Co., Ltd. ("Yuanta Securities (Hong Kong)")	Affiliated company in the same group
Yuanta Securities Korea Co., Ltd. ("Yuanta Securities (Korea)")	Affiliated company in the same group
Yuanta Construction Development Co., Ltd. ("Yuanta Construction Development")	Related party in substance
Yuanta Cultural & Education Foundation	Related party in substance
Polaris Research Institute ("Polaris Research")	Related party in substance
Greatness Trading Co., Ltd.	Related party in substance
Others	The Consolidated Company's affiliated companies and directors, supervisors and managers, and their relatives

(3) Significant transactions and balances with related parties

A. Deposit

December 31, 2022			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 98,990,338	6.65	0.00~6.44
December 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 112,068,782	7.62	0.00~5.80

Apart from an interest rate limit on staff demand savings deposits of 5.80%~6.44% and 5.80% for the years ended December 31, 2022 and 2021, respectively. The range of interest rate on other related parties' demand savings deposits were 0.00% ~5.82% and 0.00%~3.00%, respectively. The interest rates and other terms provided to the above related parties were the same as those offered to the general public.

For the years ended December 31, 2022 and 2021, interest expense on the above deposits were \$657,174 and \$170,988, respectively.

B. Loans

December 31, 2022

Unit : Thousands of New Taiwan Dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	352	\$ 139,870	\$ 65,334	\$ 65,334	\$ -	Small and Medium Business Guarantee Foundation, movables, deposits and credit loans	None
Home mortgage loans	525	4,852,383	3,913,037	3,913,037	-	Real estate	None
	Yuanta Securities	1,450,000	-	-	-	Real estate	None
	Greatness Trading Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
Other loans	98	412,338	267,757	267,757	-	Deposits, stocks, real estate and policy	None
Total			\$ 4,266,128	\$ 4,266,128	\$ -		

December 31, 2021

Unit : Thousands of New Taiwan Dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	332	\$ 118,138	\$ 60,243	\$ 60,243	\$ -	Small and Medium Business Guarantee Foundation, real estate, movables, deposits and credit loans	None
Home mortgage loans	524	4,598,237	3,628,465	3,628,465	-	Real estate	None
	Yuanta Securities	24,105	-	-	-	Real estate	None
Other loans	91	372,879	228,404	228,404	-	Deposits, stocks, real estate, Beneficial Rights of Specific Money Trust and policy	None
Total			\$ 3,917,112	\$ 3,917,112	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.89%~1.90% and 1.20%, The range of interest rates on the remaining loans were both 0.00% ~6.97% and 0.00%~6.42% for the years ended December 31, 2022 and 2021, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2022 and 2021, interest income resulting from the above loans amounted to \$64,246 and \$53,431, respectively.

C. Service fee and commission income

Names of related parties	For the years ended December 31,	
	2022	2021
Parent company:		
Yuanta Financial Holdings	\$ 527	\$ 443
Fellow subsidiary:		
Yuanta Life Insurance	1,093,739	897,173
Yuanta Securities Investment Trust	64,768	37,163
Yuanta Securities(Hong Kong)	50,165	7,595
Yuanta Securities	21,517	10,457
Yuanta Futures	208	297
Yuanta Securities Investment Consulting	1	1
Yuanta Asia Investment	-	64
Total	<u>\$ 1,230,925</u>	<u>\$ 953,193</u>

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

Names of related parties	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life Insurance	\$ 56,052	\$ 58,657
Yuanta Securities Investment Trust	8,510	3,334
Yuanta Securities (Hong Kong)	1,592	82
Yuanta Securities	33	-
Total	<u>\$ 66,187</u>	<u>\$ 62,073</u>

D. Rental revenue

<u>Names of related parties</u>	<u>Purpose</u>	<u>For the years ended December 31,</u>	
		<u>2022</u>	<u>2021</u>
Parent company:			
Yuanta Financial Holdings	Office rental/ Parking lot rental	\$ 9,608	\$ 7,126
Fellow subsidiary:			
Yuanta Securities	Office rental/ Venue rental	7,778	7,504
Yuanta Futures	Office rental/ Parking lot rental	2,427	2,211
Yuanta Life Insurance	Office rental	134	144
Other related parties:			
Yuanta Construction Development	Venue rental	122	30
Total		<u>\$ 20,069</u>	<u>\$ 17,015</u>

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

<u>Names of related parties</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Parent company:		
Yuanta Financial Holdings	\$ 1,723	\$ 1,193
Fellow subsidiary:		
Yuanta Securities	1,352	1,249
Yuanta Futures	404	404
Yuanta Life Insurance	21	24
Total	<u>\$ 3,500</u>	<u>\$ 2,870</u>

E. Rent expense

<u>Names of related parties</u>	<u>Purpose</u>	<u>For the years ended December 31,</u>	
		<u>2022</u>	<u>2021</u>
Fellow subsidiary:			
Yuanta Securities	Office rental/ Venue rental	\$ 197,117	\$ 206,530
Yuanta Life Insurance	Office rental	19	18
Yuanta Securities Finance	Office rental	5	5
Total		<u>\$ 197,141</u>	<u>\$ 206,553</u>

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

Names of related parties	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Securities	\$ 5,001	\$ 5,407
Yuanta Life Insurance	2,399	2,399
Yuanta Securities Finance	633	633
Total	\$ 8,033	\$ 8,439

F. Donations

Names of related parties	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Cultural & Education Foundation	\$ 18,400	\$ 23,200
Polaris Research	7,270	6,090
Total	\$ 25,670	\$ 29,290

G. Consulting fee

Names of related parties	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Securities Investment Consulting	\$ 30,000	\$ 15,960
Yuanta Securities	700	2,250
Total	\$ 30,700	\$ 18,210

H. Commission expense

Names of related parties	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Securities	\$ 42,981	\$ 52,921

I. Current income tax assets/ liabilities

Names of related parties	December 31, 2022	December 31, 2021
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax refundable	\$ 99,119	\$ 99,119
Consolidated income tax payables	\$ 351,059	\$ 625,763

J. Leasing arrangements – lessee

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

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

Names of related parties	December 31, 2022	December 31, 2021
	Right-of-use assets	Right-of-use assets
Fellow subsidiary:		
Yuanta Securities	\$ 42,550	\$ 51,179
Yuanta Life Insurance	37,236	50,323
Yuanta Securities Finance	-	2,501
Total:	<u>\$ 79,786</u>	<u>\$ 104,003</u>
	For the years ended December 31,	
	2022	2021
Names of related parties	Depreciation expense	Depreciation expense
Fellow subsidiary:		
Yuanta Securities	\$ 27,049	\$ 26,727
Yuanta Life Insurance	13,087	12,852
Yuanta Securities Finance	2,501	2,501
Total	<u>\$ 42,637</u>	<u>\$ 42,080</u>

A. The Consolidated Company acquires right-of-use assets from Yuanta Securities for \$18,420 and \$34,446 for the years ended December 31, 2022 and 2021, respectively.

B. The Consolidated Company acquired right-of-use assets from Yuanta Life Insurance for \$0 and \$10,296 for the years ended December 31, 2022 and 2021, respectively.

C. The Consolidated Company had a lease modification from Yuanta Life Insurance, gains from lease modification was \$0 and \$288 for the years ended December 31, 2022 and 2021, respectively.

D. The Consolidated Company had a lease modification from Yuanta Securities, losses from lease modification was \$0 and \$26 for the years ended December 31, 2022 and 2021, respectively.

(C) Lease liabilities

Names of related parties	December 31, 2022	December 31, 2021
	Lease liabilities	Lease liabilities
Fellow subsidiary:		
Yuanta Securities	\$ 41,480	\$ 50,728
Yuanta Life Insurance	40,413	54,497
Yuanta Securities Finance	-	2,521
Total	<u>\$ 81,893</u>	<u>\$ 107,746</u>
	For the years ended December 31,	
	2022	2021
Names of related parties	Interest expense	Interest expense
Fellow subsidiary:		
Yuanta Life Insurance	\$ 309	\$ 394
Yuanta Securities	299	304
Yuanta Securities Finance	9	30
Total	<u>\$ 617</u>	<u>\$ 728</u>

K. Property transactions

- (A) The details of the Consolidated Company's outright purchase and sale transactions with affiliates in the open market were as follows:

<u>Name of related parties</u>	<u>Type</u>	<u>For the years ended December 31, 2021</u>	
		<u>Purchase Price</u>	<u>Selling Price</u>
Fellow subsidiary:			
Yuanta Securities	Bonds	\$ <u>199,208</u>	\$ <u>-</u>

- (B) The details of the Consolidated Company's futures transactions with affiliates in the open market were as follows:

<u>Name of related parties</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Futures		
Futures trading guarantees	\$ <u>105,310</u>	\$ <u>84,468</u>

Interest revenue and service charges for trading of futures are as follows:

<u>Name of related parties</u>	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary:		
Yuanta Futures		
Interest income	\$ <u>100</u>	\$ <u>2</u>
Service fee expense	\$ <u>725</u>	\$ <u>535</u>

- (C) For the years ended December 31, 2022 and 2021, the Consolidated Company purchased transportation equipment from Yuanta Financial Holding for \$0 and \$1,100, respectively.
- (D) For the years ended December 31, 2022 and 2021, the Consolidated Company sold transportation equipment to Yuanta Securities, the disposal price were \$0 and \$720, and gains on disposal were \$0 and \$116, respectively.
- (E) For the years ended December 31, 2022 and 2021, the Consolidated Company sold transportation equipment to Yuanta Life Insurance, the disposal price were \$0 and \$1,200, respectively, and gains on disposal were \$0 and \$280, respectively.
- (F) For the years ended December 31, 2022 and 2021, the Consolidated Company sold office equipment to Yuanta Life Insurance, the disposal price were \$0 and \$339, respectively, and gains on disposal were \$0 and \$275, respectively.

L. Others

Name of related parties	December 31, 2022	December 31, 2021
Receivables -Yuanta Securities Finance	\$ 24	\$ -
Receivables -Yuanta Financial Holdings	19	-
Receivables -Yuanta Asset Management	2	-
Receivables - Yuanta Life Insurance	-	1,200
Receivables -Yuanta Securities	-	63
Other financial assets - Yuanta Securities (Korea)	4,871	4,658
Other assets - Yuanta Life Insurance	14,524	14,832
Payables - Yuanta Securities	26,403	32,293
Payables - Yuanta Financial Holdings	1,941	1,257

Name of related parties	For the years ended December 31,	
	2022	2021
Interest revenues - Yuanta Securities (Korea)	\$ 6	\$ 5
Interest revenues - Yuanta Securities	5	-
Miscellaneous revenues - Yuanta Securities	164	164
Miscellaneous revenues - Yuanta Futures	164	164
Miscellaneous expenses - Yuanta Securities	137	-
Operating expenses - Yuanta Life Insurance	27,739	26,504
Operating expenses - Yuanta Asset Management	27,036	26,534
Operating expenses - Yuanta Securities	1,444	1,374

For the year ended December 31, 2022, Yuanta Securities purchased first series of general financial debentures in 2022 for \$1,400,000 which was issued by the Bank.

For the year ended December 31, 2021, Yuanta Securities purchased first series of subordinate financial debentures in 2021 for \$4,500,000 which was issued by the Bank.

Yuanta Life Insurance entrusted the Bank to serve as the custody institution of discretionary investment-linked insurance. The custody institution's compensation for the commissioned services for the years ended December 31, 2022 and 2021 amounted to \$29,583 and \$17,729, respectively.

(4) Information on remunerations to the key management

	For the years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 1,041,034	\$ 1,008,532
Post-employment benefits	26,391	25,432
Termination benefits	682	688
Total	\$ 1,068,107	\$ 1,034,652

8. Pledged assets

As of December 31, 2022 and 2021, the Consolidated Company's assets pledged as collateral are as follows:

Items	December 31, 2022	Purpose of pledge
<u>Investments in debt</u>		
<u>instruments at amortised cost</u>		
- Negotiable certificates of deposit of Central Bank	\$ 10,000,000	Foreign currency clearing overdraft guarantee
- Government bonds	286,767	Collateral for provisional seizure
- Government bonds	182,600	Trust fund reserve
- Government bonds	108,092	OTC EBTS for bond settlement reserves
- Government bonds	59,450	Operating guarantee deposits for securities
- Government bonds	54,046	Deposit guarantees of bills merchants
- Government bonds	54,046	Settlement reserves for Taiwan Futures Exchange
- Government bonds	5,837	VISA International card payment reserves
<u>Due from Central Bank and call loans to other banks</u>	121,770	Operating guarantee deposits
Items	December 31, 2021	Purpose of pledge
<u>Investments in debt</u>		
<u>instruments at amortised cost</u>		
- Negotiable certificates of deposit of Central Bank	\$ 10,000,000	Foreign currency clearing overdraft guarantee
- Time deposits	651,885	Foreign currency clearing overdraft guarantee
- Government bonds	463,301	Collateral for provisional seizure
- Government bonds	183,796	Trust fund reserve
- Government bonds	108,807	OTC EBTS for bond settlement reserves
- Government bonds	59,844	Operating guarantee deposits for securities
- Government bonds	54,404	Deposit guarantees of bills merchants
- Government bonds	5,223	VISA International card payment reserves
<u>Due from Central Bank and call loans to other banks</u>	116,460	Operating guarantee deposits

9. Significant contingent liabilities and unrecognized contract commitments

(1) Commitments

As of December 31, 2022 and 2021, capital expenditures contracted for at the balance sheet date but not yet incurred were \$2,410,054 and \$3,346,740, respectively.

(2) Litigation case

Yuanta Savings Bank (Korea) exercised its pledge right to acquire a 33.3% interest equity of Pentagon City under a credit loan extended by Yuanta Savings Bank (Korea) to Pentagon City from 2006 to 2008. In September 2008, Pentagon City implemented a capital reduction on shares originally held by Yuanta Savings Bank (Korea) and another shareholder under which Pentagon City returned cash of ₩28 billion to Yuanta Savings Bank (Korea). Pentagon City claimed that Yuanta Savings Bank (Korea) breached the 10% holding limit for an unlisted company imposed by law with respect to Savings Banks, and thus claimed Yuanta Savings Bank (Korea) should return ₩19,599,160 thousand as unjustly received benefit, which represents consideration of shares above the 10% holding limit.

On June 20, 2019, the Seoul District Court as the first instance court has ruled in favor of the Yuanta Savings Bank (Korea), and Pentagon City disagreed with the ruling and filed an appeal on July 8, 2019. The Seoul Korean High Court as the second instance court has ruled in favor of the Yuanta Savings Bank (Korea) on November 3, 2020, and Pentagon City disagreed with the ruling and filed an appeal on November 18, 2020. As of December 31, 2022, the case is still under the review of the Supreme Court of South Korea. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Saving Bank (Korea) and Yuanta Bank as of December 31, 2022.

(3) Others

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Irrevocable loan commitments	\$ 17,517,117	\$ 22,005,017
Unused credit commitments on credit cards	121,431,714	120,652,007
Unused letters of credit balance	2,378,257	2,495,253
Other guarantees	9,236,552	10,180,354
Consignment collection for others	14,667,670	15,679,854
Trust assets	240,854,720	206,539,431
Agent for government bonds	117,452,000	113,609,500
Items under custody	61,309,258	68,681,307
Commitment of securities under repurchase agreements	36,901,844	2,769,778
Commitment of securities under resale agreements	33,356,020	4,270,966

10. Significant losses from disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Fair value information of financial instruments

A. Outline

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

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

(A) Level 1

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

(B) Level 2

Inputs other than quoted prices in active markets, are those observable price, either directly (that is, as prices) or indirectly (that is, derived from prices) in active market. Investment of the Consolidated Company such as non-popular government bonds, corporate bonds, financial bonds, convertible corporate bonds and most derivatives are all classified within Level 2.

(C) Level 3

Inputs used to measure fair values that are not data obtainable in the market or counterparty quotes. A portion of the Consolidated Company's investments in financial assets at fair value through other comprehensive income are considered as such.

(2) Financial instruments measured at fair value

A. Hierarchy of fair value estimation of financial instruments:

<u>Recurring fair value measurements</u>	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Equity investments	\$ 1,904,076	\$ 1,904,076	\$ -	\$ -
Debt investments	82,662,542	8,098,724	74,538,396	25,422
Financial assets at fair value through other comprehensive income				
Equity investments	18,074,961	12,214,570	-	5,860,391
Debt investments	197,213,156	87,762,791	109,450,365	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 4,646,487	\$ 1,901	\$ 4,644,586	\$ -
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 3,811,451	\$ -	\$ 3,811,451	\$ -
<u>Recurring fair value measurements</u>	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Equity investments	\$ 2,396,630	\$ 2,396,630	\$ -	\$ -
Debt investments	157,844,325	23,431,872	134,388,079	24,374
Financial assets at fair value through other comprehensive income				
Equity investments	15,508,330	11,196,871	-	4,311,459
Debt investments	197,322,564	84,480,476	112,842,088	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 1,650,586	\$ 9,777	\$ 1,640,809	\$ -
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 2,169,051	\$ 787	\$ 2,168,264	\$ -

B. Valuation technique of fair value

- (A) If the quoted market price of a financial instrument is available in an active market, the quoted price is the fair value. Market prices bulletined by major SEC and OTC, where high volume of central government bonds are traded, are the foundation of debt instruments' fair value of quoted market price in an active market and listed equity instruments.
- (B) If the market quotation from Stock Exchange Corporation, Reuters, Bloomberg information, commission merchants, or competent authorities can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market. If the above condition cannot be met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price, significantly increasing price variance or extremely low trading volume are all indicators of an inactive market.
- (C) If the financial instruments held by the Consolidated Company have an active market, the fair values by classification and nature are as follows:
 - a. NTD Central Government Bond: the yield rates across different contract length bulletined by Over-The-Counter (hereinafter OTC) are used.
 - b. NTD local government bonds, corporate bonds and financial bonds: the yield rates across different contract length bulletined by OTC are adopted.
 - c. Foreign government bonds, financial bonds and corporate bonds: the quotations from Bloomberg information or OTC are adopted.
 - d. Listed stocks (TSE and OTC), ETF and REITs: The closing price on the date that the stock, ETF or REITs being listed in TSE or OTC for the first time or the prior transaction price is adopted.
 - e. Domestic convertible corporate bonds: reference prices for the next day bulletined by the TSE are adopted as valuation standard.
 - f. Domestic and overseas funds: the net fund values announced by the investment trust are adopted.
 - g. Overseas convertible bond: quotations from Bloomberg are adopted.
- (D) If the financial instruments held by the Consolidated Company have no active market, the fair values by classification and nature are as follows:
 - a. NTD Central Government Bond: Bonds with lower trading volume adopt the theory price of fair value bulletined by OTC.
 - b. NTD local government bonds, corporate bonds, financial debentures and beneficiary securities: For bonds with lower trading volume, theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.
 - c. NTD negotiable certificates of deposit, short-term commercial papers and treasury bills: TAIBIRO2 rate provided by Taiwan Depository Clearing Corporation is referenced to discount future cash flow and calculate the present value of valuation.
 - d. Foreign financial debentures, corporate bonds, negotiable certificates of deposit and securitized instruments: When public quotes are not obtainable through the market, appropriate interest models are elected to measure value or quotes provided by counterparties are adopted as the valuation basis.

- e. Interest rate structured instruments and equity structured instruments: Interest valuation techniques elect valuation models for options to obtain reasonable theoretical prices.
- f. Derivatives trading:
 - (a) Foreign exchange forward contract, currency swaps, interest rate swaps and cross currency swaps: quoted priced of Reuters on Bloomberg information is referenced and used to discount future cash flow.
 - (b) Options: Black-Scholes, Vanna-Volga, Local Volatility or stochastic volatility models are mainly adopted for valuation, and the quoted prices of Reuters are referenced.
 - (c) Foreign structured instruments: The quoted prices of Reuters are mainly referenced. Multi-factor models are adopted for valuation.
- g. Unlisted stocks: The fair values of the company's held unlisted stocks without an active market are measured by electing the market approach, income approach or replacement cost method.
- h. Private REITs: The fair value of REITs is estimated by considering the market value of collateral and reflecting various cash flows, including lease income, fees, and income distribution.

C. Fair value adjustment

(A) Valuation model limit and uncertain inputs

The outputs of the valuation model are estimates and the valuation techniques may not reflect all relevant factors of the Consolidated Company's financial instruments. Thus, the estimates of the valuation model are adjusted in accordance with extra inputs, i.e. model risk or liquidity risks. Under management policy for fair value valuation model and related control procedures, management believes valuation adjustment is necessary in order to present the fair value of financial instruments in the consolidated balance sheets fairly. The price information and inputs used in the valuation are carefully assessed and adjusted based on current market conditions.

(B) Credit risk valuation adjustment

The credit risk valuation adjustment is included in the computation of fair value of financial instruments in order to reflect counterparty's credit risk and the Consolidated Company's credit quality.

D. Transfer between Level 1 and Level 2

As of December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2.

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, 2022						
	Gain and loss on valuation			Addition		Reduction	
	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3
Financial assets at fair value through profit or loss	\$ 24,374	(\$ 60)	\$ 1,108	\$ -	\$ -	\$ -	\$ -
Financial assets at fair value through other comprehensive income	4,311,459	-	1,579,588	-	-	30,656	-
Total	<u>\$ 4,335,833</u>	<u>(\$ 60)</u>	<u>\$ 1,580,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,656</u>	<u>\$ -</u>

For the year ended December 31, 2021

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	Sold, disposed or settled	Transferred from Level 3
Financial assets at fair value through profit or loss (Note)	\$ -	\$ 1,139	(\$ 1,268)	\$ 24,503	\$ -	\$ -	\$ -
Financial assets at fair value through other comprehensive income	3,889,246	-	399,022	27,728	-	4,537	-
Total	<u>\$ 3,889,246</u>	<u>\$ 1,139</u>	<u>\$ 397,754</u>	<u>\$ 52,231</u>	<u>\$ -</u>	<u>\$ 4,537</u>	<u>\$ -</u>

Note: The cost of the financial asset was KRW1,000,000 thousand, the Consolidated Company used the exchange rate of 1 KRW to 0.024503 NTD.

In relation to the above, valuation gains and losses are recognized in gain and loss during the period. As of December 31, 2022 and 2021, the losses and gains on assets was \$60 and \$1,139, respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. As of December 31, 2022 and 2021, the gains on assets were \$1,577,097 and \$397,751, respectively.

(B) Movements of financial liabilities classified into Level 3 of fair value are as follows:

There were no financial liabilities classified into Level 3 of fair value for the years ended December 31, 2022 and 2021.

F. Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value. (Quotes provided by counterparties are excluded)

The fair value measurement that the Consolidated Company made onto the financial instruments is deemed reasonable; however, different valuation model or input could result in different valuation result. Specifically, if the valuation input discount for marketability of financial instrument classified in Level 3 moves upward or downward by 1%, the effects on other comprehensive income in the period are as follow:

	Change in fair value recognized in other comprehensive income	
	Favorable movements	Unfavorable movements
<u>December 31, 2022</u>		
<u>Assets</u>		
Financial assets at fair value through other comprehensive income	\$ 22,832	(\$ 22,832)
<u>December 31, 2021</u>		
<u>Assets</u>		
Financial assets at fair value through other comprehensive income	\$ 15,747	(\$ 15,747)

Favorable and unfavorable movements of the Consolidated Company refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the non-observable inputs to different extent.

G. Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The Consolidated Company's fair value measurements that are classified as Level 3 primarily include financial assets at fair value through other comprehensive income - stock investments. Most of the Consolidated Company's fair values that are classified as Level 3 have recurring significant unobservable inputs. Quantitative information on significant unobservable inputs is as follows:

Recurring fair value measurements	Fair value on December 31, 2022	Valuation technique	Significant unobservable input	Range (Weight average)	The relationship between unobservable input and Fair value
Financial assets at fair value through other comprehensive income					
Stock investments	\$ 5,859,937	Market method	Discount for marketability	≤40%	Discount for marketability higher, the fair value lower.

Recurring fair value measurements	Fair value on December 31, 2021	Valuation technique	Significant unobservable input	Range (Weight average)	The relationship between unobservable input and Fair value
Financial assets at fair value through other comprehensive income					
Stock investments	\$ 4,311,025	Market method	Discount for marketability	≤40%	Discount for marketability higher, the fair value lower.

H. Valuation procedure of financial instruments classified into Level 3

Other than quotes provided by counterparties, the parent company's risk management department is responsible for verifying the fair value of financial instruments that are classified as Level 3. The risk management department assesses the independency, reliability, consistency and representativeness of sources and periodically inspects valuation models and valuation inputs for verification to ensure that valuation procedure and results adhere to IAS requirements.

(3) Financial instruments not measured at fair value

A. Fair value information:

Except for those listed in the table below, the carrying amounts of the Consolidated Company's financial instruments not measured at fair value are approximate to their fair values.

Items	December 31, 2022	
	Book value	Fair value
<u>Financial assets</u>		
Investments in debt instruments at amortised cost (Note)	\$ 82,090,623	\$ 81,052,151
<u>Financial liabilities</u>		
Financial debentures payable	28,700,000	28,432,120
Items	December 31, 2021	
	Book value	Fair value
<u>Financial assets</u>		
Investments in debt instruments at amortised cost (Note)	\$ 69,199,390	\$ 73,394,155
<u>Financial liabilities</u>		
Financial debentures payable	22,200,000	22,895,817

Note: The government bonds, corporate bonds, and financial bonds which are classified as investments in debt instruments at amortised cost.

B. Hierarchy of fair value estimation of financial instruments:

Items	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortised cost (Note)	\$ 81,052,151	\$ 6,383,760	\$ 74,653,461	\$ 14,930
<u>Financial liabilities</u>				
Financial debentures payable	28,432,120	-	28,432,120	-
Item	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortised cost (Note)	\$ 73,394,155	\$ 2,905,700	\$ 70,467,610	\$ 20,845
<u>Financial liabilities</u>				
Financial debentures payable	22,895,817	-	22,895,817	-

Note: The government bonds, corporate bonds, and financial bonds which are classified as investments in debt instruments at amortised cost.

C. Valuation technique

The assumptions and methods used to estimate the financial instruments not measured by fair value:

- (A) The financial instruments such as cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreements, receivables- net, other financial assets- net, refundable deposits, deposits from Central Bank and other banks, payables, and deposits received. As the short maturities or future payment or receipt is close to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.
- (B) Bills discounted and loans: The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.
- (C) Investments in debt instruments at amortised cost: NTD Central Government bonds elect bond yields or theoretical prices bulletined by the Taipei Exchange; government bonds, corporate bonds and financial debentures primarily elect quotes from Bloomberg. If there are no market prices available for reference, then estimates from valuation methods are elected.
- (D) Deposits and remittances: As the carrying amount is close to the fair value, the carrying amount is used to estimate the fair value.
- (E) Financial debentures payable: Theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.

(4) Management objective and policy for financial risk

The Consolidated Company engages in risk management under the principles of not only serving customers but also conforming to the Consolidated Company's operational goals, overall risk tolerance limits, and legal compliance to achieve risk diversification, risk transfer, and risk avoidance, and to create a trilateral win for all customers, shareholders, and employees. The Consolidated Company is mainly exposed to credit risk, market risk (including the interest rate, foreign exchange rate, equity securities, and commodity risks), and liquidity risk on or off balance sheets.

The Consolidated Company has established written risk management policies and guidelines which have been approved by the Board of Directors or senior management in order to identify, measure, monitor and control credit risk, market risk, and liquidity risk.

A. Risk Management Framework:

Ultimate responsibility for the effective management of risk rests with the Board. In order to achieve the Consolidated Company's overall risk management goals, the Board of Directors is in charge of reviewing risk management policies and related procedures, as well as monitoring the effectiveness of risk management systems. The Board delegates authority for monitoring the control of risks to the Audit Committee. The Risk Management Committee is responsible for risk management reporting, discussion of issues and the integration and execution of policies. The chief executive officer delegates authority to the Credit Evaluation Committee, the Human Resource Evaluation Committee, the Assets and Liabilities Management Committee, the Non-Performing Loan Management Committee, the Financial Product Evaluation Committee, and the New Product Evaluation Committee. The President holds regular or ad hoc meetings with relevant committees to discuss issues regarding risk management; moreover, an emergency response team has been established, so that the Bank, when faced with crises or extraordinary events, is able to take timely and effective actions to prevent further damage, to mitigate risks, and to stay functional.

B. Credit risk

(A) Source and definition of credit risk

Credit risk is the potential loss due to a failure of a counterparty to meet its obligations to pay the Consolidated Company in accordance with the agreed terms. Credit risk may happen due to accounts on and off the balance sheet. For accounts on the balance sheet, credit risk exposure of the Consolidated Company mainly comprises of bills discounted, loans, credit card business, debt instruments, derivatives and call loans from banks, etc. Off balance sheet accounts include financial guarantees, acceptance bills, letters of credit and loan commitments that could give rise to credit risk exposure to the Consolidated Company.

(B) Principle of credit risk management

The Bank has stipulated credit risk management guidelines where the framework of credit risk management is set out, and through the building and implementation of the management system, potential credit risk relating to businesses can be carefully assessed and signaled. The Bank has divided its services into consumer finance services and corporate finance services according to the nature of services. With an emphasis on segregation of duties whereby the credit investigation is performed independently from the credit review, risk management is effective. Detailed risk management information of corporate finance services, consumer finance services, and cross-services integration is set out as follows:

- a. Credit Risk Management for Corporate Finance Services: The Bank develops a credit rating model and a risk grading mechanism for loan applications, strengthens quantitative mechanisms for credit risk management, and effectively assesses the quality of credit assets and its fluctuation to secure credit assets. A credit client early warning system is established aimed at credit risk exposures from significantly unusual cases. And an information integration and communication mechanism are set to monitor the financial and operational positions of these clients, providing a timely knowledge of these clients' operations and credit status.
- b. Credit Risk Management for Consumer Finance Services: The Bank controls the credit risks through credit grading mechanisms, credit review and overdue management systems. With these systems in place, the Bank is able to strengthen controls over consumer finance, raise the bar on credit reviewing, strengthen controls over credit limits, enhance the quality of credit assets, and cut losses arising from credit risk.
- c. Cross-Services Integration of Risk Management: The Bank-wide and cross-services credit risk early warning system serves as a platform for operating units to check on the financial and operational positions of clients with lower credit ratings, and it is used as a reference for loan management. To effectively manage concentration risk, a Bank-wide large risk exposures guideline is set up.

(C) Credit Risk Mitigation Policies

To keep credit risk within the tolerable range, the Bank has set out a rule in its credit risk management guidelines that for the products provided and businesses conducted which includes all transactions arising from both banking and trading books, either on-balance or off-balance sheet, a detailed analysis should be carried out to identify any existing and potential credit risk; Before the introduction of new products or businesses, accompanying credit risk should be identified and examined in accordance with relevant guidelines. As for the more complex credit services, e.g. factoring, credit-linked derivatives, etc., tailored risk management mechanisms are incorporated into the relevant operating guidelines.

Procedures and methods used in credit risk management for the core businesses of the Consolidated Company are as follows:

- a. Credit business (including loan commitment and guarantees)

Details of credit assets classification and credit quality rating are set out as follows:

(a) Credit Assets Classification

Credit assets are classified into five types. Other than normal credit assets, which are classified as Category One, the remaining non-performing loans are assessed based on the collateral provided and the period of overdue payment as follows: Category Two for assets requiring special mention. Category Three for assets deemed recoverable. Category Four for assets whose recovery is doubtful. Category Five for assets which are not recoverable.

(b) Credit Quality Rating

In response to the characteristics and scale of business, the Consolidated Company sets up credit quality rating for risk management purposes (such as implementing internal evaluation model of credit risk, setting up credit rating table or other relevant regulations) and puts it into practice for risk management.

The Consolidated Company, using statistical methods and expert professional judgment, as well as the consideration of client information, developed a business credit rating model for the purpose of evaluating the credit risk of corporate clients. The model is regularly reviewed to check if the calculation result is consistent with the actual situation, and adjustment of various inputs is calibrated to optimize the calculation result.

Credit rating of corporate finance is categorized into 11 levels in normal and 1 level in default according to the risks assessment on each credit extension case. When a loan is granted, in addition to the credit quality of the client, fund purpose, and repayment source, the protection of claims and credit prediction should be considered, and credit risk by credit account and facility should also be respectively assessed and rated based on the corporate or consumer risk rating referencing standards.

Credit risk rating of consumer finance is categorized by client category, client profession, the rating of collateral threshold and credit loss.

The credit quality of borrowers can be divided into four grades as follows:

	Corporate finance	Consumer finance
Credit risk rating	Internal/External	Credit risk rating
Excellent	Level 1~6	Excellent
Acceptable	Level 7~8	Acceptable
Weak	Level 9~11	Weak
Credit Loss	D	Credit Loss

The Bank reassesses ratings for each client at least once a year. Moreover, to ensure the reasonableness of the design and the process of credit rating system, and that of the estimates of related risk factors, the Bank takes actual defaults into account and performs inspections and back testing on the credit rating model annually.

b. Due from and call loans to other banks

The Bank assesses the credit status of each counterparty before any transaction, and ratings assigned by domestic and foreign external ratings agencies are used in determining internal credit grades on which various credit risk exposure limits are set and then granted to different counterparties.

c. Debt instruments investment and derivatives

The risk management of the Bank's debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk.

Financial institutions with which the Bank conducts derivative transactions are mostly above investment grade and each year counterparty credit risk limits at different levels are submitted to the Board for approval. The limits are the basis for credit risk control. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives approved by general credit procedures to manage credit exposure of counterparties.

The Consolidated Company divides the credit quality of debt instruments investment and derivatives into three grades as follows:

- (a) Excellent: Exposure to instrument with a result of internal/ external credit rating level between 1 and 6.

(b) Acceptable: Exposure to instrument with a result of internal/ external credit rating level between 7 and 8.

(c) Weak: Exposure to instrument with a result of internal/ external credit rating level between 9 and 11.

(D) Expected credit losses calculation

Impairment assessment is based on the calculation of expected credit losses, taking into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, which is available without undue cost or effort, including forecastable information. The Consolidated Company determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognizes expected credit losses according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit-impaired (Stage 3). 12-month expected credit losses are recognized for assets in Stage 1, and lifetime expected credit losses are recognized for assets in Stage 2 and Stage 3.

The definition of expected credit losses recognized for each stage are as follows:

	Stage 1	Stage 2	Stage 3
Definition	Financial assets with no significant increase in credit risk since initial recognition or low credit risk on balance sheet date.	Financial assets with significant increase in credit risk since initial recognition.	Financial assets that became credit impaired after initial recognition.
Recognition of expected credit losses	12-month expected credit losses are recognized.	Lifetime expected credit losses are recognized.	Lifetime expected credit losses are recognized.

The Consolidated Company uses the following key judgements and assumptions when estimating expected credit losses in accordance with IFRS 9:

a. Determining whether there has been a significant increase in credit risk since initial recognition

At every balance sheet date, the Consolidated Company assesses the change in default risk over the lifetime of each financial asset to determine whether there has been a significant increase in credit risk since initial recognition.

(a) Credit business

The Consolidated Company considers reasonable and supportable information (including forecastable information) when determining whether there has been significant increase in credit risk. The main indicators taken into account are as follows:

- i. The borrower is over 30 days past due.
- ii. Significant deterioration in credit quality and placed on the Consolidated Company's warning list.
- iii. Deterioration in credit rating:

Credit rating: The Consolidated Company's internal credit rating of the asset is equivalent to a non-investment grade rating by an external agency, and the rating

has dropped by more than two scales since initial recognition.

iv. Records of bad credit are confirmed after assessment

(b) Investments in debt instruments

At the balance sheet date, a debt instrument is considered to have significant increase in credit risk when both the internal and external credit ratings of the credit reference subject are of non-investment grade and any one of the following conditions is met:

- i. The internal and external ratings of the credit reference subject have dropped by more than one scale since initial recognition.
- ii. The implied credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(c) Other financial assets

At the balance sheet date, other financial assets is determined to have significant increase in credit risk when the following condition is met:

- i. Refundable deposits: At the balance sheet date, the deposit has not been returned at maturity.
- ii. Call loans to banks and due from the Central Bank, banks overdrafts, bills and bonds with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Consolidated Company received the payment from counterparties is over the collection date, unless the contractual terms specify it.
- iii. Remaining receivables: At the balance sheet date the number of past-due days is over 30 days, or the number of past-due days is not over 30 days, but it meets the terms of default.

b. Definitions of financial assets in default and credit-impaired financial assets

According to the definition stated in IFRS 9, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(a) Credit business

- i. Principal or interest payments over 3 months (90 days) past due, or the bank has begun collection procedures or liquidation of collateral.
- ii. New payment schedule is negotiated so that loan is not classified as non-performing.
- iii. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).
- iv. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).
- v. Cases where the court has initiated reorganization or liquidation proceedings.
- vi. Declaration of bankruptcy in court.
- vii. Reclassified as non-accrual.
- viii. Special criterion for credit card products: credit card accounts closed by the issuer.

- ix. Debtor's loans from other banking institutions have been recognized as non-performing, and reclassified as non-accrual or written off as bad debt.
- x. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.
- xi. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with the Bankers Association Self-regulatory Rules for Debt Workouts.
- xii. Non-performing loans where a payment installment plan has been negotiated.
- xiii. Loans classified as "in default" according to the Consolidated Company's internal credit rating model.

(b) Investments in debt instruments

An investment in a debt instrument by the Consolidated Company is considered credit-impaired if any of the following conditions apply.

- i. Both internal and external credit ratings of the instrument are "in default."
- ii. Principal or interest payments are not made in accordance with the agreement.
- iii. Bankruptcy, reorganization, or other debt clearance proceedings has been filed.
- iv. Other breaches of contract by the debtor as assessed on a case-by-case basis.

(c) Other financial assets

- i. Refundable deposits: At the balance sheet date, the deposit has not been returned at maturity for over 30 days.
- ii. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills and bonds with a reverse repo, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Consolidated Company received the payment from counterparties is 30 days overdue from the collection date, unless the contractual terms specify it.
- iii. Remaining receivables: At the balance sheet date, the number of past-due days is over 90 days.

(d) Definition of default

When assessing whether the borrower is in default, the Consolidated Company selects among the multiple loans held by the borrower the one with the lowest credit quality. The borrower is considered in default if the principal and interest payments on this selected loan is over 90 days past due or if the selected loan is reclassified as non-accrual or bad debt during the observation period.

c. Write off policy

If any of the following conditions apply, the Consolidated Company writes off its non-performing and non-accrual loans as bad debt, less the estimated recoverable amount:

- (a) The loan cannot be fully or partially recovered due to the dissolution of, disappearance of, settlement with, or declaration of bankruptcy by the debtor.
- (b) The collateral and assets of the primary and secondary debtors cannot be used to recover the loan due to low appraisal value, liquidity preference, or high administrative costs associated with seizure and liquidation.
- (c) The collateral and assets of the primary and secondary debtors could not be auctioned off after multiple attempts.

- (d) The non-performing and non-accrual loans are two years past due, and could not be recovered from collection procedures.

d. Measurement of expected credit losses

The model of expected credit losses (ECL) is based on the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

(a) Credit business

i. Probability of default

The estimation of PD is based on the product type and internal credit ratings of the Consolidated Company, with the one-year PD and multi-year PD estimated separately.

- (i) One-year PD: Calculate the actual one-year PD from historical data and use it to estimate the one-year PD parameter.
- (ii) Multi-year PD: The multi-year PD is estimated using historical data on annual marginal default rates. Applying the multi-year PD to each loan requires selecting the corresponding lifetime. The lifetime of the loan is estimated based on the length of the remaining contract.

ii. Loss given default

Loans are grouped according to type (corporate or consumer) and whether they are secured with collateral, and the LGD of each group is calculated based on historical recovery experience.

iii. Exposure at default (EAD)

- (i) On balance sheet - Loans and loan receivables: calculated from credit balance
- (ii) Off balance sheet - Loan commitments and financial guarantees: off balance sheet figures multiplied by the credit conversion factor (CCF). The CCF is estimated according to the rules described in the "Calculation Method of Equity Capital and Risky Assets and Accompanying Forms - Credit Risk Standard Rules."

(b) Investments in debt instruments

- i. Probability of default: Calculated based on default rate tables published by external credit rating agencies, incorporating forecastable information.
- ii. Loss given default: Calculated based on the collateral and liquidity preference of the debt instrument, incorporating the average recovery rate disclosed by external credit rating agencies; or set in accordance with rules of the competent authority.
- iii. Exposure at default: Total carrying amount, including interest receivable. Total carrying amount is the amortised cost of the financial asset before any adjustment to the loss allowance.

(c) Other financial assets

- i. Probability of loss: Categorize the ending account balances of each year according to the stages they are in, then divide the impairment already recognized at the end of the period by the beginning balance.
- ii. Individual assessments for special cases with large balances may be considered.

e. Consideration of forward-looking information

The Consolidated Company incorporates forward-looking information when determining whether there has been a significant increase in credit risk since initial recognition and measuring expected credit losses.

(a) For determining significant increase in credit risk

- i. The Consolidated Company's credit approval process includes evaluation of forward-looking information such as business potential, financial condition, industry outlook, loan collateral, and ability to repay.
- ii. Identify customers with potential risk using the early warning list of the Consolidated Company. The early warning system of the Consolidated Company involves the assessment of the credit risk of the customer by reviewing the following five factors: management, financial statements, cash flows, source of repayment, and past performance.

(b) For measuring expected credit losses

At least reflected in the forward-looking adjustments of PD: In order to predict future probabilities of default, historical performances of PD, current trends in PD, the correlation between PD and macroeconomic factors, and other relevant information is considered by experts to give an overall assessment of forward-looking scenarios of PD. The PD parameters are then adjusted accordingly to produce the forecastable PD parameters.

(c) Other

Forecastable adjustments are not made if the results from such adjustments are not expected to differ significantly from the original results, assuming there are no significant changes in current economic conditions and the future macroeconomic environment. However, if significant changes in the future macroeconomic environment are predicted, the loss rates have to be adjusted accordingly, for example, adjusting the loss rate by a certain percentage according to expected changes in GDP.

(E) Hedging and mitigation of credit risk

a. Collateral

The Consolidated Company adopts a series of policies and measures to mitigate credit risk in relation to credit extension business. Amongst those, requesting borrowers to provide collateral is one of the most usual means. The Consolidated Company has specific criteria for acceptable collateral and collateral valuation, management and disposing procedures regarding the collateral valuation management, collateral assessment for credit facility in order to protect the credit right. Besides, protection of creditor's right, collateral terms and offsetting terms are all addressed in the credit extension contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, or various types of deposits can be used to offset its liabilities to mitigate credit risks.

Collateral for other non-credit extension business depends on the nature of financial asset.

b. Credit risk limit and credit risk concentration control

In avoidance of high risk concentration, the Bank has set up credit limits based on the industry, enterprise of group, country, pledged stocks for credit extension and monitored risk concentration of each asset. Through the system consolidation, single counterparty,

group's enterprises, industry, ultimate risk and various credit risk concentration can be monitored.

c. Net-settled general agreement

The transactions of the Consolidated Company are usually gross-settled. However, net-settled agreements are signed with certain counterparties to further mitigate credit risk in case of any default and all transactions shall be terminated with the counterparties and settled by net amount.

(F) Management procedures of overseas branches and subsidiary

Plan and establish all credit risk management processes of overseas subsidiaries, including formulating credit authorization procedures, establishing appropriate credit management, and periodically examining, reporting and improving asset quality etc., as well as establishing credit risk limits and managing the status of credit risk concentration in accordance with requirements of local governing authorities, operating scale, business characteristics etc., in order to establish a credit risk management culture for overseas subsidiaries and to facilitate the improvement of asset quality to adhere to the Bank's management requirements.

(G)The impact of COVID-19

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 2022 early, 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 Consolidated Company has continued to manage the sectors affected by country risk and industries. The review and analysis showed that the risk is still within tolerance. In addition, the government and the financial industry had already proposed countermeasures. It is not expected that the Consolidated Company's assets will be exposed to an increase in credit risk in 2022. The Consolidated Company will continually monitor the development of the pandemic, and assess and resolve the related impact on the financial condition and operating performance of the Consolidated Company.

(H)Maximum risk exposure of the Consolidated Company

- a. As of December 31, 2022 and 2021, the maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit strengthening instruments, is equivalent to the carrying amount. Please see Note 9(3) for the maximum credit risk exposure of the consolidated balance sheet.
- b. The management of the Consolidated Company believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Consolidated Company can be minimized and continuously controlled. The total carrying value of the Consolidated Company's financial assets with the maximum credit risk is as follows:

Bills discounted and loans (Note 1)

	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
December 31, 2022					
Credit ratings					
Internal ratings - excellent	\$ 703,270,016	\$ 1,192,067	\$ -	\$ -	\$ 704,462,083
Internal ratings - acceptable	235,930,076	1,278,592	-	-	237,208,668
Internal ratings - weak	45,050,252	1,400,174	-	-	46,450,426
Internal ratings - credit-loss	-	62,936	3,176,734	-	3,239,670
Total carrying amount	984,250,344	3,933,769	3,176,734	-	991,360,847
Allowance for bad debts	(1,606,608)	(405,688)	(1,527,921)	-	(3,540,217)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	9,878,100	(9,878,100)
Total	\$ 982,643,736	\$ 3,528,081	\$ 1,648,813	(\$ 9,878,100)	\$ 977,942,530

	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
December 31, 2021					
Credit ratings					
Internal ratings - excellent	\$ 585,055,169	\$ 545,945	\$ -	\$ -	\$ 585,601,114
Internal ratings - acceptable	237,964,622	2,091,994	-	-	240,056,616
Internal ratings - weak	46,104,703	484,891	-	-	46,589,594
Internal ratings - credit-loss	-	62,920	3,820,172	-	3,883,092
Total carrying amount	869,124,494	3,185,750	3,820,172	-	876,130,416
Allowance for bad debts	(1,559,856)	(368,726)	(2,157,221)	-	(4,085,803)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	8,250,919	(8,250,919)
Total	\$ 867,564,638	\$ 2,817,024	\$ 1,662,951	(\$ 8,250,919)	\$ 863,793,694

Receivables and Other financial assets (Note 1)

	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
December 31, 2022					
Credit ratings					
Internal ratings- excellent	\$ 15,933,791	\$ 18,381	\$ -	\$ -	\$ 15,952,172
Internal ratings- acceptable	949,796	21,903	-	-	971,699
Internal ratings- weak	873,064	152,506	-	-	1,025,570
Internal ratings- no rated	1,976,778	-	-	-	1,976,778
Internal ratings - credit-loss	-	-	720,852	-	720,852
Total carrying amount	19,733,429	192,790	720,852	-	20,647,071
Allowance for bad debts	(22,527)	(58,853)	(719,264)	-	(800,644)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	68,878	(68,878)
Total	\$ 19,710,902	\$ 133,937	\$ 1,588	(\$ 68,878)	\$ 19,777,549

December 31, 2021	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Credit ratings					
Internal ratings- excellent	\$ 14,247,973	\$ 17,366	\$ -	-	\$ 14,265,339
Internal ratings- acceptable	468,546	20,290	-	-	488,836
Internal ratings- weak	899,073	133,678	-	-	1,032,751
Internal ratings- no rated	2,050,383	-	-	-	2,050,383
Internal ratings - credit-loss	-	-	815,613	-	815,613
Total carrying amount	17,665,975	171,334	815,613	-	18,652,922
Allowance for bad debts	(15,323)	(55,636)	(813,433)	-	(884,392)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	83,684	(83,684)
Total	\$ 17,650,652	\$ 115,698	\$ 2,180	(\$ 83,684)	\$ 17,684,846

Note 1: On December 31, 2022 and 2021, amount of bills discounted and loans include interest receivables and advance were \$1,224,774 and \$710,651, respectively, and following bad debt allowance were \$18,267 and \$16,655, respectively.

Financial assets at fair value through other comprehensive income

December 31, 2022	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Credit ratings				
Internal ratings - excellent	\$ 210,942,866	\$ -	\$ -	\$ 210,942,866
Internal ratings - acceptable	795,706	-	-	795,706
Total carrying amount	211,738,572	-	-	211,738,572
Valuation adjustment	(14,525,416)	-	-	(14,525,416)
Total	\$ 197,213,156	\$ -	\$ -	\$ 197,213,156
December 31, 2021	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Credit ratings				
Internal ratings - excellent	\$ 198,320,056	\$ -	\$ -	\$ 198,320,056
Internal ratings - acceptable	807,661	-	-	807,661
Total carrying amount	199,127,717	-	-	199,127,717
Valuation adjustment	(1,805,153)	-	-	(1,805,153)
Total	\$ 197,322,564	\$ -	\$ -	\$ 197,322,564

Investments in debt instruments at amortised cost

	Stage 1	Stage 2	Stage 3	
	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses	credit losses	
December 31, 2022				
Credit ratings				
Internal ratings - excellent	\$ 254,722,857	\$ -	\$ -	\$ 254,722,857
Internal ratings - acceptable	142,914	-	-	142,914
Total carrying amount	254,865,771	-	-	254,865,771
Accumulated impairment	(148)	-	-	(148)
Total	<u>\$ 254,865,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,865,623</u>
	Stage 1	Stage 2	Stage 3	
	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses	credit losses	
December 31, 2021				
Credit ratings				
Internal ratings - excellent	\$ 266,805,508	\$ -	\$ -	\$ 266,805,508
Internal ratings - acceptable	90,921	-	-	90,921
Total carrying amount	266,896,429	-	-	266,896,429
Accumulated impairment	(154)	-	-	(154)
Total	<u>\$ 266,896,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,896,275</u>

The exposure at default of the Consolidated Company's off-balance sheet items (Please refer to Note 12(4)B for the calculation of the exposure at default) are as follows:

Off-balance sheet items

	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
December 31, 2022					
Credit ratings					
Internal ratings - excellent	\$ 25,865,948	\$ 11,185	\$ -	-	\$ 25,877,133
Internal ratings - acceptable	3,571,495	92,861	-	-	3,664,356
Internal ratings - weak	307,430	26,651	-	-	334,081
Internal ratings - credit-loss	-	-	105,637	-	105,637
Exposure at default	<u>\$ 29,744,873</u>	<u>\$ 130,697</u>	<u>\$ 105,637</u>	<u>\$ -</u>	<u>\$ 29,981,207</u>
Provisions for loss (Note 2)	(\$ 29,264)	(\$ 12,275)	(\$ 85,264)	\$ -	(\$ 126,803)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	88,037	(88,037)
Total	<u>(\$ 29,264)</u>	<u>(\$ 12,275)</u>	<u>(\$ 85,264)</u>	<u>\$ 88,037</u>	<u>(\$ 214,840)</u>

December 31, 2021	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings - excellent	\$ 26,725,693	\$ 11,126	\$ -	\$ -	\$ 26,736,819
Internal ratings - acceptable	5,809,343	38,530	-	-	5,847,873
Internal ratings - weak	746,029	24,205	-	-	770,234
Internal ratings - credit-loss	-	-	73,690	-	73,690
Exposure at default	<u>\$ 33,281,065</u>	<u>\$ 73,861</u>	<u>\$ 73,690</u>	<u>\$ -</u>	<u>\$ 33,428,616</u>
Provisions for loss (Note 2)	(\$ 39,146)	(\$ 11,888)	(\$ 58,566)	\$ -	(\$ 109,600)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	64,014	(64,014)
Total	<u>(\$ 39,146)</u>	<u>(\$ 11,888)</u>	<u>(\$ 58,566)</u>	<u>\$ 64,014</u>	<u>(\$ 173,614)</u>

Note 2: Including provisions for guarantee liabilities, loan commitments and letters of credit.

The financial impact related to maximum amount exposed to credit risk arises from collaterals pledged for assets on the consolidated balance sheets and items off the consolidated balance sheets and master netting arrangements. The table summarizes the relevant information:

December 31, 2022	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables			
- other	\$ 18,166	\$ -	\$ 18,166
Bills discounted and loans	731,753,219	-	731,753,219
Financial assets at fair value through profit or loss	1,122,407	1,863,544	2,985,951
<u>For off-balance sheet accounts</u>			
Irrevocable loan commitments	5,091,118	-	5,091,118
Unused letters of credit balance	102,140	-	102,140
Guarantees (including for non-performing loans)	2,848,121	-	2,848,121
December 31, 2021	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables			
- other	\$ 22,727	\$ -	\$ 22,727
Bills discounted and loans	701,837,022	-	701,837,022
Financial assets at fair value through profit or loss	190,680	820,329	1,011,009
<u>For off-balance sheet accounts</u>			
Irrevocable loan commitments	6,048,487	-	6,048,487
Unused letters of credit balance	88,207	-	88,207
Guarantees (including for non-performing loans)	4,063,835	-	4,063,835

Note: The value of collaterals, except for cash items, is at present value, the others are allocated based on amount of loans.

(I) Credit risk concentration

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or

other forces similar.

The credit risks of the Consolidated Company concentrate on-balance sheet accounts and off-balance sheet accounts that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including loans, placements and call loan to the banks, securities investment, receivables and derivatives. The Consolidated Company does not significantly carry out transactions with single client or single counterparty and the gross amount does not exceed 5% of balance of each component item. Information regarding bills discounted, loans and overdue accounts, and the credit risk concentration by industry, location and collateral are shown as follows:

a. Industry

Industry	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Privately owned businesses	\$ 438,340,787	44.27	\$ 364,752,564	41.67
Government-owned businesses	5,000,000	0.50	-	-
Non-profit organizations	1,805,719	0.18	1,281,732	0.15
Private individuals	537,484,372	54.29	505,253,868	57.71
Financial institutions	6,552,325	0.66	3,068,511	0.35
Others	952,870	0.10	1,063,090	0.12
Total	<u>\$ 990,136,073</u>	<u>100.00</u>	<u>\$ 875,419,765</u>	<u>100.00</u>

b. Geography location

Geography location	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Republic of China	\$ 933,992,836	94.33	\$ 814,831,258	93.08
Asia	48,498,316	4.90	52,730,042	6.02
Others	7,644,921	0.77	7,858,465	0.90
Total	<u>\$ 990,136,073</u>	<u>100.00</u>	<u>\$ 875,419,765</u>	<u>100.00</u>

c. Collateral

Collateral	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Non-guaranteed	\$ 258,382,854	26.10	\$ 173,582,743	19.83
Guaranteed				
- Stock collateral	26,340,244	2.66	25,055,788	2.86
- Bond collateral	9,506,027	0.96	7,419,211	0.85
- Real estate collateral	625,953,434	63.22	600,439,456	68.59
- Movable collateral	63,104,748	6.37	60,957,224	6.96
- Guarantee	3,053,866	0.31	5,415,661	0.62
- Others	3,794,900	0.38	2,549,682	0.29
Total	<u>\$ 990,136,073</u>	<u>100.00</u>	<u>\$ 875,419,765</u>	<u>100.00</u>

(J) Changes in the Consolidated Company's allowance for bad debts and accumulative impairment

a. Credit business

For the years ended December 31, 2022 and 2021, the reconciliation of the balance of allowance for bad debts is as follows:

(a) Bills discounted and loans

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation G Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2022	\$ 1,500,128	\$ 368,850	\$ 2,209,448	\$ 4,078,426	\$ 8,241,641	\$ 12,320,067
Beginning balances						
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	(4,177)	6,228	(2,051)	-	-	-
- Transferred to credit-impaired financial asset	(5,757)	(464)	6,221	-	-	-
- Transferred to 12-month expected credit losses	57,089	(4,087)	(53,002)	-	-	-
- Financial assets derecognized in the current period	(599,067)	(1,591)	(398,734)	(999,392)	(999,392)	(999,392)
Impairment allowance for purchased or originated financial asset	713,567	2,148	49,982	765,697	-	765,697
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	1,630,248	1,630,248
Write-off as bad debt	(28,239)	(6,585)	(131,353)	(166,177)	-	(166,177)
Change in exchange and others	(30,198)	41,101	(161,296)	(150,393)	-	(150,393)
Ending balances	\$ 1,603,346	\$ 405,600	\$ 1,519,215	\$ 3,528,161	\$ 9,871,889	\$ 13,400,050

For the year ended December 31, 2021	12-month expected credit losses		Lifetime expected credit losses		Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
	(Stage 1)	(Stage 2)	(Stage 3)				
Beginning balances	\$ 1,382,731	\$ 198,309	\$ 3,243,964	\$ 4,825,004	\$ 6,905,284	\$ 11,730,288	
Changes from financial instruments recognized at the beginning							
- Transferred to lifetime expected credit losses	(8,721)	11,516	(2,795)	-	-	-	
- Transferred to credit-impaired financial asset	(8,169)	(1,396)	9,565	-	-	-	
- Transferred to 12-month expected credit losses	101,438	(8,340)	(93,098)	-	-	-	
- Financial assets derecognized in the current period	(584,714)	(8,329)	(873,435)	(1,466,478)	-	(1,466,478)	
Impairment allowance for purchased or originated financial asset	774,584	5,628	29,066	809,278	-	809,278	
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	1,336,357	1,336,357	
Write-off as bad debt	(58,567)	(17,597)	(856,546)	(932,710)	-	(932,710)	
Change in exchange and others	(98,454)	189,059	752,727	843,332	-	843,332	
Ending balances	\$ 1,500,128	\$ 368,850	\$ 2,209,448	\$ 4,078,426	\$ 8,241,641	\$ 12,320,067	

For the years ended December 31, 2022 and 2021, significant changes in the total carrying amount that affected allowance for bad debts are as follows:

	12-month expected credit losses (stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
For the year ended December 31, 2022	\$ 868,433,472	\$ 3,177,169	\$ 3,809,124	\$ 875,419,765
Beginning balances				
Changes from financial instruments recognized at the beginning				
- Transferred to lifetime expected credit losses	(1,230,149)	1,243,452	(13,303)	-
- Transferred to credit-impaired financial asset	(487,884)	(24,546)	512,430	-
- Transferred to 12-month expected credit losses	522,166	(368,009)	(154,157)	-
- Financial assets derecognized in the current period	(290,152,489)	(747,953)	(718,575)	(291,619,017)
Purchased or originated financial asset	453,753,744	469,165	116,837	454,339,746
Write-off as bad debt	(28,239)	(6,586)	(131,353)	(166,178)
Change in exchange and others	(47,753,881)	176,056	(260,418)	(47,838,243)
Ending balances	\$ 983,056,740	\$ 3,918,748	\$ 3,160,585	\$ 990,136,073
For the year ended December 31, 2021				
Beginning balances	\$ 774,717,024	\$ 2,448,906	\$ 5,591,964	\$ 782,757,894
Changes from financial instruments recognized at the beginning				
- Transferred to lifetime expected credit losses	(2,136,906)	2,150,660	(13,754)	-
- Transferred to credit-impaired financial asset	(968,069)	(48,175)	1,016,244	-
- Transferred to 12-month expected credit losses	555,480	(296,521)	(258,959)	-
- Financial assets derecognized in the current period	(259,516,346)	(892,461)	(1,633,588)	(262,042,395)
Purchased or originated financial asset	400,805,829	68,659	80,748	400,955,236
Write-off as bad debt	(58,567)	(17,597)	(856,546)	(932,710)
Change in exchange and others	(44,964,973)	(236,302)	(116,985)	(45,318,260)
Ending balances	\$ 868,433,472	\$ 3,177,169	\$ 3,809,124	\$ 875,419,765

(b) Receivables and other financial assets

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2022						
Beginning balances	\$ 75,051	\$ 55,512	\$ 761,206	\$ 891,769	\$ 92,962	\$ 984,731
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	(86)	2,486	(2,400)	-	-	-
- Transferred to credit-impaired financial asset	(51)	(733)	784	-	-	-
- Transferred to 12-month expected credit losses	43,128	(26,552)	(16,576)	-	-	-
- Financial assets derecognized in the current period	(6,419)	(8)	(901)	(7,328)	-	(7,328)
Impairment allowance for purchased or originated financial asset	15,566	5,632	13,057	34,255	-	34,255
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(17,873)	(17,873)
Write-off as bad debt	(21,329)	(6,924)	(120,416)	(148,669)	-	(148,669)
Change in exchange and others	(80,071)	29,528	93,216	42,673	-	42,673
Ending balances	\$ 25,789	\$ 58,941	\$ 727,970	\$ 812,700	\$ 75,089	\$ 887,789

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2021						
Beginning balances	\$ 63,606	\$ 48,270	\$ 820,359	\$ 932,235	\$ 73,849	\$ 1,006,084
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	(100)	2,158	2,058	-	-	-
- Transferred to credit-impaired financial asset	(42)	(785)	827	-	-	-
- Transferred to 12-month expected credit losses	50,033	24,156	25,877	-	-	-
- Financial assets derecognized in the current period	(7,388)	(32)	(3,445)	(10,865)	(10,865)	(10,865)
Impairment allowance for purchased or originated financial asset	7,165	4,256	10,838	22,259	-	22,259
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	19,113	19,113
Write-off as bad debt	(27,318)	(11,227)	(32,983)	(71,528)	-	(71,528)
Change in exchange and others	(10,905)	37,028	(6,455)	19,668	-	19,668
Ending balances	\$ 75,051	\$ 55,512	\$ 761,206	\$ 891,769	\$ 92,962	\$ 984,731

For the years ended December 31, 2022 and 2021, there were no significant changes to allowance for bad debts for accounts receivable and other financial assets.

(c) Provisions for off-balance sheet items(Note)

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2022						
Beginning balances	\$ 39,146	\$ 11,888	\$ 58,566	\$ 109,600	\$ 64,014	\$ 173,614
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	(769)	805	36	-	-	-
- Transferred to credit-impaired financial asset	(115)	73	188	-	-	-
- Transferred to 12-month expected credit losses	8,159	7,893	266	-	-	-
- Financial assets derecognized in the current period	(15,315)	(1,725)	(19,859)	(36,899)	(36,899)	(36,899)
Impairment allowance for purchased or originated financial asset	10,213	487	18,905	29,605	-	29,605
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	24,023	24,023
Change in exchange and others	(12,055)	8,786	27,766	24,497	-	24,497
Ending balances	\$ 29,264	\$ 12,275	\$ 85,264	\$ 126,803	\$ 88,037	\$ 214,840

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
For the year ended December 31, 2021						
Beginning balances	\$ 53,504	\$ 10,835	\$ 56,344	\$ 120,683	\$ 74,526	\$ 195,209
Changes from financial instruments recognized 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 derecognized in the current period	(25,856)	(1,858)	(19,806)	(47,520)	(47,520)	(47,520)
Impairment allowance for purchased or originated financial asset	18,023	281	19,494	37,798	-	37,798
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	(10,512)	(10,512)
Change in exchange and others	(13,831)	9,563	2,907	(1,361)	-	(1,361)
Ending balances	\$ 39,146	\$ 11,888	\$ 58,566	\$ 109,600	\$ 64,014	\$ 173,614

Note: Including provisions for guarantee liabilities, loan commitments and letters of credit.

For the years ended December 31, 2022 and 2021, there were no significant changes to provisions for guarantee liabilities, loan commitments and letters of credit.

b. Bills and bonds investments

For the years ended December 31, 2022 and 2021, the reconciliation of the balance of accumulative impairment are as follows:

(a) Financial assets measured at fair value through other comprehensive income

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
For the year ended December 31, 2022	\$ 28,540	\$ -	\$ -	\$ 28,540
Beginning balances				
Changes from financial instruments recognized at the beginning				
- Financial assets derecognized in the current period	(5,352)	-	-	(5,352)
Impairment allowance for purchased or originated financial asset	5,225	-	-	5,225
Change in exchange and others	(1,152)	-	-	(1,152)
Ending balances	\$ 27,261	\$ -	\$ -	\$ 27,261
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)	Total
Beginning balances	\$ 23,544	\$ -	\$ -	\$ 23,544
Changes from financial instruments recognized at the beginning				
- Financial assets derecognized in the current period	(9,689)	-	-	(9,689)
Impairment allowance for purchased or originated financial asset	15,204	-	-	15,204
Change in exchange and others	(519)	-	-	(519)
Ending balances	\$ 28,540	\$ -	\$ -	\$ 28,540

(b) Investments in debt instruments at amortised cost

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
For the year ended December 31, 2022				
Beginning balances	\$ 154	\$ -	\$ -	\$ 154
Impairment allowance for purchased or originated financial asset	89	-	-	89
Change in exchange and others	(95)	-	-	(95)
Ending balances	\$ 148	\$ -	\$ -	\$ 148
For the year ended December 31, 2021				
Beginning balances	\$ 190	\$ -	\$ -	\$ 190
Change in exchange and others	(36)	-	-	(36)
Ending balances	\$ 154	\$ -	\$ -	\$ 154

For the years ended December 31, 2022 and 2021, there were no significant changes to bills and bonds investments.

(K) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Non-performing loans and non-performing loan asset quality

Month / Year	December 31, 2022						December 31, 2021					
	Business / Items	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for bad debts	Coverage ratio	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for bad debts	Coverage ratio	
Corporate banking	Secured loans	44,240	249,381,318	0.02%	3,348,360	7.568.63%	441,633	247,754,056	0.18%	3,298,612	746.91%	
	Unsecured loans	69,642	257,327,057	0.03%	3,783,660	5.433.01%	182,046	175,705,281	0.10%	3,123,289	1,715.66%	
Consumer banking	Residential mortgage loans	32,894	267,848,793	0.01%	4,016,169	12.209.43%	142,016	256,543,082	0.06%	3,854,972	2,714.46%	
	Cash card services	-	20,979	-	465	-	-	32,440	-	643	-	
Consumer banking	Small amount of credit loans	8,335	16,138,446	0.05%	179,089	2.148.64%	4,112	12,528,651	0.03%	136,289	3,314.42%	
	Others	63,644	195,324,184	0.03%	2,030,509	3.190.42%	95,825	179,590,545	0.05%	1,873,330	1,954.95%	
Gross loan business	Non-guaranteed	1,217	4,095,296	0.03%	41,798	3.434.51%	752	3,265,710	0.02%	32,932	4,379.26%	
		219,972	990,136,073	0.02%	13,400,050	6,091.71%	866,384	875,419,765	0.10%	12,320,067	1,422.01%	
		Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	
Credit card services		6,915	8,906,268	0.08%	109,709	1.586.54%	6,289	8,348,643	0.08%	104,297	1,658.40%	
Without recourse factoring		-	6,749,712	-	79,350	-	-	5,463,356	-	79,692	-	

Note 1: The amount 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 complies with the Banking Bureau (4) Letter No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio = non-performing loans / gross loans. Overdue account ratio for credit cards = overdue accounts / balance of accounts receivable. Note 3: Coverage ratio for loans = allowance for doubtful accounts of loans / non-performing loans. Coverage ratio for accounts receivable of credit cards = allowance for doubtful accounts for accounts receivable of credit cards / overdue accounts.

Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.

Note 5: Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

Note 6: Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loan, cash card services and small amount of credit loans, and excluding credit card services.

Note 7: Pursuant to the Banking Bureau Letter No. 09850003180 dated August 24, 2009, the amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2022		December 31, 2021	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	19,451	15,438	32,907	20,919
Perform in accordance with debt liquidation program and restructuring program (Note 2)	627,342	281,906	766,243	313,242
Total	646,793	297,344	799,150	334,161

Note 1: The additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory the Banking Bureau (1) Letter No. 095100001270 of FSC dated April 25, 2006.

Note 2: The additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory the Banking Bureau (1) Letter No. 09700318940 of FSC dated September 15, 2008 and Banking Bureau (Fa) Letter No. 10500134790 of FSC dated September 20, 2016.

b. Contract amounts of significant credit risk concentration are as follows:

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2022			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total Stockholders' Equity
1	Group A – Real Estate Development	9,074,350	8.11
2	Group B – Retail Sale of Computer, Computer Peripheral Equipment and Software in Specialized Stores	7,707,500	6.89
3	Group C – Packaging and Testing of Semi-conductors	7,280,000	6.51
4	Group D – Financial Holding Companies	6,800,000	6.08
5	Group E – Quarrying of Stone and Sand and Other Mining	6,299,790	5.63
6	Group F – Financial Holding Companies	5,800,000	5.18
7	Company G – Real Estate Development	5,700,000	5.09
8	Group H – Manufacture fo Other Computer Peripheral Equipment	5,000,000	4.47
9	Group I – Financial Holding Companies	4,550,000	4.07
10	Group J – Manufacture of Power Generation, Transmission and Distribution Machinery	4,300,000	3.84

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2021			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total Stockholders' Equity
1	Group A – Iron and Steel Refining	10,058,149	8.18
2	Company B – Real Estate Development	6,802,000	5.53
3	Company C – Real Estate Development	6,340,000	5.15
4	Group D – Real Estate Leasing	5,920,000	4.81
5	Group E – Computer Manufacturing	4,897,951	3.98
6	Group F – Manufacture of Power Generation, Transmission and Distribution Machinery	4,300,000	3.50
7	Group G – Real Estate Development	3,513,318	2.86
8	Company H – Chemical Material Manufacturing	3,381,673	2.75
9	Company I – Real Estate Development	3,371,923	2.74
10	Group J – Real Estate Development	3,280,269	2.67

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total amounts of outstanding loans. If an outstanding loan belongs to an enterprise group, the outstanding loan of enterprise group should be categorized and listed in total, and disclosed by “code” plus “industry type” (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with “Standard Industrial Classification System” of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

Note 2: Definition of enterprise group is based on the Article 6 of “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Reviews of Securities Listings”.

Note 3: Total amounts of credit extensions were various loans (including import negotiations, export negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, security financing receivables, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue accounts), remittances purchased, advance accounts for factoring receivables, acceptance receivables, and guarantee receivables.

C. Liquidity risk

Liquidity risks include fund liquidity risk and market liquidity risk. Fund liquidity risk happens when the fund supply cannot be sufficiently obtained in an expected period of time leading to a failure of fulfilling the capital need as maturity comes due. Market liquidity risk arises due to the insufficiency in market depth or the disorder which lead to the disposed or written off position held cannot be traded in a reasonable period of time and reasonable price resulting in a significant bid price or significantly discounted put price.

(A) Risk management principle, procedure and assessment

a. Principle

- (a) In accordance with cost benefit analysis, the Bank achieves effective liquidity management through appropriate allocation of assets and liabilities on and off the balance sheet.
- (b) As to large deposits, large loans, and block trading position of financial instruments, the Bank shall avoid excessive transaction with single client and have appropriate control over such deposits, loans, and block trading position.
- (c) The Bank shall maintain smooth financing channels and consider diversity and dispersion of funding resource to ensure the disposal of various assets. For the use of limit, the Bank shall maintain appropriate available balance.

b. Procedure

- (a) The liquidity risk management units includes decision-making units, supervisory units (asset and liability committee), and executive unit (departments in charge of deposit and loan products and fund management units under the finance department in the Bank) for liquidity risk management. The supervisory unit appoints the general affairs division and risk management unit, regularly supervises the implementation processes of the executive unit, and conducts timely supervision of liquidity management indicators. The risk monitoring unit submits quarterly reports to the Board of Directors and the asset and liability committee to facilitate review and supervision of the state of liquidity management.

- (b) The finance department works with the risk management department to establish applicable ratios and limits on liquidity risk indicators, which will be reported to the asset and liability committee and then assessed by the chairman with the authorization of the Board of Directors.
 - (c) When liquidity risk exposure exceeds the ratio supervised by liquidity risk indicators, the risk management unit draws up a response plan, which will be delivered to the relevant unit for implementation upon reporting to the asset and liability committee for resolution. The asset and liability committee will keep track of enforcement of the plan regularly.
- c. Assessment
- (a) Set up liquidity risk indicator and warning in order to control elements adverse to liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.
 - (b) Use information about the Bank's non-performing credit assets and changes in external ratings addressing asset quality and external indicators as leading indicators for liquidity management to identify the Bank's liquidity risk management.
 - (c) Assessments are regularly made to the assets and liabilities denominated in major currencies in the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different period.
- d. Management procedures of overseas branches and subsidiaries
- Plan and establish capital liquidity risk measurements and precautionary indicators for overseas branches and subsidiaries in order to control factors adverse to liquidity, decrease the degree of influence of the adverse factors, and implement cascading reporting procedures in accordance with requirements. In a timely manner establish an emergency response mechanism to act as a guideline for the Bank when liquidity emergencies occur.
- (B) Maturity analysis for the financial assets and liabilities held for liquidity risk management:
- a. Financial assets held for liquidity risk management

In order to fulfill the payment obligation and potential emergent fund demand in the market, as well as manage the liquidity risk at the same time, sound earning assets with high liquidity were held by the Consolidated Company, including cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, bills discounted and loans, financial assets at fair value through other comprehensive income and investments in debt instruments at amortised cost, etc.
 - b. Maturity analysis on non-derivative assets and liabilities

The following table illustrates the analysis made on cash outflow of non-derivative financial assets and liabilities of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. While the amounts disclosed in the table are not made based on the consolidated cash flow, certain accounts may differ from the corresponding accounts in the balance sheet.
 - c. Maturity analysis on derivative financial assets and financial liabilities by date
 - (a) Derivative financial instruments settled on a net basis

Derivative financial instruments of the Consolidated Company settled on a net basis include: non-delivery forwards, interest rate swaps, commodity options, hybrid embedded derivative instruments and other futures contracts.

(b) Derivative financial instruments settled on a gross basis

Derivative financial instruments of the Consolidated Company settled on a gross basis include: FX options, foreign exchange forward contracts, cross currency swaps, foreign exchange swaps, asset swaps, fixed-rate commercial paper contracts and equity options.

The following table illustrates the maturity analysis on derivative financial instruments settled on a gross and net amount basis of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. According to the assessment, the maturities on the contract are the most fundamental element to understand all the derivatives on the consolidated balance sheet. The amounts disclosed in the table are made on the basis of contractual cash flow, therefore, certain disclosed amounts may not be consistent with the corresponding accounts in the consolidated balance sheet.

(Blank below)

December 31, 2022

	0~30 days	31~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Financial assets						
Non-derivative financial instruments						
Cash and cash equivalents	\$ 20,096,427	\$ -	\$ -	\$ -	\$ 50,000	\$ 20,146,427
Due from Central Bank and call loans to other banks	39,723,480	5,975,571	5,209,323	9,678,175	19,103,611	79,690,160
Financial assets at fair value through profit or loss	84,541,196	-	-	25,422	-	84,566,618
Financial assets at fair value through other comprehensive income	15,957,683	1,410,295	3,651,916	9,771,103	184,497,120	215,288,117
Investments in debt instruments at amortised cost	52,450,307	10,661,836	66,001,319	38,379,211	87,373,098	254,865,771
Bills and bonds purchased under resale agreements	8,180,121	24,834,347	-	-	-	33,014,468
Receivables	10,128,379	4,884,221	4,454,888	1,616,679	175,823	21,259,990
Bills discounted and loans	86,533,200	154,958,498	79,208,541	119,476,180	549,959,654	990,136,073
Other financial assets	267,894	-	-	195	343,766	611,855
Other capital inflow upon maturity	1,675,346	-	10,064	841	405,376	2,091,627
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	30,600,523	33,360,657	8,914,497	10,410,064	6,643,934	89,929,675
Cash outflow	(30,056,696)	(32,494,295)	(8,690,119)	(8,979,367)	(5,440,950)	(85,661,427)
Net settlement	61,013	241,588	5,366	10,942	723,754	1,042,663
Total	\$ 320,158,873	\$ 203,832,718	\$ 158,765,795	\$ 180,389,445	\$ 843,835,186	\$ 1,706,982,017
Financial liabilities						
Non-derivative financial instruments						
Deposit from Central Bank and other banks	\$ 37,783,177	\$ 823,918	\$ -	\$ -	\$ -	\$ 38,607,095
Bills and bonds sold under repurchase agreements	9,501,594	27,044,452	-	-	-	36,546,046
Payables	6,826,723	699,058	740,639	567,893	299,416	9,133,729
Deposits and remittances	222,163,902	212,104,281	171,974,126	320,581,373	562,588,687	1,489,412,369
Financial debentures payable	-	-	-	-	28,700,000	28,700,000
Other financial liabilities	-	-	78,402	157,127	2,342,628	2,578,157
Lease liabilities	53,248	95,897	141,201	267,291	3,328,506	3,886,143
Other capital outflow upon maturity	1,107,595	-	-	-	41,312	1,148,907
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(43,315,861)	(31,468,265)	(12,888,923)	(4,947,461)	(8,612,554)	(101,233,064)
Cash outflow	44,093,210	31,912,314	13,449,518	5,296,593	9,826,560	104,578,195
Net settlement	62,801	241,206	7,374	16,568	728,915	1,056,864
Total	\$ 278,276,389	\$ 241,452,861	\$ 173,502,337	\$ 321,939,384	\$ 599,243,470	\$ 1,614,414,441

December 31, 2021

	0~30 days	31~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Financial assets						
Non-derivative financial instruments						
Cash and cash equivalents	\$ 19,662,672	\$ 182,727	\$ -	\$ -	\$ 50,000	\$ 19,895,399
Due from Central Bank and call loans to other banks	42,249,973	4,436,672	4,422,443	7,960,197	21,274,072	80,343,357
Financial assets at fair value through profit or loss	160,216,581	-	-	-	24,374	160,240,955
Financial assets at fair value through other comprehensive income	12,421,625	354,357	1,682,748	9,335,115	189,037,049	212,830,894
Investments in debt instruments at amortised cost	104,700,410	3,610,760	26,653,190	13,963,827	117,968,242	266,896,429
Bills and bonds purchased under resale agreements	2,283,390	1,984,822	-	-	-	4,268,212
Receivables	9,111,903	4,636,825	2,567,930	2,413,396	243,876	18,973,930
Bills discounted and loans	77,096,798	97,353,014	66,842,444	103,702,064	530,425,445	875,419,765
Other financial assets	146,623	-	-	-	243,020	389,643
Other capital inflow upon maturity	767,012	-	-	1,165	412,406	1,180,583
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	31,984,765	22,824,444	6,251,479	12,189,705	9,130,150	82,380,543
Cash outflow	(31,458,766)	(22,520,686)	(6,190,938)	(12,104,873)	(8,982,730)	(81,257,993)
Net settlement	29,036	43	590	(612)	613,109	642,166
Total	\$ 429,212,022	\$ 112,862,978	\$ 102,229,886	\$ 137,459,984	\$ 860,439,013	\$ 1,642,203,883
Financial liabilities						
Non-derivative financial instruments						
Deposit from Central Bank and other banks	\$ 21,133,753	\$ 1,226,878	\$ 2,623,250	\$ 640,243	\$ -	\$ 25,624,124
Due to Central Bank and other banks	19,990	-	-	819,710	-	839,700
Bills and bonds sold under repurchase agreements	2,769,734	-	-	-	-	2,769,734
Payables	6,296,466	1,079,246	351,935	389,470	288,389	8,405,506
Deposits and remittances	196,395,672	146,432,741	158,446,147	280,715,221	687,779,950	1,469,769,731
Financial debentures payable	-	2,000,000	-	-	20,200,000	22,200,000
Other financial liabilities	-	-	50,000	-	2,503,403	2,553,403
Lease liabilities	60,438	97,531	147,922	271,600	3,327,686	3,905,177
Other capital outflow upon maturity	161,635	-	-	-	42,729	204,364
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(23,954,802)	(21,733,052)	(5,337,130)	(10,409,305)	(11,846,207)	(73,280,496)
Cash outflow	24,993,176	22,010,114	5,400,647	10,488,167	12,126,186	75,018,290
Net settlement	17,441	439	1,193	2,529	620,040	641,642
Total	\$ 227,893,503	\$ 151,113,897	\$ 161,683,964	\$ 282,917,635	\$ 715,042,176	\$ 1,538,651,175

Maturity analysis for the above deposits and remittances are amortised to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of December 31, 2022 and 2021, expenses during the period of 0~30 days will increase by \$685,669,649 and \$746,882,434, respectively.

(C) Maturity analysis for items off the balance sheet, and capital expense commitment

Items off the balance sheet, while the client may choose when to make a payment, are classified into the earliest time category.

Capital expenditure commitment of the Consolidated Company refers to the capital expenses spent on the contract commitment in order to acquire the building and equipment.

Please refer to the below table for maturity analysis on off-balance sheet items and capital expenditure commitment of the Consolidated Company:

(Blank below)

	December 31, 2022			Total
	Less than 1 year	1 ~5 years	More than 5 years	
Off-balance sheet				
Irrevocable loan commitments	\$ 17,517,117	\$ -	-	\$ 17,517,117
Unused letters of credit balance	2,378,257	-	-	2,378,257
Guarantees	9,236,552	-	-	9,236,552
Capital expenditure commitment	2,067,972	342,082	-	2,410,054
	December 31, 2021			Total
	Less than 1 year	1 ~5 years	More than 5 years	
Off-balance sheet				
Irrevocable loan commitments	\$ 22,005,017	\$ -	-	\$ 22,005,017
Unused letters of credit balance	2,495,253	-	-	2,495,253
Guarantees	10,180,354	-	-	10,180,354
Capital expenditure commitment	1,715,322	1,631,418	-	3,346,740

(D) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Structure analysis of time to maturity (NTD)

December 31, 2022

	(Expressed in Thousands of New Taiwan Dollars)						
	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,538,163,531	192,484,952	88,943,571	179,819,096	159,284,501	173,261,491	744,369,920
Primary funds outflow upon maturity	1,796,483,109	73,518,921	112,929,281	267,798,728	240,447,609	350,410,602	751,377,968
Gap	(258,319,578)	118,966,031	(23,985,710)	(87,979,632)	(81,163,108)	(177,149,111)	(7,008,048)

December 31, 2021

	(Expressed in Thousands of New Taiwan Dollars)						
	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	1,511,508,496	238,080,640	163,197,263	113,262,211	95,730,461	137,619,905	763,618,016
Primary funds outflow upon maturity	1,745,603,433	52,420,912	77,841,952	188,841,520	223,590,580	323,592,530	879,315,939
Gap	(234,094,937)	185,659,728	85,355,311	(75,579,309)	(127,860,119)	(185,972,625)	(115,697,923)

b. Structure analysis of time to maturity (USD)

December 31, 2022

	(Expressed in Thousands of US Dollars)						
	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	
Primary funds inflow upon maturity	6,539,868	1,643,965	908,961	180,233	305,433	3,501,276	
Primary funds outflow upon maturity	8,413,008	2,780,634	1,892,420	1,134,298	1,596,003	1,009,653	
Gap	(1,873,140)	1,136,669	(983,459)	(954,065)	(1,290,570)	2,491,623	

December 31, 2021

	(Expressed in Thousands of US Dollars)						
	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	
Primary funds inflow upon maturity	6,118,301	1,409,964	419,331	190,148	232,803	3,866,055	
Primary funds outflow upon maturity	6,975,154	1,662,546	992,608	970,649	1,374,691	1,974,660	
Gap	(856,853)	252,582	(573,277)	(780,501)	(1,141,888)	1,891,395	

D. Market risk

Market risks refer to the losses on and off the balance sheet as a result of the change in market price, such as interest rate, exchange rate, equity securities and commodity price. Market risk management is there to identify, evaluate, monitor and report risks for ensuring that market risk of all kinds can be controlled within an acceptable level.

(A) Risk management principle

a. Principle

- (a) In order to establish a well-functioning risk management system and sound business development, promote an appropriate risk management-oriented business model, achieve business objectives and enhance shareholder value, the Bank takes the Board-approved risk management policy to completely carry out the risk management system and further create stable and high-quality earnings for shareholders.
- (b) The Bank has gradually implemented market risk quantification based on the criteria laid down in the established risk management policy and standards. The Bank has also set up mechanisms to evaluate and manage value at risk to optimize capital allocation.
- (c) Market risk management is implemented in accordance with “Market Risk Management Standards” and other relevant regulations of the Bank in order to meet operational targets and maintain sound capital adequacy ratio.
- (d) The Bank established a market risk information system to effectively monitor different limit controls, profit and loss assessments, analysis of sensitivity factors, implementation of stress testing and calculation of value at risk with respect to the positions of financial instruments held by the Bank. The relevant information is presented at risk control meetings and Board meetings for senior management’s reference in their strategic decision-making.

b. Policies and procedures

- (a) The Bank has established a clear market risk management system based on the risk management policies of its parent company, Yuanta Financial Holdings. This system includes risk management guidelines, risk management procedures and reasonable risk measurement methods. By implementing the market risk management mechanism, the Bank can accurately identify, measure and monitor market risk changes and trends.
- (b) Business domain and scope of financial instruments: the Bank established market risk management standards and has defined the scope of market risk management covering the business domain to include foreign exchange trading, money market trading, capital market trading and derivative financial instrument transactions.
- (c) The Bank established risk management procedures and took advantage of measurement methods (such as sensitivity analysis, VaR calculation, scenario simulation and stress testing) to require relevant units to set not only trading limits on various financial instruments including position limit, nominal principal limit, and stop-loss limit but also limits of authorization and limit exceeding handling procedures applicable to various limits. To increase transparency of market risk information, the risk management unit reviews and submits statements of risk management on a daily basis and performs continuous monitoring and tracking in case of abnormal transactions.

(B) Procedure of market risk management

a. Recognition and measurement

- (a) By establishing value at risk (VaR) measurement systems that are tailored to each financial product, the Bank continually strengthens potential loss estimation models and methods, gradually integrates them into a comprehensive risk management system that thoroughly discloses information, effectively strengthens early warning capabilities, and meets the requirements of the New Basel Capital Accord with regard to risk management quality.
- (b) Both the business unit and risk management unit have market risk factors for identifying exposed positions so that market risk can be measured accordingly. For interest rate instruments, except for measurement of VaR above, the impact of an interest rate shift on profit and loss is measured using price value of a basis point (DV01). Risk of holding equity securities is monitored by limits on market value and liquidity. The impact of options on the Bank is measured using Delta and Gamma. The Bank also arranges scenario and performs regular stress testing for market risk.

b. Supervision and reporting

According to different business characteristics, the Bank sets up policies governing risks of various financial instruments to cover procedures of identification, measurement, supervision and reporting. Risk management segment is assigned to keep track of the business unit's compliance.

- (a) Daily transactions: the Bank's front office business and risk control of middle office belong to different units and are independent from each other. The risk management department supervises trading positions of the business unit on a daily basis to produce supervision reports recording the utilization of limits, market value assessment and income statements, exposed positions, and the utilization of risk limits for the approval of senior management. The Bank's risk management unit also submits monthly/quarterly reports recording information about enforcement of risk management objectives, control over positions and profit or loss, sensitivity analysis, and state of VaR to the audit committee and the Board of Directors to ensure that they are sufficiently informed on the Bank's market risk control status.
- (b) Exception management: The Bank established explicit early-warning and limit exceeding handling procedures, which have been set to stop losses if transactions overrun market risk limits or individual limits due to market changes. Those filing exception management applications due to business reasons shall state the reasons and handling plans clearly and report to senior management for approval.

(C) Risk management policies for trading book

The so-called trading book refers to financial instruments and physical instruments held for trading or for hedging trading book position. The so-called positions held for trading mainly refer to positions are held with an intention to earn profit from actual or expected price variance between the purchase price and selling price. Positions not classified as trading book above are banking book positions.

a. Strategy

Various assessments and controls are implemented to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by the business unit. In addition, risk limits on each portfolio of the trading book are set up according to

the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policies and procedures

The Bank established “Market Risk Management Standards” as a significant control regulation to be followed when holding trading book positions.

c. Evaluation policy

If valuations on various financial instruments of the trading book have market values, assessment shall be performed based on independent sources and accessible information at least once a day. For those evaluated by models, the Bank shall carefully adopt mathematical models to perform valuation and regularly review assumptions and inputs used in the evaluation models.

d. Measurement methods

(a) Please refer to Note 12(4)D(F) for assumptions and calculation methods for VaR.

(b) The Bank performs stress testing quarterly on the assumptions of the change in interest rate, equity securities, and foreign exchange rate and reports to the senior management.

(D) Risk management for foreign exchange, equity securities, and interest rates is set out below:

a. Interest rate risk management of trading book

(a) Definition of interest rate risk

“Interest rate risk” refers to risk of loss on earnings or change in fair value of trading book position as a result of interest rate movement. Major instruments include interest-rate securities and derivatives.

The Bank’s interest rate risk mainly arises from interest rate swaps, cross currency swaps, foreign exchange swaps, fixed income transactions, and interest rate futures.

(b) Interest rate risk management procedures for trading book

The Bank carefully chooses underlying investment targets through studies of the issuer’s credit rating and financial position, state of country risk, and interest rate trends. According to business strategy and market conditions, the Bank sets up trading limits and stop-loss limits on the trading book (including limits on trading room, trading representatives, and trading instruments), and reports to the senior management or the Board of Directors for approval.

(c) Measurement methods

i. Please refer to Note 12(4)D(F) for assumptions and calculation methods for VaR.

ii. The Bank measures the impact of interest rate risk on investment portfolios by DV01 on a daily basis.

b. Interest rate risk management of banking book

“Interest rate risk of banking book” refers to interest rate risk from the banking book position and interest rate risk faced by off-balance sheet transactions which are not classified into the trading book.

(a) Strategy

The Bank’s interest rate risk management strategy of the banking book is used to reduce the negative impact of interest rate movement on future net interest income and net economic value of balance sheet accounts in the banking book.

(b) Management process

i. Recognition and measurement

Recognition and measurement of interest rate risk in the banking book shall take account of sources of repricing risk, yield curve risk, basis risk, and characteristics of options, and measure possible impact of interest rate movement on the Bank's earnings and economic value.

ii. Supervision and reporting

The risk management department is responsible for supervision and presenting reports on various interest rate risk management objectives set by the Bank, including relevant risk data in view of earnings, economic value, stability, and concentration at monthly meeting of the Asset and Liability Management Committee. In case of exceeding risk management objectives or other special circumstances that may significantly affect the Bank's earnings or economic value, the Bank will report to the senior management in advance, adopt appropriate interest rate risk mitigation method, and track the effectiveness of improvement measures.

iii. Measurement methods

The Bank estimates the effects on profit or loss / equity on the assumption that the interest rates have parallel shift of +/-200 bps.

(c) Interest-rate-sensitive analysis (Bonds Quoted in New Taiwan Dollars)

		December 31, 2022	December 31, 2021
	Variation of Interest-rate	Effects on other comprehensive (loss) income	Effects on other comprehensive (loss) income
Financial assets at fair value through other comprehensive income - Bond	Major yield- curve rises one basis point	(\$ 37,488)	(\$ 47,027)

c. Foreign exchange risk management

Foreign exchange risk refers to profit or loss resulting from conversion between two different currencies at different periods. The Bank's foreign exchange risk mainly arises from foreign exchange spot, forward, foreign exchange options and other derivatives business.

(a) Policies, procedures, and measurement methods of foreign exchange risk management

To control foreign exchange risk, the Bank sets operating limits and stop-loss limits on the trading room and trading representatives. The Bank also established annual maximum loss limits to control losses within an acceptable level.

(b) Measurement methods

- i. Please refer to Note 12(4)D(F) for assumptions and calculation methods for VaR.
- ii. Delta and Vega are used to measure the effect of foreign exchange risk on investment portfolios on a daily basis.

For the Bank’s foreign exchange risk, the Bank performs a stress testing on the assumptions of change in the exchange rates of major currencies on a quarterly basis at least, and reports the results to senior management.

d. Price risk management of equity securities

The Bank’s market risk of holding equity securities includes unique risk arising from market price change of unique equity security and general market risk arising from overall market price change.

The Bank’s equity security risk mainly arises from stocks, ETF, funds, and convertible corporate bonds transactions.

(a) The purpose of price risk management of equity securities

The purpose of price risk management of equity securities is to avoid material fluctuation that may worsen the Bank’s financial position or cause loss on earnings and to promote sound business operation and improved effectiveness of capital utilization.

(b) Procedures for price risk management of equity securities

Procedures are used to control equity security risk and set annual maximum loss limit in order to control losses within an acceptable level. Additionally, for the stop-loss point set for individual shares, the Bank is required to handle individual shares that have met the stop-loss point in accordance with limit exceeding handling procedures for market risk.

(c) Measurement methods

- i. Price risk of equity securities is mainly controlled based on VaR
- ii. Delta is used to measure the impact of equity security risk on investment portfolios on a daily basis.

(E) Management procedures of overseas branches and subsidiaries

When planning and establishing all financial transactions, transactions should be classified as Banking Book positions or Trading Book positions according to their held purpose. Appropriate and effective market risk limits should be elected for each business according to their product portfolio, strategy attributes, and trading purpose and risk attributes.

(F) Valuation techniques of market risk

a. Value at Risk (VaR)

A VaR model is used to measure the possible maximum potential losses in investment portfolios as a result of movement in market risk factor in a specified period and confidence level. In terms of trading positions, the VaR model is used as a major tool to control market risk. The Bank currently uses “confidence level of 99%” for estimating maximum possible losses on trading positions on a single day (that is VaR (99%, one day)) as a standard to measure market risk.

The Bank performs back testing of the VaR model on an ongoing basis to ensure that the model can continuously, reasonably, effectively measure maximum potential losses that may arise from investment portfolios.

	December 31, 2022			December 31, 2021		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange	12,630	23,628	5,604	7,837	15,416	4,025
Interest rate	43,803	107,125	17,342	45,321	92,804	29,078
Equity securities	17,276	23,305	12,075	6,332	17,434	1,880
Total VaR	53,707	132,596	24,058	52,150	104,448	31,019

b. Stress testing

In addition to the VaR model, the Bank regularly measures stress losses the Bank may incur in extremely abnormal stress scenarios. For setting such stress scenarios, the Bank comprehensively considers the rationality and possibility of standard scenarios, historical scenarios and hypothetical scenarios to completely assess possible stress losses on positions.

When stress testing exceeds risk tolerance, the Bank shall carry out market risk analysis and risk warnings, then execute a counter strategy to contain risk within a reasonable scope.

(G) As of December 31, 2022 and 2021, the Consolidated Company's foreign currency denominated financial instruments whose balances are greater than 5% of the balance of total assets or liabilities or which are important are presented based on foreign exchange risk concentration by the carrying amount below:

	December 31, 2022		December 31, 2021	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Bills discounted and loans - Net	\$ 1,501,188	\$ 46,098,466	\$ 1,785,581	\$ 49,442,764
Foreign currency denominated financial liabilities				
Deposits and remittances	\$ 5,589,243	\$ 171,634,451	\$ 5,072,413	\$ 140,455,183

Note: As of December 31, 2022 and 2021, USD to TWD exchange rates were 30.708 and 27.690, respectively.

(Blank below)

(H)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2022

Item	(Expressed in Thousands of New Taiwan Dollars, %)					Total
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year		
Interest-rate-sensitive assets	963,146,182	128,437,641	62,485,337	236,034,078		1,390,103,238
Interest-rate-sensitive liabilities	421,883,323	759,456,536	107,445,638	32,616,705		1,321,402,202
Interest-rate-sensitive gap	541,262,859 (631,018,895)(44,960,301)	203,417,373		68,701,036
Total equity						121,626,066
Ratio of interest-rate-sensitive assets to liabilities (%)						105.20
Ratio of interest-rate-sensitive gap to equity (%)						56.49

December 31, 2021

Item	(Expressed in Thousands of New Taiwan Dollars, %)					Total
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year		
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
Ratio of interest-rate-sensitive assets to liabilities (%)						102.60
Ratio of interest-rate-sensitive gap to equity (%)						28.08

Note 1: The above amounts include only New Taiwan Dollars held by the Bank, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to NTD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities)

b. Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2022

Item	(Expressed in Thousands of US Dollars, %)			
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Interest-rate-sensitive assets	2,925,595	133,863	135,506	2,589,367
Interest-rate-sensitive liabilities	3,753,148	728,751	1,173,959	1,074,852
Interest-rate-sensitive gap	(827,553)	(594,888)	(1,038,453)	(1,514,515)
Total equity				(287,743)
Ratio of interest-rate-sensitive assets to liabilities (%)				85.94
Ratio of interest-rate-sensitive gap to equity (%)				328.90

December 31, 2021

Item	(Expressed in Thousands of US Dollars, %)			
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Interest-rate-sensitive assets	2,570,972	75,992	16,842	3,145,014
Interest-rate-sensitive liabilities	2,077,300	599,322	1,034,920	1,663,465
Interest-rate-sensitive gap	493,672	(523,330)	(1,018,078)	(1,481,549)
Total equity				13,122
Ratio of interest-rate-sensitive assets to liabilities (%)				108.07
Ratio of interest-rate-sensitive gap to equity (%)				3,306.00

Note 1: The above amounts include only US Dollars amounts held by the Bank, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those earning assets, interest bearing liabilities, revenues or costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to USD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities).

(I) Transfer of financial assets

Transferred financial assets that did not meet the requirements of derecognition in their entirety conducted in the Consolidated Company's ordinary course of business were primary incident to repurchase agreements of debt instruments. Because such transactions in respect to the agreements, had transferred their receivable contractual cash flows to other parties, and are reflected in the Consolidated Company's related liabilities, which indicate the obligation to repurchase transferred financial assets in a specified future period within a fixed price, the Consolidated Company, within the effective period of the transaction, cannot use, sell or pledge the already transferred financial asset, but must still bear interest risk and credit risk. Thus, such financial assets were not derecognized in their entirety.

Financial assets category	December 31, 2022	
	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through profit or loss		
Bond sold under repurchase agreements	\$ 30,598,590	\$ 30,023,780
Financial assets at fair value through other comprehensive income		
Bond sold under repurchase agreements	\$ 6,514,883	\$ 6,522,266
December 31, 2021		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through other comprehensive income		
Bond sold under repurchase agreements	\$ 2,823,240	\$ 2,769,734

(J) Offsetting financial assets and financial liabilities

The Consolidated Company has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. For example: global master repurchase agreements or similar agreements that are repurchase transactions or reverse repurchase transactions. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

The offsetting of financial assets and financial liabilities are set as below:

December 31, 2022						
Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 4,643,499	\$ -	\$ 4,643,499	\$ 1,863,544	\$ 1,079,660	\$ 1,700,295
Bonds purchased under resale agreements	33,014,468	-	33,014,468	33,014,468	-	-
Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 3,794,844	\$ -	\$ 3,794,844	\$ 1,863,544	\$ 1,339,363	\$ 591,937
Bonds sold under repurchase agreements	36,546,046	-	36,546,046	36,546,046	-	-
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 recognized financial assets (a)	Gross amounts of recognized financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 1,628,924	\$ -	\$ 1,628,924	\$ 820,573	\$ 110,743	\$ 697,608
Bonds purchased under resale agreements	4,268,212	-	4,268,212	4,268,212	-	-
Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 2,168,264	\$ -	\$ 2,168,264	\$ 820,329	\$ 682,350	\$ 665,585
Bonds sold under repurchase agreements	2,769,734	-	2,769,734	2,769,734	-	-

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.

(K) Interest Rate Benchmark Reform

The financial instruments including derivative instruments, discounts and loans and debt instruments were affected by the interest rate benchmark reform. The primary exit interest index linked was US LIBOR, which was expected to be replaced by SOFR. Based on the public announcement of the Financial Conduct Authority on March 5, 2021, Spread Adjustment Fixing date was March 5, 2021.

In order to effectively control the risk of interest rate benchmark reform, the Bank has a LIBOR transition plan, including the governance framework for top-down and cross segment, internal training and continuous evaluating and identifying the effects of contract remediation, communicating with trading counterparty, risk management and valuation model, operating process and system, accounting and tax. As of December 31, 2022, the Bank completed confirming the impacted transactions, risk and system and the rest were expected to be completed before the LIBOR Phase-Out.

As of December 31, 2022, the Bank's financial instruments which were affected by the interest rate benchmark reform were as follows:

Item	Carrying amount	
	Assets	Liabilities
Derivative Instruments	\$ 1,052,913	\$ 579,943
Non-derivative Instruments	23,332,779	-

(5) Capital risk management

A. The objectives of capital management of the Bank:

- (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 Bank. 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 Bank assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realize utilization of capital allocation.
- (C) Stress testing is performed on a regular basis in compliance with regulations of competent authorities to ensure that the Bank's capital is sufficient to cover the potential losses from significant adverse events.

B. Capital management procedure

- (A) The Bank maintains the overall capital adequacy ratio and reports to the competent authorities quarterly in compliance with the regulations from competent authorities' requirements.
- (B) Each risk responsible segment, in accordance with the Bank's risk management framework in the areas of credit risk, market risk, operational risk, interest rate risk of the banking book, liquidity risk, capital adequacy ratio, legal compliance risk and the regulations of competent authorities, is to identify, measure, monitor and report the discovery of major risks. In this way, the capital plans of the Bank can reflect its current financial status, and its capital profile shall be applicable to its services and the scope of business.
- (C) The Bank's capital management objectives shall be agreed to by the Board of Directors, based on the quarterly reports of the Bank's risk management status. The risk management department shall report to be Board of Directors summaries of the Bank's risk exposure and capital adequacy ratio, and shall evaluate whether the Bank's capital can sufficiently respond to various types of risk and meet the Bank's capital management objectives.

(D) In accordance with the “Regulations Governing the Capital Adequacy and Capital Category of Banks”, the Regulatory Capital of the Bank are classified as Tier 1 Capital and the Tier 2 Capital:

- a. The Tier 1 Capital includes common equity Tier 1 and additional Tier 1 capital.
 - (a) The common equity Tier 1 capital consists of the common equity that deducts intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, and the statutory adjustment items calculated in accordance with other rules for calculation methods.
 - (b) The additional Tier 1 capital consists of the total amount of the non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative perpetual subordinated debts and the non-cumulative perpetual preferred stock and its capital stock premium, and the non-cumulative perpetual subordinated debts which are issued by subsidiaries, and are not directly or indirectly held by the Bank minus the total amount of deductible items in accordance with the rules for calculation guideline.
- b. The range of Tier 2 capital shall include the total amount of the following items minus the total amount of deductible items in accordance with the rules for calculation guideline:
 - (a) The total amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts and non-perpetual preferred stock and its capital stock premium.
 - (b) When the real estate was recognized under International Financial Reporting Standards for the first time and used the fair value or the re-estimated value as the deemed cost, the difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain on financial assets at fair value through other comprehensive income, as well as operational reserves and loan-loss provisions.
 - (c) The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preferred stock and its capital stock premiums, which are issued by subsidiaries, and are not directly or indirectly held by the Bank.

The loan-loss provisions included in Tier 2 capital refer to the amount of the provisions that the bank provided in excess of the expected loss assessed according to IFRS 9.

(E) As of December 31, 2022 and 2021, the Consolidated Company complied with the competent authority’s regulations of the minimum capital adequacy ratio.

C. Capital adequacy ratio

			December 31, 2022	December 31, 2021
Eligible Capital	Common Equity Tier 1		103,492,379	113,484,386
	Additional Tier 1 Capital		7,000,000	7,000,000
	Tier 2 Capital		24,313,593	18,842,023
	Eligible Capital		134,805,972	139,326,409
Total risk-weighted assets	Credit risk	Standardized Approach	851,120,606	782,872,514
		Internal Ratings- Based Approach	-	-
		Securitization	-	-
	Operational risk	Basic Indicator Approach	-	-
		Standardized Approach / Alternative Standardized Approach	38,641,650	38,751,085
		Advanced Measurement Approach	-	-
	Market risk	Standardized Approach	36,531,113	67,065,100
		Internal Models Approach	-	-
	Total risk-weighted assets		926,293,369	888,688,699
Capital adequacy ratio			14.55%	15.68%
Common Equity Tier 1 Ratio			11.17%	12.77%
Tier 1 Risk-based Capital Ratio			11.93%	13.56%
Leverage Ratio			6.21%	7.00%

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

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier 1 Capital + Tier 2 Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Common Equity Tier 1 Ratio = Common Equity Tier 1 / Total risk-weighted assets
5. Tier 1 Risk-based Capital Ratio = (Common Equity Tier 1 + additional Tier 1 Capital) / Total risk weighted assets
6. Leverage Ratio = Tier 1 Capital / Exposure Measurement

(6) Content and amount of investment trust business in accordance with Trust Enterprise Act

In accordance with Article 17 of the Trust Enterprise Act, the Bank discloses its trust balance sheet, trust income statement and schedule of trust property as follows:

December 31, 2022			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 6,171,056	Payable - Customers' securities under custody	\$ 37,104,555
Stocks	7,737,858	Pecuniary trust	180,916,214
Funds (Note)	128,043,073	Securities trust	1,281,753
Bonds	36,926,891	Real estate trust	19,768,603
Structured product	6,510,700	Net income	457,205
Real estate - land	12,606,605	Accumulated earnings	1,326,390
- Construction in process	5,753,982		
Customers' securities under custody	37,104,555		
Total trust assets	<u>\$ 240,854,720</u>	Total trust liabilities	<u>\$ 240,854,720</u>
December 31, 2021			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 5,045,722	Payable - Customers' securities under custody	\$ 38,685,338
Stocks	6,364,607	Pecuniary trust	148,762,694
Funds (Note)	113,593,865	Securities trust	849,188
Bonds	21,105,792	Real estate trust	16,949,742
Structured product	5,877,762	Net income	346,960
Real estate - land	12,586,630	Accumulated earnings	945,509
- Construction in process	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>

Note: Includes mutual funds in the monetary market.

Trust Income Statement

	For the years ended December 31,	
	2022	2021
Trust revenue		
Interest income	\$ 17,665	\$ 5,172
Investment income (stock)	-	1
Investment income (fund)	14	69
Dividend Income	468,150	377,636
	<u>485,829</u>	<u>382,878</u>
Trust expenses		
Management fees	(15,395)	(13,890)
Tax expenses	(3,134)	(14,616)
Insurance expense	(9,231)	(7,357)
Loss on investment (stock)	(43)	-
Loss on investment (fund)	(326)	-
	<u>(28,129)</u>	<u>(35,863)</u>
(Loss) income before income tax	457,700	347,015
Income tax expense	(495)	(55)
Net (loss) income	<u>\$ 457,205</u>	<u>\$ 346,960</u>

Trust Property List

Invested items	December 31, 2022	December 31, 2021
	Book value	Book value
Bank deposits	\$ 6,171,056	\$ 5,045,722
Bonds	36,926,891	21,105,792
Stocks	7,737,858	6,364,607
Structured products	6,510,700	5,877,762
Funds (Note)	128,043,073	113,593,865
Real estate - land	12,606,605	12,586,630
- construction in process	5,753,982	3,279,716
Customers' securities under custody	37,104,555	38,685,337
	<u>\$ 240,854,720</u>	<u>\$ 206,539,431</u>

Note: Includes mutual funds in monetary market.

The trust balance sheet and trust schedule of property as at December 31, 2022 and 2021 include foreign currency non-discretionary money trusts and foreign currency money trusts operated by the offshore banking unit of the Bank.

(7) Cross-selling marketing strategies implemented between the Bank, the Yuanta Financial Holdings and its subsidiaries

A. In order to achieve integrated benefits for the financial holding company, the Bank adopts the cross-selling marketing approach to take advantage of the operation channels, branches and staff to satisfy various needs of the clients, to increase the Consolidated Company's sales performance and to enhance cost-saving efficiency. The cross-selling marketing approach was conducted in conformance with the "Yuanta Financial Holdings Company Group Cross-selling Marketing

Rules” to regulate the Bank, Yuanta Financial Holdings Co. and its subsidiaries, to ensure clients’ rights.

B. Information exchange

Article 11 of “Yuanta Financial Holdings Company Group Cross-selling Marketing Rules” allows the Bank, Yuanta Financial Holding Co. and its subsidiaries (excluding foreign subsidiaries) to share clients’ information internally, yet other than clients’ name and address, information should be restricted in accordance with the “Personal Information Protection Act” for any gathering, processing and using purposes.

C. Mutual use of operation facilities or place

As the Bank, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach, such entities should comply with Article 3 of “Yuanta Financial Holdings Company Group Cross-selling Marketing Rules” to apply for approval from the Financial Supervisory Commission of the Executive Yuan and should comply with Articles 6 and 8 of the Rules for the scope and method in adopting cross-selling business.

D. The Bank conducted NTD deposit account business and conversion of digital securities deposits to general securities deposits as Cross-selling Marketing approach with Yuanta Securities. For the years ended December 31, 2022 and 2021, the commission fee paid to Yuanta Securities were \$3,760 and \$7,847, respectively.

(8) Profitability

Items		For the years ended December 31,	
		2022	2021
Return on total assets (%)	Before tax	0.52	0.59
	After tax	0.43	0.52
Return on equity (%)	Before tax	7.55	7.45
	After tax	6.21	6.50
Net profit margin ratio (%)		35.12	38.01

Note 1: Return on total assets = Income before (after) income tax / average total assets.

Note 2: Return on equity = Income before (after) income tax / average equity.

Note 3: Net profit margin ratio = Income after income tax / net revenues.

Note 4: The term “Income before (after) income tax” represents net income from January 1 to the balance sheet date of the reporting period.

13. Other disclosure items

(1) Related information on material transaction items:

- A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Bank's paid-in capital:
None.
- B. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Bank's paid-in capital:
None.
- C. Information on the disposal of real estate for which the sale amount exceeded \$300 million or 10% of the Bank's paid-in capital:
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 exceeding \$300 million or 10% of the Bank's paid-in capital:
None.

F. Information regarding selling non-performing loans:

(A) Summary of selling non-performing loans:

Expressed in Thousands of New Taiwan Dollars									
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)	2022/3/25	Daesung Investment Management Loan	Loans and Advance	\$ -	\$ 3,048	\$ 3,048	-	None	Note
Yuanta Savings Bank (Korea)	2022/12/7	KACMO	Loans and Advance	\$ -	\$ 16	\$ 16	-	None	Note2

Note: The carrying amount and the sale price of the loan was KRW 0 thousand and KRW 132,000 thousand, using the exchange rate of 1 KRW to 0.023089 NTD.

Note2: The carrying amount and the sale price of the loan was KRW 0 thousand and KRW 714 thousand, using the exchange rate of 1 KRW to 0.023089 NTD.

(B) Sale of non-performing loans for which the amount exceeding NT \$1 billion (excluding sale to related parties): None.

G. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

H. Significant transactions between parent company and subsidiaries

Information for the year ended December 31, 2022:

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage (%) of total consolidated net revenues or assets
				Account	Amount	Conditions	
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	91,455	No significant difference from general customers.	0.01%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	115	No significant difference from general customers.	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Accounts payable	11	No significant difference from general customers.	0.00%
1	Yuanta International Leasing	Yuanta Bank	2	Bank deposits	91,455	No significant difference from general customers.	0.01%
1	Yuanta International Leasing	Yuanta Bank	2	Interest revenue	115	No significant difference from general customers.	0.00%
1	Yuanta International Leasing	Yuanta Bank	2	Accounts receivable	11	No significant difference from general customers.	0.00%

Note 1: The numbers in the No. column refer to the following:

1. 0 for the parent company
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follow:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

I. Other significant transactions that may affect the decisions made by financial statement users:

None.

(2) Information on the subsidiaries regarding funds lent to others, endorsements or guarantees provided, securities held at the end of the period, accumulative transaction amount on the same securities for more than \$300 million, a transaction or engagement in derivative instruments which is equivalent to 10% of paid-in capital:

A. Funds lent to others:

None.

B. Endorsements and guarantees provided for others:

None.

C. Securities held at the end of the period:

None.

D. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Bank's paid-in capital:

None.

E. Information on derivative instrument transactions:

None.

(3) Information regarding reinvested business and consolidated stock holdings

Expressed in Thousands of New Taiwan Dollars/ Thousands of shares

Name of the Investee	Investee Location	Investee's main operations	Percentage of ownership (%) at the end of current period	Carrying value of investments	Investment income (loss) recognized by the Bank for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties			Note
						Number of ready shares	Number of pro-forma shares	Number of shares	
Yuanta International Leasing	6F-1, No.171, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei, Taiwan	Leasing business	100	\$ 104,718	139	10,000	-	10,000	100
Yuanta Savings Bank (Philippines)	Chatham House 116, Valero cor. V.A. Rufino St., Salcedo Village, Makati City, Philippines	Deposits and loans of saving bank	100	(1,099,754	19,509)	2,400,000	-	2,400,000	100
Yuanta Savings Bank (Korea)	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	Deposits and loans of saving bank	100	3,727,324	156,889	13,516	-	13,516	100

(4) Investments in People's Republic of China:

None.

14. Segment information

(1) General information

In accordance with IFRS 8 as endorsed by the FSC, the overall performance of the operating segments is reviewed by the Board of Directors on a regular basis to determine the distribution of resources and to assess the results.

In accordance with IFRS 8, the Consolidated Company's reporting business segments are as follows:

- A. Corporate finance: General corporate loans, policy finance, guarantees and acceptances, receivables finance, small and medium enterprise loans and international syndicated loans, etc.
- B. Consumer finance: Mortgage loans, auto loans, consumer loans, credit cards, etc.
- C. Wealth management: This segment consolidates deposits, wealth management, trust business and various financial instruments, and provides clients with tailor-made recommendations and advice according to their asset portfolio and financial position.
- D. Financial trading: Investing in and handling of foreign exchange and fixed income instruments, securities and other derivatives.

(2) The income sources and service types of each reporting segment

A. Measurement of the profit and loss of operating segments

The Consolidated Company's measurement principles of profit and loss of operating segments are consistent with significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

In order to create a fair and reasonable evaluation system, the funding among segments is regarded as lending to a third party and interest incomes and expenses should be calculated according to internal funding rates which refer to market conditions. Incomes and expenses among internal segments shall be offset in the financial reports published.

Incomes and expenses attributable to each operating segments shall be classified as profits or losses of the segment; the indirect expenses that are not attributable to any segment and back office expenses should be reasonably allocated and the segment's amounts which do not meet the reporting threshold to operating segments. Expenses that cannot be reasonably allocated should be listed under "other segments".

B. Recognition element for reporting segment

The performance appraisal for the Consolidated Company's reporting segments, which is based on specific performance indicators which are reviewed and evaluated by the management on a regular basis, is a reference for resource allocation.

(3) Information about segment profit or loss

	For the years ended December 31, 2022					
	Segment Information					
	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income (loss)	\$ 4,731,784	\$ 4,898,957	\$ 2,642,653	\$ 152,706	\$ 2,159,664	\$ 14,280,352
Net service fee and commission income (loss)	289,597	168,538	3,643,929	(8,876)	(6,599)	4,086,589
Other operating income (loss) (Note 1)	76,470	90,122	121,871	1,012,292	1,085,402	2,386,157
Operating expenses	1,560,827	2,390,531	4,316,537	549,165	2,708,957	11,526,017
Other significant non-cash accounts:						
Reversal profit (loss) of provision for impairment on assets	-	-	-	1,547	(4,172)	(2,625)
Reversal of (provision for) bad debt expenses, commitment and guarantee reserve	(216,298)	(143,176)	25	2	(2,157)	(361,604)
Segmental profit before tax	\$ 3,320,726	\$ 2,623,910	\$ 2,091,941	\$ 303,094	\$ 523,181	\$ 8,862,852
	For the years ended December 31, 2021					
	Segment Information					
	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income	\$ 4,483,475	\$ 4,310,792	\$ 1,331,626	\$ 1,981,025	\$ 961,729	\$ 13,068,647
Net service fee and commission income (loss)	391,041	274,080	4,369,986	32,105	(8,699)	5,058,513
Other operating income (Note 1)	82,228	90,594	163,935	2,753,653	197,533	3,287,943
Operating expenses	1,799,322	2,909,548	4,376,416	774,252	1,515,669	11,375,207
Other significant non-cash accounts:						
Provision for impairment losses on assets	-	-	-	(9,101)	(301,105)	(310,206)
Reversal of (provision for) bad debt expenses, commitment and guarantee reserve	13,515	(517,587)	632	5	(29,448)	(532,883)
Segmental profit (loss) before tax	\$ 3,170,937	\$ 1,248,331	\$ 1,489,763	\$ 3,983,435	\$ 695,659	\$ 9,196,807

Note 1: Include gain and loss on financial assets and liabilities at fair value through profit or loss, realized gain and loss on financial assets at fair value through other comprehensive income, gain arising from derecognition of financial assets measured at amortised cost, foreign exchange gains and losses, and other non-interest income.

Note 2: To effectively integrate organizational operations and management, the business of international syndicated loans which originally was under the offshore banking segment, has been incorporated into the corporate finance since January 1, 2022. The business of offshore branches and subsidiaries of banking units due are listed under other segments because of not meeting the reporting threshold. Therefore, the information about segment profit or loss for 2021 was restated to the reporting segment's composition.

(4) Major customer information

The Consolidated Company has diverse income sources and has no significant trade to single client or transaction.

(5) Product information

The Consolidated Company's product information is identical with the segment information.

(6) Geographical information

The Consolidated Company is categorized according to the geographic location of operating segments. There were no revenues from a single foreign external customer that was material. Therefore, no disclosures have been made.

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