



Minutes of the 77<sup>th</sup> Board Meeting of the 10<sup>th</sup> Session

**Meeting time:** May 26<sup>th</sup>, 2022 (Thursday) at 3:00 p.m.

**Meeting location:** Conference Room, 12th Floor, No. 66, Section 1, Dunhua South Road, Taipei City

**Attendees:**

Chairman Chien Weng	Vice Chairman Tsai-Yu Chang	Director Fan-Sheng Pu
Director Wei-Chen Ma (Web Conferencing)	Director Song-Erh Chang	Director Jin-Long Fang (Web Conferencing)
Director Jin-Sheng Duann (Web Conferencing)	Director Chung-Yuan Chen (Web Conferencing)	Director Yu-Feng Ko (Web Conferencing)
Director Daniel Y.M. Song (Web Conferencing)	Director Kuo-Yuan Liang (Web Conferencing)	Director Ta-Ching Lee
Independent Director Kuang-Si Shiu	Independent Director Ming-Ling Hsueh	Independent Director Yin-Hua Yeh
Independent Director Ching-Shan Hung (Web Conferencing)	Independent Director Chuang-Li Chang	

**Chairman:** Chairman Chien Weng      **Minute Taker:** Ming-Hsuan Huang

**Chairman's Speech:** (omit)

## Report Case 10

**Proposal:** The Company's 2021 annual business report, individual and consolidated financial statement, and earnings distribution statement is hereby reported for the Audit Committee's inspection. (Proposal by the Accounting Department)

**Description:**

1. According to Article 219 of the Company Act, the supervisors shall examine the various forms prepared by the board of directors for the shareholders' meeting and report their opinions to the shareholders' meeting; in addition, according to Article 14-4 of the Securities and Exchange Act, the company shall set up an audit committee. The provisions of the Securities and Exchange Act, the Company Act, and other laws on supervisors shall be applied by the Audit Committee.
2. The Company's 2021 annual business report, individual and consolidated financial report, and earnings distribution statement have been reviewed and completed by the 52<sup>nd</sup> Audit Committee of the 10<sup>th</sup> Session on March 10<sup>th</sup>, 2022. Without discrepancy, an "Audit Committee Inspection Report" was issued as attachment.
3. Since Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15-1 of the Financial Holding Company Law, the powers of the shareholders' meeting shall be exercised by the board of directors.

**Attachment:** Audit Committee Inspection Report

**Resolution:** negotiated.

## Admission Case 1

Proposal: The Bank's 2021 "Business Report" is reported for verification. (Proposal by Business Management Department)

### Description:

1. It shall be handled by the provisions of Article 20 of the Company Law.
2. The contents of the "Business Report" are mainly based on the "Regulations for Documented Items in Bank Annual Reports", which include the following five items:
  - (1) 2021 annual business report: In terms of operating performance, due to the improvement of the deposit structure and the successive maturity of financial bonds, the interest expense decreased, which helped to increase the net interest income. In addition, due to the increase in the net income of wealth management fees, the decrease in bad debts, and other factors, the net profit after tax was NT\$8.022 billion, an increase of NT\$1.126 billion compared with 2020, and the annual budget achievement rate was 94%.
  - (2) Impact of external competitive environment, regulatory environment, and overall business environment: The Bank has taken relevant measures to prevent misappropriation of customer funds and related control measures for real estate credit that are concerned by the competent authorities; the "Trust 2.0" promoted by the clubhouse, as well as the "Open Banking", "Financial Action Identity" and the "Guidelines for Data Sharing between Financial Institutions" promoted by the Bank for the development of financial technology and the convenience of the public, are all supported by the Bank, who actively participate to provide customers with new financial models that are more convenient and secure.
  - (3) Credit rating results: In 2021, China Credit Ratings and Fitch Ratings gave the Bank the same rating results as the previous year, which remained consistent and excellent.
  - (4) 2022 Annual Business Plan and Future Outlook: The Bank will focus on expanding business scale, increasing sources of income, and enhancing the competitiveness of digital finance. On the premise of maintaining good asset quality and complying with laws and regulations, the Bank will gradually expand various business scale to enhance market competitiveness.
  - (5) Sustainable development strategy: The Bank integrates the concept of sustainable management (ESG) into its corporate culture and operation strategy and promotes sustainable actions in five aspects: corporate governance, customer rights, employee care, environmental sustainability, and social welfare. Promoted by the FSC "Corporate Governance 3.0 - Blueprint for Sustainable Development", referring to the recommendations in the Bank's CG6012 (2019) Corporate Governance System Evaluation Report, we will continue to improve and establish a more complete corporate governance system.
3. This case was approved by the 72<sup>nd</sup> Board Meeting of the 10<sup>th</sup> Session on March 10<sup>th</sup>, 2022.
4. Since Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15-1 of the Financial Holding Company Law, the powers of the shareholders' meeting shall be exercised by the board of directors.

Attachment: Yuanta Commercial Bank's 2021 Annual Business Report

Resolution: All directors present agreed to accept the proposal.

## Admission Case 2

**Proposal:** The 2021 individual and the consolidated financial report of the Company and its subsidiaries reviewed and certified by accountants are hereby submitted for inspection. (Proposal by the Accounting Department)

### Description:

1. The 2021 individual and consolidated financial report of the Company and its subsidiaries have been reviewed and approved by the 72<sup>nd</sup> Board Meeting of the 10<sup>th</sup> Session on March 10<sup>th</sup>, 2022. PricewaterhouseCoopers Taiwan Accountants Luo Jiaosen and Ji Shumei of PricewaterhouseCoopers Taiwan Accountants completed the audit and issued an audit report with opinion and other matters respectively.
2. The 2021 individual and consolidated financial report of the Company and its subsidiaries reviewed and certified by accountants have been sent to the audit committee for inspection and completion. It is believed that there is no inconsistency, and an inspection report is issued on the record.
3. Since Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15-1 of the Financial Holding Company Law, the powers of the shareholders' meeting shall be exercised by the board of directors.
4. The Company's 2021 individual and consolidated financial report and accountant's audit report have been prepared for deliberation at the meeting.

**Resolution:** All directors present agreed to accept the proposal.

### Admission Case 3

Proposal: The 2021 annual earnings distribution proposition of the Company report for inspection.  
(Proposal by the Accounting Department)

#### Description:

1. Under the provisions of Article 34-1 of the Company's Articles of Association, the proposed earnings distribution table is attached as the appendix, explained in detail as follows:
  - (1) The net profit after tax of the Company for 2021 was NT\$8,021,862,124, the undistributed earnings at the beginning of the period was added to NT\$0, the net loss from disposal of equity instruments measured at fair value through other comprehensive gains and losses was reduced by NT\$156,934,756, and the re-measurement of the reduction of the defined benefit plan NT\$26,648,481, another 30% statutory surplus reserve of NT\$2,351,483,666 (detailed in the following description (2)), and a special surplus reserve of NT\$483,131,843 (detailed in the following description (3)), the surplus available for distribution NT\$5,003,663,378.
  - (2) The 30% statutory surplus reserve amounting to NT\$2,351,483,666 is set aside under the provisions of Business Regulation No. 10802432410, which is calculated as "the current after-tax net profit plus the items other than the current after-tax net profit and included in the undistributed surplus of the current year" as the basis for the provision of statutory surplus reserve. The basis for the provision in 2021 is NT\$7,838,278,887, which is the net profit after tax of NT\$8,021,862,124 in 2021 less the net loss from disposal of equity instruments measured at fair value through other comprehensive gains and losses by NT\$156,934,756 and the remeasurement of the defined benefit plan by NT\$26,648,481.
  - (3) To set aside a special surplus reserve of NT\$483,131,843, the items include (1) according to the provisions of Article 41, Paragraph 1 of the Securities and Exchange Law, the net deduction of "other equity" in the 2021 account shall be set aside as a special surplus reserve total NT\$500,113,877; and (2) according to the regulations of FCS Banking Bureau No. 10802714560, in response to the needs of financial technology or business development, the expenses for education and training for improving or cultivating the functions of employees amounted to NT\$16,982,034, and the same amount from 2016 to 2018 fiscal year balance of special surplus reserve within the range of NT\$59,630,745 in rotation.
  - (4) The Company's earning distribution is in line with the current year's surplus status and maintains the sound and stable financial structure of the Company. It is proposed to distribute cash dividends of NT\$5,003,663,378 to shareholders in full, calculated on the basis of the company's current number of issued shares of 7,394,038,982 shares, allotment of cash dividend of NT\$0.6767158505.
2. For the earning distribution proposition, after the 2022 Annual Shareholders' Meeting (with the board of directors acting on its behalf), the chairman was authorized to set another base date for cash dividend distribution and other related distribution matters.

3. The case has been reviewed and completed by the Audit Committee. It is believed that there is no inconsistency, and an inspection report is issued on the record.
4. Since Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15-1 of the Financial Holding Company Law, the powers of the shareholders' meeting shall be exercised by the board of directors.

Attachment: 2021 Annual Earning Distribution Table

Resolution: All directors present agreed to accept the proposal.

Adjournment: 4:36 pm

Chairman: Chien Weng

Minute Taker: Ming-Hsuan Huang