

## State of Corporate Governance

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

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<p>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>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 furnishing information required for business execution by Directors and Supervisors, assisting the Directors and Supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings)?</p>	<p>✓</p>		<p>The Bank 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 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>	<p>There was no departure in this respect.</p>

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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.
<p>5. Information Disclosure :</p> <p>(1) Did the Bank establish website to disclose information concerning financial affairs and corporate governance?</p> <p>(2) Did the Bank have other information-disclosing approaches? (e.g. English website, assignment of specific personnel to collect and disclose the Bank’s information, implementation of a spokesperson system, broadcasting of investor conferences via the bank website and etc.)</p> <p>(3) Does the Bank announce and register the annual financial report within the time limit in accordance with the relevant provisions of the Banking Act of Republic of China and Securities and Exchange Act after the end of the fiscal year, and</p>	✓		<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> <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</p>	There was no departure in this respect.

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announce and register the first, second, and third quarter financial reports and the monthly operating status before the prescribed time limit?			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.	
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>(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> <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</p>	There was no departure in this respect.

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			<p>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 :  <ol style="list-style-type: none"> <li>1. In April 2022, Yuanta Bank donated NT\$188,370 to Pingtung County Indigenous People Social Welfare Service Association.</li> <li>2. In May 2022, Yuanta Bank donated NT\$7,270,000 to Yuanta-Polaris Research Institute.</li> <li>3. In May 2022, Yuanta Bank donated NT\$18,400,000 to Yuanta Foundation.</li> <li>4. In June 2022, Yuanta Bank donated NT\$750,000 to Taiwan Financial Service Roundtable.</li> <li>5. In August 2022, Yuanta Bank donated NT\$133,288 to Chiayi County Charitable Group Association.</li> <li>6. In September 2022, Yuanta Bank donated NT\$2,300,000 to Taiwan Fund for Children and Families.</li> </ol> </p>	

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			<p>(8) (VIII) Establish an adequate and clear system dedicated to conveyance consultation, coordination and communication of laws &amp; regulations</p> <ol style="list-style-type: none"> <li>1. Collect the information about important financial laws and regulations and convey the same to related management and staff on a daily basis.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>5. Conduct the online compliance test on a semi-annual basis, which each unit supervisor shall designate colleagues to attend subject the colleagues’ functions.</li> </ol>	
<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> <p>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).</p>				