

2023 Operation of the Audit Committee

The audit committee convened 13 (A) meetings in the most recent year (2023), and the attendance of the independent directors is as follows:

Title	Name	Number of Actual Attendance (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) [B/A](Note 3)	Remarks
Independent Director	Ming Ling Hsueh	13	0	100	
Independent Director	Kuang Si Shiu	13	0	100	
Independent Director	Hsing Yi Chow	13	0	100	
Independent Director	Sheau Wen Yang	13	0	100	

Other items which should be recorded:

1. In cases where the operation of the audit committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date of the board of directors, term, contents of motions, resolutions of the audit committee, and the Company's handling of the audit committee's opinions:

(1) Items listed in Article 14-5 of the *Securities and Exchange Act* (All proposals related to items listed in Article 14-5 of the *Securities and Exchange Act* shall be stated clearly.)

1. The 9th meeting of the 9th audit committee on January 17, 2023

Motion: Evaluation of the independence of the Company's certified public accountants (CPAs) and the audit quality indicators, and the appointment and remuneration for 2023.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 11th meeting of the 9th board of directors on February 1, 2023.

2. The 11th meeting of the 9th audit committee on March 15, 2023

Motion: The Company's 2022 consolidated financial statements.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 12th meeting of the 9th board of directors on March 15, 2023.

3. The 11th meeting of the 9th audit committee on March 15, 2023

Motion: The Company's distribution of earnings for 2022.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 12th meeting of the 9th board of directors on March 15, 2023.

4. The 11th meeting of the 9th audit committee on March 15, 2023

Motion: The Company's issuance of new shares for converting earnings into new capital for the year 2022.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 12th meeting of the 9th board of directors on March 15, 2023.

5. The 12th meeting of the 9th audit committee on March 21, 2023

Motion: The Company's Statement on the Internal Control System for the year 2022.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 13th meeting of the 9th board of directors on March 29, 2023.

6. The 14th meeting of the 9th audit committee on May 16, 2023

Motion: The Company's consolidated financial statements for the first quarter of 2023.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 15th meeting of the 9th board of directors on May 22, 2023.

7. The 15th meeting of the 9th audit committee on June 20, 2023

Motion: For the issuance of the Company's unsecured ordinary corporate bonds.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 16th meeting of the 9th board of directors on June 28, 2023.

8. The 15th meeting of the 9th audit committee on June 20, 2023

Motion: The change of the Company's auditor-general

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 16th meeting of the 9th board of directors on June 28, 2023.

9. The 16th meeting of the 9th audit committee on July 18, 2023

Motion: The Company's issuance of new shares from converting earnings to increase capital in 2022 and the setting of the base date for stock dividend distribution and the base date for the capital increase and issuance of new shares.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 17th meeting of the 9th board of directors on July 26, 2023.

10. The 17th meeting of the 9th audit committee on August 15, 2023

Motion: The Company's consolidated financial statements for the second quarter of 2023.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 18th meeting of the 9th board of directors on August 23, 2023.

11. The 20th meeting of the 9th audit committee on November 21, 2023

Motion: The Company's consolidated financial statements for the third quarter of 2023.

Audit committee's resolution: Approved by all the committee members present.

Company's handling of the audit committee's opinions: Approved by all the directors of the board present at the 21st meeting of the 9th board of directors on November 21, 2023.

(2) Apart from aforementioned, resolution(s) which were approved with the consent of two thirds of the board of directors but were not approved by the audit committee: None.

2. In cases where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the independent director's name, contents of motions, reason for recusing him/herself, and final voting status:

(1) 13th meeting of the 9th audit committee on April 18, 2023

The motion for the general budget for the design and construction of the interior decoration works of the head office building of Yuanta Bank, a subsidiary of the Company.

Resolution: Except for Independent Directors Ming Ling Hsueh and Kuang Si Shiu, who did not participate in the discussion and voting, and Independent Director Sheau Wen Yang acted as chairperson, this motion was passed with the consent of the directors present and submitted to the board of directors for resolution.

(2) 14th meeting of the 9th audit committee on May 16, 2023

The motion for the upgrade of the Yuanta Group's SAP financial accounting system.

Resolution: This motion was voted on and approved by separate division and reported to the board of directors for resolution.

(3) 16th meeting of the 9th audit committee on July 18, 2023

The motion for the signing of a lease agreement with a stakeholder, Yuanta Bank, for a portion of the head office building located at No. 157, Sec. 3, Renai Road, Daan District, Taipei City.

Resolution: Except for Independent Directors Ming Ling Hsueh and Kuang Si Shiu, who did not participate in the discussion and voting, and Independent Director Sheau Wen Yang acted as chairperson, this motion was passed with the consent of the directors present and submitted to the board of directors for resolution.

(4) 17th meeting of the 9th audit committee on August 15, 2023

The motion for the increase in the total budget for the construction of the Yuanta Financial Plaza of Yuanta Bank, a subsidiary of Yuanta Financial Holding Co., Ltd.

Resolution: Except for Independent Directors Ming Ling Hsueh and Kuang Si Shiu, who did not participate in the discussion and voting, and Independent Director Hsing Yi Chow acted as chairperson, this motion was passed with the consent of the directors present and submitted to the board of directors for resolution.

(5) 17th meeting of the 9th audit committee on August 15, 2023

The motion for the authorization of the subsidiary, Yuanta Bank, to coordinate the apportionment of the budget for the renovation works of certain floors of Yuanta Financial Plaza leased by the Company.

Resolution: This motion was voted on and approved by separate division and reported to the board of directors for resolution.

(6) 19th meeting of the 9th audit committee on October 17, 2023

The motion about the proposed increase in the construction budget of the "Nanjing Fuxing Urban Renewal Project," which is reported and jointly participated by the five subsidiaries, including Yuanta Securities.

Resolution: This motion was voted on and approved by separate division and reported to the board of directors for resolution.

(7) 21st meeting of the 9th audit committee on December 19, 2023

The motion for adjusting the building lease agreement of Yuanta Financial Plaza between the Company and Yuanta Commercial Bank Co., Ltd.

Resolution: Except for Independent Directors Ming Ling Hsueh and Kuang Si Shiu, who did not participate in the discussion and voting, and Independent Director Hsing Yi Chow acted as chairperson, this motion was passed with the consent of the directors present and submitted to the board of directors for resolution.

3. Communication between independent directors and internal auditing heads as well as CPAs (e.g. the matters, methods, and results of communication regarding the Company's financial and business status, etc.):

(1) In order to enhance the efficiency and effectiveness of its operations and to strengthen the interaction with the internal audit unit and accounting unit, the audit committee has established the "Communication Procedures for Audit Committee and Internal Auditing Department" and the "Communication Procedures for Audit Committee and Certified Public Accountants"

to supervise the audit unit in performing and fulfilling its functions. The communication process between the audit committee and the internal auditors and CPAs is carried out in accordance with the aforementioned procedures, and the communication is generally good. In addition, an overall performance evaluation of the internal auditors and CPAs is conducted at the end of each year, and the relevant evaluation results are submitted to the board of directors.

1. Communication between independent directors and CPAs:

- (1) The audit committee of the Company is composed of all independent directors. In order to enhance the efficiency and effectiveness of the audit committee's operations and to strengthen the interaction with the CPAs, the audit committee has established the Communication Procedures for Audit Committee and Certified Public Accountants to monitor the fair presentation of the Company's financial statements and the independence and performance of the CPAs.
- (2) The regular communication matters regulated by the Communication Procedures for Audit Committee and Certified Public Accountants is mainly during the CPAs' planning of the audit, during the audit, and before the completion of the audit report. The Company discloses the status of communication and implementation results on its website on a quarterly basis. In addition, if necessary, communication will be conducted from time to time to maintain good communication procedures between the CPAs and the audit committee.
- (3) In addition to the quarterly audited (reviewed) financial statements and profit and loss accounts, the following is an excerpt of important matters from the communication meetings between the audit committee and the CPAs for the year 2023:
 - A. Discussion of the impact of the new basis for determining the amount of legal reserve on the Group.
 - B. Discussion of the process of assessing and reviewing the impairment of the Group's goodwill.

2. Communication between independent directors and internal auditing heads:

- (1) The Company has an internal auditing department under the board of directors, which is responsible for handling internal audit affairs and supervising, integrating, and evaluating subsidiaries' affairs within its scope of responsibilities, and reporting monthly to the audit committee and the board of directors on the implementation of the Company and each subsidiary's audits.
 - (2) The Company's internal auditing department will continue to follow up and review the inspection opinions or audit deficiencies listed by the financial inspection authority, internal audit unit and internal units, and the items listed in the Statement on the Internal Control System that should be improved until they are fully improved and reports to the audit committee every six months.
 - (3) The Company's internal auditing department submits annual audit plans and Statement on Internal Control System, as well as from time to time amendments to the main regulations of the internal auditing department (the "Implementation Measures for Internal Audits," "Assessment Points for Audit Operations of Subsidiaries," etc.) to the audit committee for review.
 - (4) Each year, the audit committee holds a communication meeting with the internal auditors, in which the auditor-general reports on the matters related to internal audit, and fully communicates with the members of the audit committee on issues of concern.
 - (5) When the Company or a subsidiary notifies the Company of a material eventuality, the Company's internal auditing department notifies all directors simultaneously by e-mail or SMS, and then submits a report to the audit committee, so that the audit committee can grasp the information at the first instance.
- (2) The Company discloses the information about the status of communication between independent directors and internal auditing heads and CPAs in the "Audit Committee" in the section of "Sustainability" on the Company's website: <https://www.yuanta.com/EN/IR/Governance/Committees>.

4. Operation and functions of the audit committee:

- (1) The responsibility of the Company's audit committee is to "improve Yuanta FHC's internal mechanism and assist the board of directors in enhancing corporate governance performance." The committee is comprised of only independent directors, and the committee is the most important functional committee in the operation of the Company's board of directors. The audit committee establishes the Annual Plan for Events and Agenda based on the Company's mid-term and long-term development strategies each year, which is the core of the execution of annual strategic objectives by the Company's board of directors. The annual work focuses include review of the Company's annual business and strategic plans, corporate governance-related issues, various financial reports, internal audit affairs and risk management, et al. Based on the Annual Plan for Events and Agenda, the audit committee and the board of directors perform and review their effectiveness every year.
- (2) The main function of the audit committee is to supervise matters such as the fair presentation of the financial reports of the Company, the hiring (and dismissal), independence, and performance of CPAs, the effective implementation of the internal control system of the Company, the compliance with relevant laws and regulations by the Company, the management and control of the existing or potential risks of the Company, etc.
- (3) The powers of the audit committee include the following:
 1. The adoption of or amendments to the internal control system.
 2. Assessment of the effectiveness of the internal control system.
 3. The adoption of or amendments to the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
 4. Matters in which a director of the board is a stakeholder.
 5. Asset transactions or derivatives trading of a material nature.
 6. Loans of funds, endorsements, or provision of guarantees of a material nature.
 7. The offering, issuance, or private placement of equity-type securities.

8. The hiring or dismissal of a CPA, or their compensation.
 9. The appointment or discharge of a financial, accounting, or internal audit officer.
 10. Annual financial report signed or sealed by the chairperson, the managers, and the accounting supervisors and the second-quarter financial report, which is subject to an audit and certification by CPAs.
 11. Other material matters as may be required by the Company or by the competent authority.
- The audit committee meets regularly on a monthly basis, and within the scope of its powers, may request the managers of relevant departments, internal audit officers, CPAs, attorneys, or other personnel of the Company to attend the meeting as non-voting participants and provide pertinent and necessary information, provided that they shall leave the meeting when discussion or voting takes place.
- (4) The audit committee held a total of 13 meetings in the year 2023, and the matters that were considered and the annual work highlights are as follows:
1. The 2022 consolidated financial statements and Statement on the Internal Control System.
 2. The 2023 annual audit plan; the evaluation of the independence of the Company's CPAs and the audit quality indicators, and the appointment and remuneration; the consolidated financial statements for the first quarter; the consolidated financial statements for the second quarter; the consolidated financial statements for the third quarter; distribution of earnings; the issuance of new shares for converting earnings into new capital; the issuance of the unsecured ordinary corporate bonds; and the issuance of new shares from converting earnings to increase capital and the setting of the base date for stock dividend distribution and the base date for the capital increase and issuance of new shares.
 3. Amendments to Communication Procedures between the Audit Committee and the Certified Public Accountants; Self-Regulatory Code on Disclosure of Merger and Acquisition Information; Organizational Rules; Audit Committee Charter; Risk Management Policy; Accounting System; Article 2 of Confidentiality and Conflict-of-Interest Safeguards for Information Provided by Subsidiaries or Databases Constructed by Subsidiaries; Regulations for the Valuation of Unlisted (Over-the-Counter) Equity Securities; Whistleblowing System and Implementation Measures; Rules for Trading with the Counterparties Who Require the Company to Follow the Self-Regulatory Code; and Information Security Policy.
 4. The general budget for the design and construction of the interior decoration works of the head office building of Yuanta Bank, a subsidiary of the Company; the signing of a lease agreement with a stakeholder, Yuanta Bank, for a portion of the head office building located at No. 157, Sec. 3, Renai Road, Daan District, Taipei City; the increase in the total budget for the construction of the Yuanta Financial Plaza of Yuanta Bank, a subsidiary of Yuanta Financial Holding Co., Ltd.; the authorization of the subsidiary, Yuanta Bank, to coordinate the apportionment of the budget for the renovation works of certain floors of Yuanta Financial Plaza leased by the Company; and the proposed increase in the construction budget of the "Nanjing Fuxing Urban Renewal Project," which is reported and jointly participated by the five subsidiaries, including Yuanta Securities.
 5. Repeal of the Regulations on the Establishment of the Risk Management Committee and the Regulations on the Communication Flow between the Audit Committee, the Risk Management Committee, and the Risk Management Department.
 6. Establishment of the Asset-Liability Matching Risk Management Measures.
- (5) The information about the audit committee is disclosed in the "Committees/Audit Committee" in the section of "Corporate Governance" under "Investor Relations" on the Company's website:
<https://www.yuanta.com/EN/IR/Governance/Committees>

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

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

Note 3: (1) Where an independent director may be relieved from duties before the end of the fiscal year, the date of discharge shall be specified in the "Remark" section. Actual attendance rate (%) was calculated based on the number of audit committee meetings held during each independent director's term and the number of meetings actually attended by that independent director.

(2) Where a reelection may be held for filling the vacancies of independent directors before the end of the fiscal year, both the new and the discharged directors shall be listed, and they shall be specified in the "Remark" section if they are the former directors, newly-elected, or re-elected, and the date of the reelection shall also be specified. Actual attendance rate (%) was calculated on the basis of the number of audit committee meetings held during each independent director's term and the number of meetings actually attended by that independent director.