

Stock Code : 2880



華南金融控股股份有限公司
HUA NAN FINANCIAL HOLDINGS CO., LTD.

Hua Nan Financial Holdings Co., Ltd.
Handbook for 2023 Annual General Shareholders' Meeting

Time: 9:00 a.m. on Friday, June 16, 2023.

Venue: 2F, No.123, Songren Rd., Xinyi District, Taipei City
(HNBK International Convention Center)

If there is any discrepancy between English version and Chinese version, the Chinese version shall prevail.

Hua Nan Financial Holdings Co., Ltd. 2023 Annual General Shareholders' Meeting Agenda

Time: 9 AM, Friday, June 16, 2023.

Location: 2F, No.123, Songren Rd., Xinyi District, Taipei City (HNBK International Convention Center)

Method of Convening the Meeting: Physical Shareholders' Meeting

1. Report the number of shares in attendance and announcement of the opening of the meeting.
2. Chairman's welcoming remarks.
3. Management Presentation (Company Reports):
 - (1) The Company's 2022 business report.
 - (2) The Audit Committee's review report on the 2022 Financial Statements.
 - (3) The Company's Report on Remuneration Distribution of Directors and Employees for 2022.
 - (4) The report on rationale and relevant matters on the unsecured corporate bonds of 1st issued in 2022.
4. Matters for Ratification:
 - (1) Ratification of the 2022 business report and financial statements.
 - (2) Ratification of the Distribution of 2022 Profits.
5. Discussion and Election Matters:
 - (1) By-election of one Director seat at the Company's 8th term of Board of Directors.
 - (2) Proposal for Releasing the Prohibition on Directors from Participation in Competitive Business.
6. Questions and Motions
7. Adjournment

Report No.1

Report: The Company's 2022 business report.

Details:

Please refer to pages 7 to 12 of this Handbook for the 2022 Annual Business Report.

Report No.2

Report: The Audit Committee's review report on the 2022 Financial Statements.

Details:

Please refer to pages 13 to 14 of this Handbook for the auditor's report and financial statements for 2022.

Report No.3

Report: The Company's Report on Remuneration Distribution of Directors and Employees for 2022.

Details:

- I. To be executed pursuant to Article 235-1 of the Company Act and Article 36 of the Company's Article of Incorporation.
- II. The Company's 2th interim meeting of the 8th Board of Directors passed resolution to distribute remuneration to Directors NTD 174,552,481 and Employee's compensation NTD 14,734,468, all of which will be distributed by cash.

Report No.4

Report : The report on rationale and relevant matters on the unsecured corporate bonds of 1st issued in 2022.

Details:

- I. Pursuant to Paragraph 1 of Article 246 of the Company Act.
- II. To replenish the working capital, repay the maturity bonds, enhance the capital structure, and raise the Company's capital adequacy ratio, the Company's issuance of the unsecured corporate bonds was approved by the 4th meeting of the 8th Board of Directors on September 26, 2022. The issuance was approved as per the Letter of Approval Zheng-Gui-Zhai-Zi No. 11100129371, dated December 13, 2022. Total amount for corporate bonds issued in this offering is NTD 9.2 billion.
- III. Please refer to pages 4 to 5 of this Handbook.

Main criteria for the issuance of 1st of unsecured ordinary corporate bonds in 2022:

| | |
|--|--|
| Corporate bond type | 2022 1 st of unsecured corporate bonds |
| Issuance (processing) date | December 12, 2022 |
| Face value | NTD 10,000,000 |
| Issuance and trading place | Taiwan |
| Issuance price | 100% of face value |
| Total amount | The total amount of the issuance of these Corporate Bonds is Nine Billion and Two Hundred Million New Taiwan Dollars (NTD9,200,000,000), which were divided into Bond A, Bond B, and Bond C according to the terms and conditions of issuance. Among them, the issuance amount was Three Billion New Taiwan Dollars (NTD3,000,000,000) for Bond A, Three Billion and One Hundred Million New Taiwan Dollars (NTD3,100,000,000) for Bond B, and Three Billion and One Hundred Million New Taiwan Dollars (NTD3,100,000,000) for Bond C. |
| Coupon rate | The coupon rate is a fixed annual rate of 2.15% for Bond A, a fixed annual rate of 2.40% for Bond B, and a fixed annual rate of 2.70% for Bond C. |
| Term | The term to maturity was 5 years with the maturity date December 22, 2027 for Bond A, 7 years with the maturity date December 22, 2029 for Bond B, and 10 years with the maturity date December 22, 2032 for Bond C. |
| Priority order of compensation | Creditors holding Bond A have the same order of priority in the repayment as other unsecured creditors of the Company. Creditors holding Bond B or Bond C have the order of priority in the repayment only superior to the shareholders of the Company with the right to distribute the remaining property and inferior to all other creditors of the Company. |
| Warranty agency | None |
| Trustee | Trust Department, Yuanta Commercial Bank |
| Underwriting agency | Hua Nan Securities Co., Ltd. |
| Certifying attorney | A ACROSS LAW OFFICE: Attorney KANG-RONG, ZHAN |
| Certifying CPA | Deloitte & Touche: CPAs YI-JUN, WU and HAN-NI, FANG |
| Terms of payment | Method of calculation and payment of interest: Annual calculation of simple interest and one payment per year in accordance with the coupon rate from the date of issuance. Method of principal payment: One-time payment upon maturity. |
| Unpaid principal | NTD 9,200,000,000 |
| Terms and conditions for redemption or early liquidation | None |

| | | |
|---|---|------|
| Restriction clauses | If the Company's consolidated capital adequacy ratio is lower than the minimum requirement stipulated by the competent authority after the principal and interest payments on Bond B and Bond C are made by the Company, the principal and interest payments on Bond B and Bond C should be suspended. The principal or interest payments will not be made until the above-mentioned ratio complies with the requirement by the competent authority (interest may accrue cumulatively while interest and an extension to the principal are both calculated at the original coupon rates). | |
| Inclusion in qualifying capital | Three Billion and One Hundred Million New Taiwan Dollars (NTD3,100,000,000) of Bond B and Three Billion and One Hundred Million New Taiwan Dollars (NTD3,100,000,000) of Bond C are included in the eligible capital. | |
| Name of credit rating agency (CRA), rating date, and results of corporate bond ratings | None | |
| Other appended rights | Amount of converted (exchanged or subscribed) ordinary shares, GDRs, or other securities as of the annual report publishing date | None |
| | Measures for issuance and conversion (swaps or warrants) | None |
| Dilution effect and other effects on existing shareholders caused by the issuance, conversion, trade, or subscription, and issuance condition of shares | None | |
| Name of the custodian institution entrusted with securities to be converted | None | |

Matters for Ratification (1)

Proposed by the Board of Directors

Proposal: Ratification of the 2022 business report and financial statements.

Details:

The Company's 2022 business report and financial report have been approved by all members of the Company's Audit Committee and passed in the 2nd interim meeting of the Company's 8th Board of Directors. The financial report has been audited and certified by CPAs YI-JUN, WU and HAN-NI, FANG of Deloitte & Touche and are hereby submitted for ratification.

Please refer to pages 7 to 26 of this Handbook for the 2022 Annual Business.

Resolution:

Hua Nan Financial Holdings Co., Ltd.

2022 Business Report

I.Domestic and International Finance Environment in 2022

In 2022, affected by unfavorable factors such as the Russian-Ukrainian war, inflation, interest rate hike cycle, and China's zero-zero policy, the international political and economic situation was turbulent, and the global economy declined rapidly, which led to a double decline in stocks and bonds in the financial market. It is rare for the US dollar to dominate. The key international institutions (IMF, World Bank, OCED, among others) released the 2022 global economic growth rate to be between 2.9%~3.4%. It is about 2 percentage points lower than that in 2021. Especially European and American countries are suffering from high inflation and high interest rates, which will affect global trade demand and increase manufacturers' inventories.

Based on the statistics of the Directorate General of Budget, Accounting and Statistics, Executive Yuan on February 22, 2023, it expected that the full-year economic growth rate of Taiwan in 2022 would be 2.45% percentage points higher than 6.53% in 2021. The main reason is that in the first half of 2022, the continuous expansion of emerging technology applications and the strong demand for digital transformation of enterprises drove export growth. In the second half of the year, as inflation worsened in various countries, the central banks of various countries switched to monetary tightening policies and raised interest rates sharply. The global economy is in doubt of recession; however, private consumption has gradually returned to normal as the epidemic control has been loosened, and the crowds of people shopping, traveling and having dinners have returned. Coupled with the improvement of employment and wages, the adverse impact on exports in the second half of the year has been mitigated.

In terms of the financial industry, the pre-tax net profit of the entire financial industry in my country was approximately NTD479.8 billion (the unit is identical here after), a decrease of NTD 455.7 billion or 49% from 2021, mainly due to the impact of inflation, the sharp increase in interest rates by central banks of various countries, the Ukrainian war and China's epidemic zero policy, the global stock and bond double drop and the huge loss of the epidemic prevention insurance policy. Among them, the pre-tax net profit of the banking industry was NTD 432.1 billion or an increase of 12%, mainly due to the large increase in net interest margin due to interest rate hikes and loan growth; the pre-tax net profit of the securities and futures industry was NTD 66.3 billion or a decrease of 52%, mainly due to the impact of Taiwan stocks Volume shrank and prices fell, Taiwan stock trading volume fell by 36%, resulting in a 37% drop in brokerage income, which was caused by losses in self-operated business; the pre-tax net loss of the insurance industry was NTD 18.6 billion, a decrease of NTD 429.7 billion from the relative net profit in 2021, mainly It is caused by the double decline of stocks and bonds, resulting in poor investment returns, coupled with the widening interest rate gap between Taiwan and the United States, the sharp increase in hedging costs, and the huge claims of epidemic prevention insurance.

II.Business Plan and Results of Business Strategies

In 2022, the Group was impacted by the aforesaid evolutions of the domestic and international financial situations and the following measures were taken as responses: (I) Comply with the domestic and foreign central bank's interest rate hike cycle, adjust the lending structure, focus on capital utilization efficiency, and increase deposit spreads. (II) Taking a comprehensive look at the development trend of the epidemic situation at home and abroad, strictly control the risk appetite of epidemic prevention insurance to avoid catastrophic losses. (III) Obtained the entrustment case of NTD 10 billion for the new and old system labor pension fund of the Bureau of Labor Funds. (IV) Promoting one-stop services for the elderly in the metropolitan area, and completing the metropolitan renovation project for the Hua

Nan Dingpu Science and Technology Building in Tucheng. (V) In response to changes in the financial situation at home and abroad, use defensive and prudent strategies to mitigate market shocks. (VI) Emphasized environment, social and corporate management (ESG) and the green energy development, as the fulfillment of CSR.

In 2022, the Company's net profit after tax was NTD17.308 billion, EPS was NTD 1.27 and ROE was 8.98%, respectively. The profit reached new record highs. The net profit after tax of the subsidiary Hua Nan Commercial Bank was NTD 16.727 billion, the increase in profit was mainly due to the increase in net interest income due to interest rate hikes. the overdue loan rate was 0.13%. The coverage rate of bad debts was 993.56% and the asset quality was still excellent. The net profit after tax of Hua Nan Securities was NTD1.107 billion; the decrease in profit was mainly due to the double decline in stocks and bonds and the 36% year-on-year decrease in trading volume and the market share of the brokerage was 3.02%, ranked 8th among the peers. The net profit after tax of South China Insurance was NTD458 million, the profit decrease was mainly due to major claims and investment income reduction, but the risk control of the epidemic prevention insurance policy was appropriate, and no major financial losses were caused. The income of the insurance policy premium was NTD12.169 billion with an annual growth of 9.98% and market share was 5.52%, ranking 7th among the peers.

The Group continues to improve and work hard in corporate governance, green finance, environmental sustainability, corporate social responsibility, digital innovations in financial services, and high-quality consumer products. The main achievements in 2022 are explained below:

i.Strengthened the Management

- A.Capital adequacy ratio: The Group's capital adequacy ratio at the end of 2022 was 126.61%. HNCB's capital adequacy ratio was 14.64%, with a Tier 1 capital adequacy ratio of 12.63%, which conforms to the legal capital standard.
- B.Corporate governance: The Company was included in 6%~20% bracket in the (8th) Corporate Governance Evaluation formed by the Taiwan Stock Exchange in 2021. The Company was also selected for inclusion in the“FTSE4Good Emerging Index”, “Taiwan Sustainability Index”, "Corporate Governance 100 Index Constituent Stocks", "Taiwan HC100 Index", and "Taiwan RAFI EMP 99 Index" respectively
- C.The international investment rating institutions rated the Company's promotion of ESG and the outcomes are as follows: From the evolutions of the rating in the past two years, it is seen that the Company has a robust growth for promotion of ESG.

| Assessed Institution | Evaluation Period | |
|---|-------------------|-----------|
| | January 2023 | July 2022 |
| Sustainalytics ESG Risk Score (100-0, 0 is the best) | 23.08 | 23.01 |
| MSCI ESG Rating (AAA-CCC, AAA is the best) | AA | A |
| FTSE Russell ESG Rating (0-5, 5 is the best) | 3 | 3 |

D.Risk management:

- a.The regular meetings of the Group's Risk Management Committee and Asset and Liability Management Committee are convened to implement the management mechanism of risk limits.
- b.Plan and complete the group market risk value system improvement project to support the LIBOR conversion operation and maintain the normal operation of the system.

- c. Respond to climate change and respond to international sustainable initiatives, sign support for the "Task Force on Climate-related Financial Disclosures (TCFD), and gradually establish climate risk-related management mechanisms.
- d. In response to financial market turmoil, strengthen the management measures of the group's non-trading book market risk and capital adequacy ratio, such as adding a loss management mechanism for non-trading book positions, and strengthening the monitoring of changes in the group's capital adequacy ratio.

E. Legal compliance:

- a. The Group convened meetings and forums for Legal Compliance Committee at regular intervals:

To effectively advance the Group's compliance operations, the Group's Legal Compliance Committee effectively supervises all companies to pay attention to changes in the domestic and foreign regulatory environment and give a timely response.

- b. Implementing key compliance matters of the Group:

To ensure and implement the Group's key regulations and the applicable universal regulations, the Company has prepared the provisions concerning standard compliance and the group-level files in order to control legal compliance risks effectively. For instance, the Group's measures for assessing the money laundry risk are used to control the Group's money laundry and terrorism financing risks effectively. The Company is also committed to protecting personal data. In addition to the establishment of group policies, the Company also uses personal data protection meetings and international certifications to ensure the effectiveness of personal data protection management.

- c. Establishment of the Legal Compliance System Optimization of the Group:

The Group intensified real-time and regular online reporting and manages the legal compliance and effectiveness of the Group's business activities by optimizing the data submission system. In addition, the anti-money laundering information sharing platform of the Group is used for comparison, review, confirmation, transmission, and usage of the Group's AML information to effectively offset the Group's money laundering and terrorism financing risks effectively.

- d. Ensure the integrity of the Group's compliance:

For the key laws and regulations applicable to the overall Group, the companies in the Group are supervised to analyze and report on the effects of each amendment drafts from the competent authority and the companies in the Group are urged to schedule the regulation inventory, to ensure the operations and management regulations of them to cope with the related laws and regulations and be updated timely and thus it is ensured that the companies in the Group to respond the changes in laws and regulations timely and comply with such effectively.

ii. Strengthened Cross-Selling

A. Group cross-selling benefits: The achievement rate of the Group's cross-selling business operations as the amount of contribution to income was 103% in 2022.

B. Build financial ecological circle by cyber-physical integration: The financial ecosystem is built by the integration of online and offline: to respond to the trend of digital finance, by linking the online and offline channel services, the business connection among the intra-group clients is completed and by the continuous promotion of joint-marketing business, the synergies of cross-sector marketing of the Group are exerted.

C. Strengthen the Group's Cross-Selling Businesses: The three emphases, including "one-stop shopping service to clients by integrating the Group's resources," "sharing the promotion experience, explaining and analyzing target clients by the

product companies” and “establishing the rapid supporting windows and service process of the product companies,” integrate the channel resources, to enhance the joint marketing volume, to develop positively.

iii.Promoted Digital Finance

- A.Develop FinTech Patents: As of the end of 2022, the Group obtained 261 FinTech patents in mobile platforms, big data, artificial intelligence, security and control mechanisms, and biometrics.
- B.Create Smart Financial Products: Each subsidiary of Hua Nan Group actively offers the smart financial products meeting clients’ demands. Of which, HNCB has launched the App specifically for the SnY digital account and allowed the minorities to open accounts online, AI smart customer service, AI smart wealth management, the first conversational AI mobile banking, financial blockchain information system, withdrawal, transfer and mobile payment and long-distance insurance; Hua Nan Securities provides AI smart stock selection; South China Insurance builds AI smart quotation system and other services, among which AI smart stock selection and AI smart quotation system have obtained patents in 2022, using technological means to make financial services become more precise and more efficient.
- C.Boost the application of big data business: Established a group-level digital financial promotion team, trained dozens of data analysts, produced forecasting models through machine learning algorithms and applied them in marketing business promotion, and assisted subsidiaries in launching a total of 6 projects in 2022.

iv.Corporate Social Responsibility

A.Promote charitable activities:

- a.The 2022 annual public welfare activities include "Hua Nan is so good, never old" activities for the elderly, "President and high school students face-to-face forum", "Influence Forum", "International Forum on Transforming Energy and Green Economy", "Sponsoring Gymnast Zhuang Jialong, Ye Zheng and Coach Lin Yuxin", "South China Financial Holding Cup National Little League and Youth League Championship", "World Cup Little League Championship", "National Community Student Baseball Competition", "MLB CUP Taiwan", "Ministry of Finance's 2022 Years Unified Invoice Cup and National Judges' New System Road Running Activities", "China Golf Association National Training Team Funding", "South China Financial Holdings Taiwan Youth Football League" and "South China Brave Football League" Dream Project" and so on.
- b.The Company has always supported sports activities and received the "Sports Activists Awards" of the Sports Administration of the Ministry of Education in 2022. It was the Company's 11 consecutive times award and the sixth consecutive award for Gold Sponsorship, Long Term Sponsorship, and Promotional Bronze Awards.
- c.The flames of war between Russia and Ukraine continued to rage, and the Ukrainian people suffered serious threats to their lives and properties due to the war. In order to fulfill its corporate social responsibility, the Group donated NTD 4 million to assist in the relief of Ukrainian war refugees.

B.Promotion of responsible finance:

- a.In 2022, a total of 55 projects were undertaken for the elderly business, with an approved credit amount of 30.025 billion yuan, 29 cases in progress, and a pre-approved loan (including land financing) of NTD 16.488 billion.
- b.Cooperating with the government to promote the Green Finance Action Plan 3.0, the credit balance for green energy technology industry, new agriculture, circular economy industry and renewable energy industry was NTD 380.8 billion as of

the end of December 2022.

c.The subsidiary, HNCB issued the PGO credit card on July 1, 2020, to offer incentives to the cardholders to ride the electronic scooters. As of end of December 2022, 12,082 cards were issued.

d.The subsidiary, HNCB issued the green bonds for NTD1 billion on July 28, 2021 again. Total balance of the investment in the green bonds was NTD13.97 billion, NTD800 million for the SR bonds and NTD500 million for the sustainable development bonds.

III.Budget Implementation, Financial income, and Profitability Analysis

In 2022, the Company and its subsidiaries generated consolidated net income after tax of NTD 17.308 billion with an after-tax EPS of NTD1.27. The consolidated return on assets (ROA) was 0.49% and the consolidated ROE was 8.98%. Profitability of subsidiaries was as follows:

i.Hua Nan Commercial Bank

In 2022, the net income after tax was NTD16.727 billion with an after-tax EPS of NTD1.71. The ROA was 0.48% and the ROE 8.1%.

ii.Hua Nan Securities

In 2022, the net income after tax was NTD1.107 billion, with an after-tax EPS of NTD 1.69. The ROA was 1.97% and the ROE 9.79%.

iii.South China Insurance

In 2022, net profit after tax was NTD 458 million with an after-tax EPS of NTD 2.29, the return on assets was 1.91%, and the return on equity was 7.2%.

Hua Nan Financial Holdings Condensed Financial Statements of 2022

| Company | 2022 NPAT(Audited) | 2022 NPAT (Budget) | 2021NPAT(Audited) | EPS | ROE |
|----------------------------|--------------------|--------------------|--------------------|-----------|---------|
| Hua Nan Financial Holdings | NTD 17.308billion | NTD16.903billion | NTD17.206 billion | NTD 1.27 | 8.98% |
| Hua Nan Bank | NTD 16.727 billion | NTD 15.483 billion | NTD 14.594 billion | NTD 1.71 | 8.10% |
| Hua Nan Securities | NTD1.107billion | NTD1.642 billion | NTD2.524 billion | NTD 1.69 | 9.79% |
| South China Insurance | NTD458 million | NTD761 million | NTD900 million | NTD 2.29 | 7.20% |
| Hua Nan Investment Trust | NTD(3)million | NTD2 million | NTD(7) million | NTD(0.11) | (0.86)% |
| Hua Nan Venture Capital | NTD47 million | NTD20 million | NTD26 million | NTD 0.24 | 2.72% |
| Hua Nan Assets Management | NTD146 million | NTD78 million | NTD316 million | NTD 1.46 | 11.12% |

IV.Economic Outlook and Development Strategies for 2023

Looking forward to 2023, it is estimated that inflation will gradually slow down, and the cycle of interest rate hikes will reach its peak. However, due to the impact of unfavorable factors such as geopolitical conflicts such as the Russo-Ukrainian War and the possible recession of the economy, the global economy is forecasted by major international institutions

(IMF, World Bank, OECD, etc.) Growth ranged from 1.7% to 2.9%. Potential risks include the development of the epidemic in mainland China after unblocking, whether inflation can be controlled, the speed of FED rate hikes and balance sheet shrinkage, geopolitical conflicts, whether the economy is in recession, climate change and carbon reduction trends.

Domestically, affected by the slowdown in the global economy, the decline in demand, and the rapid shrinkage of exports, the Accounting and Accounting Office of the Executive Yuan estimated on February 22, 2023 that my country's economic growth rate would be 2.12% in 2023, and the domestic economic indicators also appeared to represent the economic downturn. Blue light, but the international situation seems to be showing signs of improvement. If the decline of leading indicators continues to shrink, the economy is expected to improve in the second half of the year.

Although the economic outlook in 2022 is full of challenges, the above-mentioned potential variables still have risks. The Group will adapt to changes in domestic and foreign political and economic situations, dynamically adjust its business strategy, and implement the Group's five major strategies based on the principle of prudence: (1) Improve the efficiency of capital use; (2) Strengthen financial and risk management; (3) Optimize performance appraisal and reward system; (4) Deepen digital transformation; Shareholder equity remuneration, we hope that the Group can continue to achieve good results, bring better feedback to all shareholders, employees and customers, and contribute more to the society.

Hua Nan Financial Holdings Co., Ltd.
Audit Committee's Audit Report

The Company's Board of Directors prepared and submitted the 2022 business report and financial statements. The financial statements have been audited by Yi-Chun Wu, CPA, and Han-Ni Fang, CPA, of Deloitte & Touche Taiwan. The statements and reports prepared and submitted by the Board of Directors have been audited by the Audit Committee and no inconsistencies have been found. The Committee has prepared an Audit Report following unanimous agreement in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
Hua Nan Financial Holdings Co., Ltd.
2023 Shareholders' Meeting

Hua Nan Financial Holdings Co., Ltd.
Ming-Hsien Yang, Convener of the Audit Committee

March 13, 2023

Hua Nan Financial Holdings Co., Ltd.
Audit Committee's Audit Report

The 2022 earnings distribution proposal prepared and submitted by the Board of Directors have been audited by the Audit Committee and no inconsistencies have been found. The Committee has prepared an Audit Report following unanimous agreement in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
Hua Nan Financial Holdings Co., Ltd.
2023 Shareholders' Meeting

Hua Nan Financial Holdings Co., Ltd.
Ming-Hsien Yang, Convener of the Audit Committee

April 27, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hua Nan Financial Holdings Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Hua Nan Financial Holdings Co., Ltd. (the Company) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 the Company and its subsidiaries as of 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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, the guidelines issued by the authority, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those regulations and standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant 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 for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Impairment Loss of Discounts and Loans

As detailed in Note 5 to the consolidated financial statements, the Company and its subsidiaries' management assess the impairment loss of discounts and loans based on the assumptions about the probability of default and the loss given default. The Company and its subsidiaries uses judgment in timely amending these assumptions and in adjusting the inputs to the impairment evaluation, based on the Company and its subsidiaries' historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Amending and adjusting key assumptions and inputs used are critical judgments and estimates and complied with the relevant laws and regulations. Therefore, the impairment loss of discounts and loans is identified as a key audit matter.

Please refer to Note 4 to the consolidated financial statements for the accounting policies related to impairment evaluation on discounts and loans, Note 5 for critical accounting judgments and key sources of estimation uncertainty, significant assumptions and input values used refer to Note 52 and Note 14 for related presentation and disclosure.

Our audit procedures performed in respect of the above key audit matter include understanding the methodology, key assumptions and parameter settings used by the management to measure the financial asset impairment model in accordance with International Financial Reporting Standard No.9. Assessing whether it is appropriate to reflect the actual situation of discounts and loans and whether the key assumptions and inputs used are reasonable and consistent with the calculation of expected credit losses. Obtain the information related to the evaluation of such financial assets by the management, test the completeness of the related information, and then select samples from the cases of discounts and loans to verify the accuracy of the calculation. In addition, confirm the classification and the provision of allowance for impairment loss complied with the relevant laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, the guidelines issued by the authority, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 the Company 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 the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company 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 the Company 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 for the year ended December 31, 2022 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.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Wu and Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

| ASSETS | 2022 | | 2021 | |
|---|-------------------------|------------|-------------------------|------------|
| | Amount | % | Amount | % |
| CASH AND CASH EQUIVALENTS (Notes 4, 6 and 46) | \$ 57,466,418 | 2 | \$ 42,752,408 | 1 |
| DUE FROM THE CENTRAL BANK CALL LOANS TO AND OTHER BANKS (Notes 4, 7, 46 and 48) | 238,125,369 | 7 | 237,798,118 | 7 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 46) | 92,345,662 | 3 | 111,925,660 | 3 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9, 11 and 48) | 358,704,522 | 10 | 327,146,365 | 10 |
| INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST, NET (Notes 4, 5, 10, 11 and 48) | 716,234,166 | 20 | 609,544,831 | 18 |
| SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 12) | 1,999,158 | - | 2,449,190 | - |
| RECEIVABLES, NET (Notes 4, 5, 13 and 46) | 47,020,578 | 1 | 60,275,356 | 2 |
| CURRENT TAX ASSETS (Notes 4, 44 and 46) | 169,667 | - | 222,141 | - |
| DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 46) | 2,037,419,759 | 56 | 1,985,934,147 | 57 |
| REINSURANCE CONTRACTS ASSETS, NET | 6,404,284 | - | 5,381,961 | - |
| INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Notes 4 and 15) | 359,584 | - | 360,138 | - |
| OTHER FINANCIAL ASSETS, NET (Notes 4, 5, 16 and 46) | 17,573,908 | - | 21,025,010 | 1 |
| INVESTMENT PROPERTIES, NET (Notes 4, 19 and 48) | 12,627,100 | - | 12,117,002 | - |
| PROPERTY AND EQUIPMENT, NET (Notes 4, 17, 46 and 48) | 32,656,522 | 1 | 32,434,819 | 1 |
| RIGHT-OF-USE ASSETS (Notes 3, 4, 18 and 46) | 2,021,323 | - | 1,960,405 | - |
| INTANGIBLE ASSETS, NET (Notes 4 and 20) | 968,134 | - | 942,413 | - |
| DEFERRED TAX ASSETS (Notes 4 and 44) | 4,018,272 | - | 3,571,080 | - |
| OTHER ASSETS, NET (Notes 4, 21, 46 and 48) | 4,047,302 | - | 5,112,874 | - |
| TOTAL | \$ 3,630,161,728 | 100 | \$ 3,460,953,918 | 100 |
| LIABILITIES AND EQUITY | | | | |
| DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Notes 22 and 46) | \$ 182,391,496 | 5 | \$ 121,391,552 | 3 |
| FUNDS BORROWED FROM THE CENTRAL BANK AND OTHER BANKS (Notes 23 and 49) | - | - | 34,478,600 | 1 |
| FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8) | 6,233,545 | - | 3,427,549 | - |
| SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10 and 25) | 53,361,205 | 2 | 26,305,596 | 1 |
| COMMERCIAL PAPER PAYABLE, NET (Notes 24 and 47) | 19,879,471 | 1 | 19,305,630 | 1 |
| PAYABLES (Note 26) | 37,923,753 | 1 | 44,198,933 | 1 |
| CURRENT TAX LIABILITIES (Notes 4, 44 and 46) | 3,599,175 | - | 2,517,810 | - |
| DEPOSITS AND REMITTANCES (Notes 27 and 46) | 2,943,462,133 | 81 | 2,835,359,989 | 82 |
| BONDS PAYABLE (Notes 28 and 47) | 86,584,626 | 2 | 67,891,382 | 2 |
| OTHER BORROWINGS (Notes 29 and 47) | 1,856,000 | - | 2,340,340 | - |
| PROVISIONS (Notes 4, 30 and 31) | 23,891,682 | 1 | 22,986,431 | 1 |
| OTHER FINANCIAL LIABILITIES (Notes 32 and 46) | 64,876,567 | 2 | 56,902,334 | 2 |
| LEASE LIABILITIES (Notes 3, 4, 18, 46 and 47) | 2,075,114 | - | 1,984,400 | - |
| DEFERRED TAX LIABILITIES (Notes 4 and 44) | 6,126,380 | - | 6,100,474 | - |
| OTHER LIABILITIES (Notes 4, 33 and 46) | 13,073,475 | - | 15,056,091 | - |
| Total liabilities | 3,445,334,622 | 95 | 3,260,247,111 | 94 |
| EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT (Notes 4 and 34) | | | | |
| Share capital | | | | |
| Ordinary shares | 136,427,459 | 4 | 131,941,450 | 4 |
| Capital surplus | 17,758,986 | - | 17,758,986 | 1 |
| Retained earnings | | | | |
| Legal reserve | 20,380,779 | - | 18,593,434 | - |
| Special reserve | 6,471,594 | - | 6,471,594 | - |
| Unappropriated earnings | 22,023,668 | 1 | 19,658,539 | 1 |
| Total retained earnings | 48,876,041 | 1 | 44,723,567 | 1 |
| Other equity | | | | |
| Exchange differences on translating the financial statements of foreign operations | (292,639) | - | (3,691,240) | - |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income | 8,570,902 | - | 12,337,960 | - |
| Unrealized loss on investments in debt instruments at fair value through other comprehensive income | (26,224,250) | - | (2,676,360) | - |
| Unrealized gain (loss) on other comprehensive income reclassified by overlay approach | (291,568) | - | 310,358 | - |
| Total other equity | (18,237,555) | - | 6,280,718 | - |
| Total equity attributable to owner of the parent | 184,824,931 | 5 | 200,704,721 | 6 |
| NON-CONTROLLING INTERESTS | 2,175 | - | 2,086 | - |
| Total equity | 184,827,106 | 5 | 200,706,807 | 6 |
| TOTAL | \$ 3,630,161,728 | 100 | \$ 3,460,953,918 | 100 |

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

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2022 | | 2021 | | Percentage Increase (Decrease) % |
|---|---------------------|-------------|--------------------|-------------|---|
| | Amount | % | Amount | % | |
| INTEREST REVENUE (Notes 4, 35 and 46) | \$ 54,851,569 | 102 | \$ 36,596,622 | 72 | 50 |
| INTEREST EXPENSES (Notes 4, 35 and 46) | <u>(21,673,878)</u> | <u>(40)</u> | <u>(8,596,255)</u> | <u>(17)</u> | 152 |
| NET INTEREST | <u>33,177,691</u> | <u>62</u> | <u>28,000,367</u> | <u>55</u> | 18 |
| NET REVENUES OTHER THAN INTEREST | | | | | |
| Commission and service fee revenues, net (Notes 4, 36 and 46) | 9,752,363 | 18 | 12,282,907 | 24 | (21) |
| Income from insurance premiums, net (Notes 4 and 37) | 3,928,063 | 7 | 3,827,698 | 7 | 3 |
| Gain (loss) on financial assets and liabilities at fair value through profit or loss, net (Notes 4, 8, 38 and 46) | 18,219,954 | 34 | (2,185,118) | (4) | 934 |
| Gain on investment properties, net (Note 19) | 460,702 | 1 | 536,797 | 1 | (14) |
| Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 39) | 1,292,130 | 3 | 3,683,984 | 7 | (65) |
| Gain on derecognition of financial assets at amortized cost (Notes 4 and 10) | 7,500 | - | 8,374 | - | (10) |
| Foreign exchange (loss) gain, net (Notes 4 and 40) | (13,881,269) | (26) | 4,699,693 | 9 | (395) |
| Impairment loss on assets (Notes 4 and 11) | (22,017) | - | (20,287) | - | 9 |
| Share of profit of associates accounted for using the equity method (Notes 4 and 15) | 8,822 | - | 12,420 | - | (29) |
| Gain (loss) on reclassification of overlay approach (Notes 4, 8 and 11) | 629,375 | 1 | (120,744) | - | 621 |
| Other non-interest income, net (Notes 4 and 46) | <u>93,438</u> | <u>-</u> | <u>346,447</u> | <u>1</u> | (73) |
| Total net revenues other than interest | <u>20,489,061</u> | <u>38</u> | <u>23,072,171</u> | <u>45</u> | (11) |

(Continued)

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2022 | | 2021 | | Percentage Increase (Decrease) % |
|--|---------------------|-------------|---------------------|-------------|---|
| | Amount | % | Amount | % | |
| TOTAL NET REVENUES | <u>53,666,752</u> | <u>100</u> | <u>51,072,538</u> | <u>100</u> | 5 |
| ALLOWANCE FOR DOUBTFUL AC- COUNTS, COMMITMENTS, AND GUARANTEES (Notes 4, 13 and 14) | <u>(3,311,768)</u> | <u>(6)</u> | <u>(2,749,701)</u> | <u>(6)</u> | 20 |
| CHANGE IN PROVISIONS FOR IN- SURANCE LIABILITIES, NET (Notes 4 and 30) | <u>(1,095,681)</u> | <u>(2)</u> | <u>(692,380)</u> | <u>(1)</u> | 58 |
| OPERATING EXPENSES (Notes 31, 41, 42, 43 and 46) | | | | | |
| Employee benefits | (18,012,364) | (34) | (18,443,265) | (36) | (2) |
| Depreciation and amortization | (2,079,937) | (4) | (2,127,717) | (4) | (2) |
| Others | <u>(8,174,011)</u> | <u>(15)</u> | <u>(7,522,748)</u> | <u>(15)</u> | 9 |
| Total operating expenses | <u>(28,266,312)</u> | <u>(53)</u> | <u>(28,093,730)</u> | <u>(55)</u> | 1 |
| NET PROFIT BEFORE INCOME TAX | 20,992,991 | 39 | 19,536,727 | 38 | 7 |
| INCOME TAX EXPENSE (Notes 4 and 44) | <u>(3,684,520)</u> | <u>(7)</u> | <u>(2,330,406)</u> | <u>(4)</u> | 58 |
| NET PROFIT FOR THE YEAR | <u>17,308,471</u> | <u>32</u> | <u>17,206,321</u> | <u>34</u> | 1 |
| OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 8, 34 and 44) | | | | | |
| Items that will not be reclassified sub- sequently to profit or loss: | | | | | |
| Remeasurement of defined benefit plans | 796,549 | 1 | (188,415) | - | 523 |
| Loss on investments in equity in- struments at fair value through other comprehensive income | (2,784,241) | (5) | 3,371,393 | 6 | (183) |
| Income tax relating to items that will not be reclassified subse- quently to profit or loss | (157,745) | - | 37,248 | - | (523) |

(Continued)

HUA NAN FINANCIAL HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2022 | | 2021 | | Percentage Increase (Decrease) % |
|--|-----------------------|-------------|----------------------|------------|---|
| | Amount | % | Amount | % | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translating the financial statements of foreign operations | 3,398,601 | 7 | (630,717) | (1) | 639 |
| Loss on investments in debt instruments at fair value through other comprehensive income | (23,657,832) | (44) | (5,242,674) | (10) | 351 |
| (Loss) gain on other comprehensive income reclassified by overlay approach | (629,375) | (1) | 120,744 | - | (621) |
| Income tax relating to items that may be reclassified subsequently to profit or loss | <u>137,391</u> | <u>-</u> | <u>35,345</u> | <u>-</u> | 289 |
| Other comprehensive loss for the year | <u>(22,896,652)</u> | <u>(42)</u> | <u>(2,497,076)</u> | <u>(5)</u> | 817 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ (5,588,181)</u> | <u>(10)</u> | <u>\$ 14,709,245</u> | <u>29</u> | (138) |
| NET PROFIT ATTRIBUTABLE TO: | | | | | |
| Owner of the parent | \$ 17,308,343 | 32 | \$ 17,206,199 | 34 | 1 |
| Non-controlling interests | <u>128</u> | <u>-</u> | <u>122</u> | <u>-</u> | 5 |
| | <u>\$ 17,308,471</u> | <u>32</u> | <u>\$ 17,206,321</u> | <u>34</u> | 1 |
| COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO: | | | | | |
| Owner of the parent | \$ (5,588,357) | (10) | \$ 14,709,075 | 29 | (138) |
| Non-controlling interests | <u>176</u> | <u>-</u> | <u>170</u> | <u>-</u> | 4 |
| | <u>\$ (5,588,181)</u> | <u>(10)</u> | <u>\$ 14,709,245</u> | <u>29</u> | (138) |
| EARNINGS PER SHARE (Note 45) | | | | | |
| Basic and diluted | <u>\$ 1.27</u> | | <u>\$ 1.26</u> | | |

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

(Concluded)

Hua Nan Financial Holdings Co., Ltd.

Balance Sheets
December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

| Assets | 2022 | 2021 | Liabilities | 2022 | 2021 |
|---|-----------------------|-----------------------|---|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 7,373,577 | \$ 404,115 | Commercial paper payable, net | \$ 17,357,504 | \$ 13,092,214 |
| Financial assets at fair value through other comprehensive income | 1,089,593 | 1,237,466 | Payables | 2,498,908 | 2,430,090 |
| Receivables, net | 77,229 | 135,839 | Current tax liabilities | 2,965,014 | 1,951,598 |
| Current tax assets | 3,092,970 | 2,187,086 | Bonds payable | 26,184,626 | 16,991,382 |
| Investments accounted for using equity method, net | 222,229,603 | 231,243,218 | Provision | 40,962 | 58,242 |
| Property and equipment, net | 2,250 | 12,148 | Lease liabilities | 73,167 | 127,426 |
| Right-of-use assets | 72,446 | 126,838 | Other liabilities | <u>677</u> | <u>677</u> |
| Intangible assets, net | 5,113 | 6,632 | Total liabilities | <u>49,120,858</u> | <u>34,651,629</u> |
| Deferred tax assets | 2,808 | 2,808 | | | |
| Other assets, net | <u>200</u> | <u>200</u> | Equity | | |
| | | | Share capital | | |
| | | | Ordinary shares | <u>136,427,459</u> | <u>131,941,450</u> |
| | | | Capital surplus | <u>17,758,986</u> | <u>17,758,986</u> |
| | | | Retained earnings | | |
| | | | Legal reserve | 20,380,779 | 18,593,434 |
| | | | Special reserve | 6,471,594 | 6,471,594 |
| | | | Unappropriated earnings | <u>22,023,668</u> | <u>19,658,539</u> |
| | | | Total retained earnings | <u>48,876,041</u> | <u>44,723,567</u> |
| | | | Other equity | | |
| | | | Exchange differences on translating the financial statements of foreign operations | (292,639) | (3,691,240) |
| | | | Unrealized gain on investments in equity instruments at fair value through other comprehensive income | 8,570,902 | 12,337,960 |
| | | | Unrealized loss on investments in debt instruments at fair value through other comprehensive income | (26,224,250) | (2,676,360) |
| | | | Unrealized gain (loss) on other comprehensive income reclassified by overlay approach | <u>(291,568)</u> | <u>310,358</u> |
| | | | Total other equity | <u>(18,237,555)</u> | <u>6,280,718</u> |
| | | | Total equity | <u>184,824,931</u> | <u>200,704,721</u> |
| Total | <u>\$ 233,945,789</u> | <u>\$ 235,356,350</u> | Total | <u>\$ 233,945,789</u> | <u>\$ 235,356,350</u> |

Hua Nan Financial Holdings Co., Ltd.

**Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2022 | 2021 |
|--|---------------------|----------------------|
| REVENUES | | |
| Interest revenue | \$ 5,413 | \$ 2,026 |
| Share of profit of subsidiaries and associates | 18,202,679 | 17,977,023 |
| Other non-interest income, net | <u>31,099</u> | <u>32,583</u> |
| Total revenues | <u>18,239,191</u> | <u>18,011,632</u> |
| OPERATING EXPENSES AND LOSSES | | |
| Interest expenses | (349,280) | (232,043) |
| Employee benefits | (383,583) | (397,661) |
| Depreciation and amortization expenses | (73,253) | (73,904) |
| Other operating expenses | <u>(132,134)</u> | <u>(101,825)</u> |
| Total operating expenses and losses | <u>(938,250)</u> | <u>(805,433)</u> |
| NET PROFIT BEFORE INCOME TAX | 17,300,941 | 17,206,199 |
| INCOME TAX BENEFIT | <u>7,402</u> | <u>-</u> |
| NET PROFIT FOR THE YEAR | <u>17,308,343</u> | <u>17,206,199</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Remeasurement of defined benefit plans | 7,824 | (2,174) |
| Share of other comprehensive income or loss of subsidiaries and associates accounted for using the equity method | (1,847,691) | 2,784,595 |
| Gain or loss on equity instruments at fair value through other comprehensive income | (147,873) | 400,509 |
| Income tax of items that will not be reclassified subsequently to profit or loss | (157,745) | 37,248 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Share of other comprehensive income or loss of subsidiaries and associates accounted for using the equity method | (20,888,606) | (5,752,647) |
| Income tax relating to items that may be reclassified subsequently to profit or loss | <u>137,391</u> | <u>35,345</u> |
| Total other comprehensive loss for the year | <u>(22,896,700)</u> | <u>(2,497,124)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 5,588,357</u> | <u>\$ 14,709,075</u> |
| EARNINGS PER SHARE | | |
| Basic and diluted | <u>\$1.27</u> | <u>\$1.26</u> |

HUA NAN FINANCIAL HOLDINGS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

| | Other Equity | | | | | | | | | | | | | | |
|---|----------------|---------------|----------------|-----------------------------------|----------|---------------|-------------------|-----------------|----------------------------|------------------|--|---|---|--|----------------|
| | Share Capital | | | | | | Retained Earnings | | | | Other Equity | | | | |
| | Capital Stock | Share Premium | Treasury Stock | Capital Surplus Donated Assets | Others | Total | Legal Reserve | Special Reserve | Unappropriated Earnings | Overlay Approach | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (loss) on Investment in Equity Instruments at Fair Value Through Other Comprehensive Income | Unrealized Gain (loss) on Investment in Debt Instruments at Fair Value Through Other Comprehensive Income | Unrealized Gain (loss) on Other Comprehensive Income Reclassified by Overlay Approach | Total Equity |
| BALANCE AT JANUARY 1, 2021 | \$ 128,547,788 | \$ 17,702,376 | \$ 52,349 | \$ 2,936 | \$ 1,325 | \$ 17,758,986 | \$ 17,837,809 | \$ 6,471,594 | \$ 9,340,889 | \$ 33,650,292 | \$ (3,060,523) | \$ 9,785,036 | \$ 2,531,748 | \$ 188,835 | \$ 189,402,162 |
| Appropriation of 2020 earnings | | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | - | - | 755,625 | - | (755,625) | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | - | - | - | (3,406,516) | (3,406,516) | - | - | - | - | (3,406,516) |
| Stock dividends | 3,393,662 | - | - | - | - | - | - | - | (3,393,662) | (3,393,662) | - | - | - | - | - |
| Net profit for the year ended December 31, 2021 | - | - | - | - | - | - | - | - | 17,206,199 | 17,206,199 | - | - | - | - | 17,206,199 |
| Other comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | - | - | - | - | (151,168) | (151,168) | (630,717) | 3,371,346 | (5,208,108) | 121,523 | (2,497,124) |
| Total comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | - | - | - | - | 17,055,031 | 17,055,031 | (630,717) | 3,371,346 | (5,208,108) | 121,523 | 14,709,075 |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | 818,422 | 818,422 | - | (818,422) | - | - | - |
| BALANCE AT DECEMBER 31, 2021 | 131,941,450 | 17,702,376 | 52,349 | 2,936 | 1,325 | 17,758,986 | 18,593,434 | 6,471,594 | 19,658,539 | 44,723,567 | (3,691,240) | 12,337,960 | (2,676,360) | 310,358 | 200,704,721 |
| Appropriation of 2021 earnings | | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | - | - | - | 1,787,345 | - | (1,787,345) | - | - | - | - | - | - |
| Cash dividends | - | - | - | - | - | - | - | - | (10,291,433) | (10,291,433) | - | - | - | - | (10,291,433) |
| Stock dividends | 4,486,009 | - | - | - | - | - | - | - | (4,486,009) | (4,486,009) | - | - | - | - | - |
| Net profit for the year ended December 31, 2022 | - | - | - | - | - | - | - | - | 17,308,343 | 17,308,343 | - | - | - | - | - |
| Other comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | - | - | - | - | 638,804 | 638,804 | 3,398,601 | (2,784,289) | (23,547,890) | (601,926) | (22,896,700) |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | - | - | - | - | 17,947,147 | 17,947,147 | 3,398,601 | (2,784,289) | (23,547,890) | (601,926) | (5,588,357) |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | 982,769 | 982,769 | - | (982,769) | - | - | - |
| BALANCE AT DECEMBER 31, 2022 | \$ 136,427,459 | \$ 17,702,376 | \$ 52,349 | \$ 2,936 | \$ 1,325 | \$ 17,758,986 | \$ 20,380,779 | \$ 6,471,594 | \$ 22,023,668 | \$ 48,876,041 | \$ (292,639) | \$ 8,570,902 | \$ (26,224,250) | \$ (291,568) | \$ 184,824,931 |

Hua Nan Financial Holdings Co., Ltd.

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

| | 2022 | 2021 |
|--|----------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit before income tax | \$ 17,300,941 | \$ 17,206,199 |
| Adjustments for | | |
| Depreciation expenses | 71,423 | 72,107 |
| Amortization expenses | 1,830 | 1,797 |
| Interest expenses | 349,280 | 232,043 |
| Interest income | (5,413) | (2,026) |
| Dividend income | (38,179) | (37,614) |
| Share of profit of subsidiaries and associates accounted for using the equity method | (18,202,679) | (17,977,023) |
| Gain on change in leasing contracts | (21) | - |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in receivables | 59,745 | (2) |
| Increase in payables | 145,854 | 658,314 |
| (Decrease) increase in provisions | (9,456) | 808 |
| Increase in other liabilities | - | 397 |
| Interest received | 4,278 | 2,026 |
| Dividend received | 4,497,822 | 3,450,986 |
| Interest paid | (384,647) | (232,351) |
| Income tax paid | (508) | (275) |
| | <u>3,790,270</u> | <u>3,375,386</u> |
| Net cash generated from operating activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property and equipment | (1,453) | (178) |
| Acquisition of intangible assets | (311) | (803) |
| Increase in other assets | - | (200) |
| | <u>(1,764)</u> | <u>(1,181)</u> |
| Net cash used in investing activities | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in commercial paper payables | 4,300,000 | 200,000 |
| Proceeds from corporate debentures | 9,200,000 | - |
| Repayment of the principal portion of lease liabilities | (59,918) | (59,173) |
| Cash dividends paid | (10,259,126) | (3,396,434) |
| | <u>3,180,956</u> | <u>(3,255,607)</u> |
| Net cash (used in) generated from financing activities | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 6,969,462 | 118,598 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>404,115</u> | <u>285,517</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 7,373,577</u> | <u>\$ 404,115</u> |

Matters for Ratification (2)

Proposed by the Board of Directors

Proposal: Ratification of the Distribution of 2022 Profits.

Details:

- I. The Company's undistributed earnings at the beginning of 2022 was NTD (same here under) 3,093,749,051. After accounting for the 17,308,343,293 in net profits after current year taxes, the increase in the remeasurements of the defined benefit plans of 638,804,258, and the gain on disposal of equity instruments designated at fair value through other comprehensive income of 982,768,924, the earnings shall be distributed as follows in accordance of the Article of Incorporation and related regulations (please refer to page 28 of this Handbook):
 - (I) Provision for legal reserve: 1,892,991,648.
(Pursuant to Article 237 of the Company Act and Ministry of Economic Affairs—Jan., 9, 2020-- Letter No. of Ching-shang-tzu-- 10802432410)
 - (II) Special reserve set aside: 12,031,763,972.
(According to Article 41 of the Securities and Exchange Act and Order No. Financial-Supervisory-Securities-Corporate-1090150022)
 - (III) Distribution of shareholder dividends--cash (0.59 per share):
A total of 8,049,220,080.
 - (IV) Ending undistributed earnings: 49,689,826.
 - (V) The current year's distribution is prioritized by the 2022 after-tax net profit.
- II. After the distribution proposal is passed in the annual general shareholder's meeting, the distribution base day for cash dividends shall be separately established by the Board of Directors.
- III. If the Company's shares in external circulation are subsequently changed due to re-acquisition, transfer or cancellation of its treasury stock or other reasons, which impact the shareholder dividend ratio and dividend ratio, a proposal is to be submitted to authorize the Board of Directors to process the changes.

Resolution:

Hua Nan Financial Holdings Co., Ltd.
Statement of Earnings Distribution
2022

Unit: NTD

| | |
|--|----------------|
| Undistributed earnings at the beginning of the period | 3,093,749,051 |
| Net profit after tax | 17,308,343,293 |
| Add: Remeasurements of defined benefit plans | 638,804,258 |
| Add: gain on disposal of equity instruments at fair value through other comprehensive income | 982,768,924 |
| The net profit after tax of this period plus items other than the net profit after tax of this period are included in the undistributed earnings of the current year | 18,929,916,475 |
| Appropriations | |
| Less: Legal reserve (10%) | 1,892,991,648 |
| Less: Special reserves | 12,031,763,972 |
| Retained earnings available for distribution for this period | 8,098,909,906 |
| Allocation | |
| Shareholder dividends-cash (\$0.59 per share) | 8,049,220,080 |
| Ending undistributed earnings | 49,689,826 |

Note1: Per 31 March 2021 No. Order Financial-Supervisory-Securities-Corporate-1090150022 of the Financial Supervisory Commission, when a public company distributes the distributable earnings, it shall set aside a special reserve with the same amount as the amount of the net profit after tax for the period plus Items other than the net profit after tax for the period included in the beginning retained earnings for the period for the net amount as a deduction to other equity that occurred during the current period. In addition, if the company has already set aside a special reserve according to First-time Adoption of the International Financial Reporting Standards (IFRSs), a special reserve shall be additionally set aside for the difference between the amount already set aside and the amount to be set aside as a special reserve as stipulated above. The Company's deduction to other equity deduction was NTD18,237,553,592. After deducting the special reserve of NTD6,205,789,620 for the first-time adoption of IFRSs, a special reserve of NTD12,031,763,972 should be additionally set aside.

Note2: For this period's motion to distribute cash dividends, the dividend will be calculated to the amount of one whole NTD, and any decimal point below one NTD will be rounded down. Shares below one dollar NTD will be adjusted from the largest decimal place and foremost account number until the total amount of cash dividends has been distributed.

Discussion and Election Matters (1)

Proposed by the Board of Directors

Proposal: By-election of one Director seat at the Company's 8th term of Board of Directors.

Details:

- I. The by-election of Board of Directors pursuant to the Company Act and Articles of Incorporation.
- II. Pursuant to the Articles 22 of the Articles of Incorporation of the Company, The Company will have fifteen to twenty-one (15-21) directors on the Board of Directors, each to be nominated from among natural person shareholders with disposing capability or representatives of juristic person shareholders, in accordance with the provisions of the Financial Holding Company Act and the Company Act. The Company will have no less than two (2) independent directors on the Board of Directors and the number of the independent directors shall represent no less than one fifth (1/5) of the total number of directors.
- III. In consideration of the Company's size, the operation of the Board of Directors and pursuant to the Articles of Incorporation of the Company, that one (1) director is to be elected at this AGM. The director shall serve from June 16, 2023, and have the same term of office as the directors, until the expiration date of 8th term of Board of Directors.
- IV. Please refer to the Handbook in page 30 about the Nominee of the Director highest educational attainment and work experience for this election, which were resolved by the 11th Meeting of the Board of Directors of the 8th term on April 27, 2023.
- V. Please proceed to the election.

Resolution:

Hua Nan Financial Holdings Co., Ltd.
List of Director Candidate

| No. | Name | | Highest educational attainment/Work experience | Shares Held (Unit: Shares) |
|-----|----------|---------------|--|-------------------------------|
| 1 | Director | Chen-Yuan, Tu | Bachelor of International Trade, Feng Chia University Chairman of BNP Paribas Cardif TCB Life Insurance Co., Ltd. Vice President of Taiwan Cooperative Bank Ltd. | 0 |

Discussion and Election Matters (2)

Proposed by the Board of Directors

Proposal: Proposal for Releasing the Prohibition on Directors from Participation in Competitive Business.

Details:

- I. Pursuant to the Articles 209-1 of the Company Act, A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- II. The Company's directors and the judicial persons that they represent may participate in competitive business of the Company, as such the release of the prohibition is proposed.
- III. Please refer to the Handbook in page 32 about the Company's directors and the judicial persons that they represent that is within the scope of the company's business.

Resolution:

Attachment: List of waiver of non-competition clause

| Director and the judicial person represented by the director | Concurrent Company | Engaged in the same or similar business items as the Company | Position Held |
|---|-----------------------------------|---|---------------|
| Yun-Peng Chang (Representative of Ministry of Finance) | Taiwan Asset Management Co., Ltd. | Financial Institution Creditor's Rights (Money) Purchase Business, Rental and Leasing, etc. | Director |
| An-Lan Hsu Chen (Representative of He Quan Investment Co., Ltd.) | He Chun Investment Co., Ltd. | Investment | Chairman |
| | He Sheng Investment Co., Ltd. | Investment | Supervisor |
| Yuan-Lin Hsu (Representative of He Quan Investment Co., Ltd.) | He Qing Investment Co., Ltd. | Investment | Chairman |
| | He Quan Investment Co., Ltd. | Investment | Director |

Questions and Motions

Appendix 1

Hua Nan Financial Holdings Co., Ltd. Articles of Incorporation

Chapter 1 General Provisions

- Article 1. The Company is incorporated in accordance with the Financial Holding Company Act, the Company Act, and related laws and regulations to expand the economic scale and categories in consideration of developed synergies of the Company.
- Article 2. The Company is named "Hua Nan Financial Holdings Co., Ltd." (Chinese: 華南金融控股股份有限公司).
- Article 3. The Company's head office is established in Taipei City, and the Company may establish domestic or overseas branches at appropriate locations in response to business requirements.
- Article 4. Any announcement made by the Company shall be published in newspapers, electronic newsletters, or a website set up or designated by the central competent authority.
- Where the competent authority of securities prescribes other regulations regarding matters in the preceding paragraph, such regulations shall apply.

Chapter 2 Shares

- Article 5. The Company has one hundred eighty billion New Taiwan Dollars (NTD180 billion) in authorized capital, which is divided into 18 billion shares with a face value of NTD10 each. The Board of Directors is authorized to issue the shares in separate installments.
- Article 6. Shares issued by the Company are not required to be printed. The Company, however, shall register the shares with the centralized securities depository enterprise institution, and comply with the regulations of the institution.
- Article 7. Shareholders of the Company shall provide their seal specimens which shall be kept by the Company. Claims for collection of dividends, exercising the rights of a shareholder in writing, or written communication with the Company, shall be verified with the seal shown in the specimens.
- Article 8. Except as otherwise provided by laws and regulations, the transfer of the Company's shares shall be signed by both the shareholder and the transferee. The shareholder shall fill out the share transfer application form set by the Company and file the application along with the shares to be transferred to the Company. Unless it is registered in the shareholders roster, the shareholder may not file claims against the Company based on the transfer.
- All transfers of shares shall be duly suspended within 60 days prior to the date of an annual general meeting, within 30 days prior to the date of an extraordinary general meeting, or within 5 days prior to the cut-off date set by the Company for the distribution of dividends, bonus, or other benefits.
- Article 9. The Company shall handle shareholders service in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.

Chapter 3 Business Operations

Article 10. The Company's business item: H801011 Financial Holding Company.

Article 11. The Company's scope of business is as follows:

1. The Company may invest in the following business:
 - (1) Financial holding companies
 - (2) Banking business;
 - (3) Bills financing business;
 - (4) Credit card business;
 - (5) Trust business;
 - (6) Insurance business;
 - (7) Securities business;
 - (8) Futures business;
 - (9) Venture capital business;
 - (10) Investments in foreign financial institutions approved by the competent authority;
 - (11) Other business in relating to financial services recognized by the competent authority;
 - (12) Other related financial business the Company may invest in by law.
2. Management of the investee enterprises in the preceding subparagraph.
3. The Company may apply to the competent authority for approval for investment in businesses other than those specified in Subparagraph 1.
4. Other related businesses approved by the competent authority.

Article 12. The Company's specialized business consists of investments and management of invested businesses. Its investments in other businesses shall not be restricted by the 40% of the Company's paid-up capital as specified in Paragraph Two of Article 13 of the Company Act.

Chapter 4 Shareholders Meeting

Article 13. The Company's shareholders meetings include regular meetings and special meetings. The regular shareholders meeting is convened within six months after the end of each fiscal year; special shareholders meetings are convened when necessary in accordance with the Company Act.

Unless otherwise provided in the Company Act or other related regulations, the shareholders' meeting shall be convened by the Board of Directors in accordance with laws.

Article 14. The notice for convening a regular shareholders meeting shall be issued 30 days prior to the meeting and the notice for convening a special shareholders meeting shall be issued 15 days prior to the meeting. All shareholders shall be notified of the date, location, and purpose of the meeting and the Company may provide notifications to shareholders holding fewer than one thousand registered shares by means of a public notice.

Article 15. Where a shareholder is unable to attend the shareholders meeting, he/she may sign or affix his/her personal seal on a proxy form printed by the Company to specify the scope of authorization and designate a proxy to attend the meeting on his/her behalf. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or

more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

The aforementioned proxy letter must be delivered to the Company at least five days prior to the shareholders meeting. If more than one written proxy is delivered, the first one that received by the Company shall prevail. However, this restriction does not apply to the withdrawal of prior proxies.

Article 16. The Company's shareholders shall have one voting right per share unless otherwise provided in laws or regulations.

Article 17. Matters to be resolved by the shareholders meeting are as follows:

1. Establishment and amendment of the Company's Articles of Incorporation.
2. Election and dismissal of Directors.
3. Ratification of the statements prepared by the Board of Directors and the inspection reports issued by the Audit Committee.
4. Resolutions regarding the increase or decrease of capital of the Company.
5. Resolutions regarding the distribution of earnings and make-up of deficits.
6. Other matters to be resolved in the shareholders' meeting in accordance with laws.

Article 18. Unless otherwise specified by law, the Chairman of the Board of Directors shall chair the shareholders' meeting. Where the Chairman is on leave or unable to attend the meeting for any reason, the Vice Chairman, if appointed, shall stand proxy. If there is no Vice Chairman or if the Vice Chairman is also on leave or unable to exercise power for any reason, the Chairman may appoint one of Directors to stand proxy. If the Chairman does not appoint a proxy, the Directors shall elect one person from among themselves to stand proxy.

Article 19. Unless otherwise provided by the Financial Holding Company Act, Company Act and other applicable laws, all resolutions of the shareholders' meeting must be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 20. Resolutions adopted at a shareholders meeting shall be recorded in the meeting minutes, which shall be signed or sealed by the chairman of the meeting and shall be distributed to each shareholder within 20 days after the close of the meeting.

The public announcement of the meeting minutes mentioned in the preceding paragraph shall suffice.

Article 21. Unless otherwise specified by law or the Articles of Incorporation, matters related to the shareholders' meeting shall be processed in accordance with the Rules of Procedure for Shareholders Meetings of the Company.

Chapter 5 Board of Directors

Article 22. The Company's Board of Directors shall have 15 to 21 Directors. Directors shall be elected based on a candidate nomination system at the shareholders' meeting from among the shareholders with

disposing capacity. The term of office for Directors shall be three years, and Directors are eligible for re-election. When a Director's term expires and another Director cannot be elected in time, he or she shall extend his or her duties until the re-elected director takes office.

Pursuant to Article 183 of the Securities and Exchange Act, the Company shall have no less than two Independent Directors among the aforementioned number of Directors, and Independent Directors shall account for no less than one fifth of the Board of Directors. They shall be elected from the list of nominees for Independent Directors at the shareholders' meeting. The professional qualifications, shareholdings, restrictions on concurrent posts, nomination and election methods and other compliance of the Independent Directors shall be subject to the relevant provisions of the competent authority of securities.

An elected Director representing the government, a judicial person shareholder, or its representative may be replaced at any time by another representative to complete the remainder of the term of office of the replaced Director as the result of a change of his or her job duties.

Article 23. Unless otherwise provided in laws, the Company's Board of Directors shall appoint one Chairman of the Board among the directors by a majority vote at a meeting attended by more than two thirds of the Directors, and may also appoint a Vice Chairman through the same procedure as for the Chairman by the Board of Directors when necessary.

The Board of Directors is authorized to prescribe remunerations to Directors based on their participation in the operation of the Company and the value of their contributions according to the general remuneration level of other financial institutions.

The provisional standard provided in the Labor Standards Act shall apply *mutatis mutandis* to the payments of severance and pension payable to the Chairman and Vice Chairman regardless of the requirements pertaining to age and service period.

Article 24. The Chairman of the Board of Directors shall internally chair the shareholders' meeting and meetings of the Board of Directors and shall externally represent the Company. If the Chairman is on leave or is unable to exercise power for any reason, the Vice Chairman, if appointed, shall stand proxy. If there is no Vice Chairman or if the Vice Chairman is also on leave or unable to exercise power for any reason, the Chairman may appoint one of Directors to stand proxy. If the Chairman does not appoint a proxy, the Directors shall elect one person from among themselves to stand proxy.

Article 25. Unless otherwise provided by law or regulation, the Company's shareholders' meeting shall be convened by the Chairman. Unless otherwise prescribed in the Financial Holding Company Act, Company Act or other regulations, the resolutions of a meeting of the Board of Directors shall be adopted by a majority vote of the Directors in attendance who represent more than one-half of all Directors. Directors shall personally attend board meetings. However, if a Director is unable to attend a board meeting, he/she may appoint another Director to serve as proxy to attend the meeting by submitting a proxy form specifying the scope of delegation. However, a Director may only serve as a proxy for one other Director.

For Board meetings conducted through video-conferencing, a Director who participates through video-conferencing is deemed to have attended in person.

Article 26. The functions of the Board of Directors are as follows:

1. Review and approval of business policies and plans.
2. Review and approval of the budget and final accounts.
3. Review and approval of important regulations.
4. Review and approval of the Company's capital increase or decrease and issuance of securities.
5. Proposal of the earnings distribution.
6. Resolutions on the issuance of corporate bonds.
7. Resolutions on the Company's share buyback plans.
8. Review of the acquisition or disposal of assets.
9. Review of important contracts.
10. Appointment or dismissal of managerial officers and audit supervisors.
11. Review of the construction, purchase, or sale of the Company's operation sites and buildings.
12. Determination of the date of the general shareholders' meeting or special shareholders' meeting.
13. Execution of the resolutions of the shareholder's meeting.
14. Review and approval of the appointment, dismissal and compensation of CPAs.
15. Appointment of directors and supervisors of subsidiaries.
16. Review and approval of the Audit Committee Charter.
17. Review and approval of remuneration for employees.
18. Other matters to be resolved in the board meeting in accordance with laws and authorization of the shareholders' meeting.

Article 27. The Board of Directors shall convene a regular meeting every month . A special meeting of the Board of Directors may be held in case of emergency or at the request of a majority of the Directors. Unless otherwise specified in the Financial Holding Company Act or the Company Act, the board meeting notice and the production and distribution of meeting minutes may be implemented in writing or by electronic means.

The Company's Board of Directors may establish different functional committees. Unless otherwise specified in related regulations or the Articles of Incorporation, the Board of Directors is authorized to establish the Rules of Procedure for Board of Directors Meetings for the organization and meetings of the Company's Board of Directors.

Article 28. The Board of Directors shall establish an Audit Department to oversee audit operations. The Department of Auditing shall have one Chief Auditor who shall supervise the audit operations of the Company and subsidiaries in accordance with resolution of meetings of the Board of Directors. The appointment and dismissal of the Chief Auditor shall be determined by the Board of Directors in accordance with related laws and regulations.

Article 29. The Audit Committee shall be composed of all Independent Directors with no fewer than three persons. One member shall be the convener and at least one member shall have accounting or

financial expertise.

The supervisor system shall be abolished on the date the Audit Committee is established.

Article 30. The the powers and duties of the Audit Committee and other matters for compliance shall be processed in accordance with related regulations of the competent authority of securities.

Article 31. The Company's Directors may serve concurrently as Directors and Supervisors of subsidiaries in accordance with laws.

Article 32. The Company may, pursuant to relevant regulations, establish liability insurance contracts with insurance enterprises for the Company's Directors to cover the respective compensation liabilities in the performance of their duties.

Chapter 6 Managerial Officers

Article 33. The Company shall appoint one President who shall be nominated by the Chairman and approved by a majority of the Directors. The same rule shall apply to the dismissal of the President. The President shall oversee all business operations in accordance with the resolutions of meetings of the Board of Directors. Where the President cannot perform his/her duties, the Chairman shall designate a Vice President to perform such duties on behalf of the President.

Article 34. The Company shall appoint several Vice Presidents and Assistant Vice Presidents to assist the President in business operations. Their appointment and dismissal shall be proposed by the President and approved by a majority vote in the Board of Directors.

Chapter 7 Accounting Closing and Distribution of Earnings

Article 35. The Company's fiscal year is based on the calendar year, starting from January 1st and ends on December 31st of the same year. At the end of each fiscal year, the Board of Directors shall prepare the following statements, deliver them to the Audit Committee for review at least 30 days prior to a general shareholders meeting, and request ratification in the general shareholders' meeting.

1. Business report.
2. Financial statements.
3. Proposal for profit distribution or loss appropriation.

Article 36. If the Company has net income for the year, the Company shall set aside a certain amount as Directors' remuneration and employees' compensation based on net income before tax. The Board of Directors shall be authorized to determine the amount of the remuneration for each year within the specified scope. However, net income of the year shall be first used to offset accumulated loss, if any.

1. Directors' remuneration shall be no more than 1%.
2. Employees' compensation shall be between 0.02% and 0.15% and shall be distributed in stocks or cash. The recipients may include employees of affiliated companies that meet certain requirements. The Board of Directors shall set rules specifying the requirements.

The Company has adopted a surplus dividend policy to continue to expand its scale, enhance its profitability, and abide by related laws and regulations.

The earnings of the Company, if any, shall be first used to pay the tax due and offset accumulated loss in past years according to law, followed by setting aside a legal surplus reserve. Then, a special surplus reserve shall be allocated or reversed according to the regulations and laws or as required by business needs. Any remaining balance and undistributed earnings from previous years shall be the distributable amount, and the shareholders meeting shall resolve the distribution of the shareholder's dividends and bonus within 30% to 100% of the distributable amount. The shareholders' dividends shall be distributed in cash and stock based on the Company's operation plans. The cash dividends shall not be lower than 10% of the total amount of the dividends to be distributed. unless otherwise resolved by the shareholders meeting, cash dividends of less than NTD0.1 per share shall not be distributed.

Chapter 8 Supplementary Provisions

- Article 37. The Board of Directors is authorized to establish the Company's organizational regulations and important rules.
- Article 38. Matters not included in the Articles of Incorporation shall be processed in accordance with the Financial Holding Company Act, Company Act, and other relevant laws and regulations.
- Article 39. The Articles of Incorporation were established on November 14, 2001.
- The 1st amendment was made on May 24, 2002.
- The 2nd amendment was made on June 6, 2003.
- The 3rd amendment was made on June 11, 2004.
- The 4th amendment was made on December 17, 2004.
- The 5th amendment was made on June 9, 2006.
- The 6th amendment was made on June 9, 2010.
- The 7th amendment was made on June 24, 2011.
- The 8th amendment was made on June 22, 2012. The deletion of relevant regulations regarding Supervisors shall take effect from the date of the establishment of the Audit Committee.
- The 9th amendment was made on June 20, 2014.
- The 10th amendment was made on June 12, 2015.
- The 11th amendment was made on June 24, 2016.
- The 12th amendment was made on June 14, 2019.

Appendix 2

Hua Nan Financial Holdings Co., Ltd.

Rules of Procedure for Shareholders' Meetings

Article 1 (Basis for Establishment)

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 11 of the "Corporate Governance Best Practice Principles for Financial Holding Companies."

Article 2 (Legal Application)

The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law or regulation or the Articles of Incorporation, shall be as provided in these Rules.

Article 3 (Convention and Notice of Shareholders' Meetings)

Unless otherwise provided by law or regulation, the Company's shareholders' meetings shall be convened by the Board of Directors.

The Company shall notify each shareholder of the convention of a shareholders' meeting no later than 30 days prior to the date of a regular shareholders' meeting or no later than 15 days prior to the date of a special shareholders' meeting, and shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS). The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the website designated by FSC. In addition, the Company shall also prepare the shareholders' meeting agenda and supplemental meeting materials 15 days prior to the date of a shareholders' meeting and make them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and its professional shareholder services agent as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice. With the consent of the addressee, the meeting notice may be given in an electronic form.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Paragraph 4, Article 172-1 of the

Company Act apply to a proposal put forward by a shareholder, the Board of Directors shall include it in the agenda.

Prior to the date on which share transfer registration is suspended prior to the convention of a regular shareholders' meeting, the Company shall give a public notice announcing the acceptance of proposals, the place and the period for shareholders to submit proposals to be discussed at the meeting; the period for accepting such proposals shall not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to no more than 300 words. The shareholder who has submitted a proposal shall attend, in person or by a proxy, a regular shareholders' meeting where his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.

Article 4 (Attendance by Proxy and Authorization)

A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney issued by the Company and stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company 2 days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5 (Principles Determining the Time and Place of a Shareholders' Meeting)

The place where a shareholders' meeting is held shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6 (Preparation of Attendance Book and Other Documents)

The Company shall furnish the attending shareholders or their proxies (hereinafter referred to as the "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance; solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 (Chairperson and Non-voting Participants of a Shareholders' Meeting)

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board of Directors. When the Chairman of the Board of Directors is on leave or for any reason unable to exercise the powers of the chairperson, the Vice Chairman shall act in place of the Chairman; if there is no Vice Chairman or the Vice Chairman is also on leave or for any reason and unable to exercise the powers of the chairperson, the Chairman shall appoint one of the directors to act as chairperson. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairperson.

Shareholders' meetings convened by the Board of Directors shall be attended by a majority of the directors.

If a shareholders' meeting is convened by a party with power to convene other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, the chairperson of the meeting shall be elected from among themselves.

The Company may appoint its attorneys, certified public accountants (CPA), or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 (Documentation of a Shareholders' Meeting)

The Company shall make an audio or video recording of a shareholders' meeting, and the recorded materials shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recorded materials shall be retained until the conclusion of the litigation.

Article 9 (Calculation of Shareholder's Meeting Attendance Shares and Calling of Shareholder's Meetings)

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 (Discussion of Proposals)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which shall not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with power to convene other than the Board of Directors.

The chairperson shall not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, other members of the Board of Directors shall promptly assist the attending shareholders to elect a new chairperson in accordance with the statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote.

Article 11 (Shareholders' Speech)

Before speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be set by the chairperson.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chairperson, a shareholder shall not speak more than twice on the same proposal, and a single speech shall not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

When an attending shareholder is speaking, other shareholders shall not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chairperson may respond in person or direct the relevant personnel to respond.

Article 12 (Calculation of Voting Shares and Recusal System)

Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights shall not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

Except for trust enterprises or stock agencies approved by the securities authority in charge, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company; otherwise, the portion of excessive voting power shall not be counted.

Article 13 (Voting and Vote Monitoring and Counting Methods)

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights by correspondence; when voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the meeting in person, but shall be deemed to have waived voting rights with respect to the special motions and amendments to the original proposals at that meeting; therefore, the Company shall avoid the submission of special motions and the amendments to the original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days prior to the date of the shareholders' meeting. When two or more declarations of the same intent are delivered, the one received earliest shall prevail unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In the event a shareholder who has exercised voting rights by correspondence or electronic means intends to attend a shareholders' meeting in person, a written declaration of intent to rescind the previous declaration of intent made in exercising the voting rights under the preceding paragraph shall be delivered to the Company, in the same manner previously used in exercising the voting rights, 2 days prior to the date of the shareholders' meeting. If the notice of rescission is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

When a shareholder has exercised voting rights both by correspondence or electronic means and has appointed a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy at the meeting shall prevail. Except as otherwise provided in the Company Act and the Company's Articles of Incorporation, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, for each proposal, the chairperson or a person designated by the chairperson shall announce the total number of voting rights represented by the attending shareholders.

A proposal is deemed to have been adopted when no attending shareholders give a dissent after being inquired by the chairperson, and the effect thereof is the same as a vote; if there are dissents, a vote in the preceding paragraph shall be adopted. In addition to the proposals listed in the agenda, other proposals submitted by shareholders or amendments or alternatives to the original proposals shall be seconded by other shareholders. When there is an amendment or an alternative to the same proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is adopted, the other proposals shall then be deemed rejected, and no further voting shall be required.

The vote monitoring and counting personnel for voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meetings. Immediately after vote counting has been completed, the results of voting shall be announced on-site at the meeting, with a record of voting made.

Article 14 (Elections)

The election of directors at a shareholders' meeting shall be held in accordance with the "Regulations Governing the Election of Directors" adopted by the Company, and the results of voting shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 (Meeting Minutes and Acknowledgments)

Resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be affixed with the signature or seal of the chairperson of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting.

The meeting minutes may be produced and distributed in an electronic form.

The Company may distribute the meeting minutes referred to in the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting.

The meeting minutes shall be retained throughout the life of the Company.

A proposal adopted via the method of adopting resolutions referred to in the preceding paragraph shall be recorded as "adopted unanimously after the chairperson inquires all shareholders in attendance" after the chairperson has inquired all attending shareholders and no shareholders have raised any objection. If shareholders do raise any objection, the resolution shall specify the voting method adopted and the number and percentage of rights voted in favor.

Article 16 (Public Disclosure)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under the regulations of Taiwan Stock Exchange Corporation, the Company shall upload the

content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintenance of Order at the Meeting Place)

The staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands. The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairperson may prevent the shareholder from doing so. When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and Resumption of a Shareholders' Meeting)

When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting place is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another place.

A resolution may be adopted at a shareholders' meeting to postpone the meeting for not more than, or to resume the meeting within, five days, in accordance with Article 182 of the Company Act.

Article 19 (Approval Level)

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Article 20 (Revision History)

These Rules were established on June 18, 2010.

The first amendment was made on June 22, 2012. The deletion of provisions of these Rules regarding supervisors shall take effect from the date of the establishment of the Audit Committee.

The second amendment was made on June 14, 2019.

The third amendment was made on June 17, 2022.

Appendix 3

Hua Nan Financial Holdings Co., Ltd.

Regulations Governing Election of Directors

Article 1

To ensure a just, fair, and open election of directors, these Regulations are adopted pursuant to the provisions of the “Corporate Governance Best-Practice Principles for Financial Holding Companies”.

Article 2

Except as otherwise provided by law and regulation or by the Company’s articles of incorporation, elections of directors shall be conducted in accordance with these Regulations.

Article 3

The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties.

The qualifications for and elections of the independent directors of the Company shall comply with the provisions of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

Article 4

Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a director by-election at the next following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the Company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a director by-election.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 5

The cumulative voting method and registered ballots shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 6

The board of directors shall prepare ballots, on which the attendance card numbers shall be printed on the ballots and the number of voting rights associated with each ballot shall be specified on the ballots, and then the ballots shall be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 7

The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 8

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 9

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 10

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
7. The total number of voting rights allotted to a candidate entered in the ballot exceeds the total number of voting rights associated with the ballot.

Article 11

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors, shall be announced by the chair on the site.

Article 12

The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 13

These Regulations, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 14

These Regulations were established on December 17, 2004.

The first amendment was made on June 9, 2006.

The second amendment was made on June 22, 2012. The deletion of the provisions on supervisors in these Regulations shall take effect from the date the audit committee is established.

Appendix 4

- I. The number of shares held by the Company's Directors on the book closure date (April 19, 2022) for the annual general shareholder's meeting is disclosed in accordance with the "Regulations Governing Content and Compliance Requirements for Shareholder's Meeting Agenda Handbooks of Public Companies".
- II. The Company has issued a total of 13,642,745,898 shares, and the minimum required amount of shares held by all Directors is 160,000,000 shares. The Company has established an Audit Committee. Therefore, the minimum legal required amount of shares held by supervisors does not apply.

Hua Nan Financial Holdings Co., Ltd.

List of Shares Independently and Collectively Held by Directors

| Title | Corporate Shareholder | Representative | Shares Held | Shareholding Ratio |
|----------------------|--|------------------------|-----------------|--------------------|
| Chairman | Ministry of Finance | Yun-Peng Chang | 231,907,810 | 1.70% |
| Vice Chairman | The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin | Ming-Cheng Lin | 240,940,858 | 1.77% |
| Director | Ministry of Finance | Yao-Ching Li | (231,907,810) | (1.70%) |
| Director | Bank of Taiwan Co., Ltd. | Shih-Ching Jeng | 2,896,525,649 | 21.23% |
| Director | Bank of Taiwan Co., Ltd. | An-Pang Wang | (2,896,525,649) | (21.23%) |
| Director | Bank of Taiwan Co., Ltd. | Chou-Wen Wang | (2,896,525,649) | (21.23%) |
| Director | Bank of Taiwan Co., Ltd. | Wei-Der Tsai | (2,896,525,649) | (21.23%) |
| Director | Bank of Taiwan Co., Ltd. | Wen-Chieh Wang | (2,896,525,649) | (21.23%) |
| Director | The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin | T. Lin | (240,940,858) | (1.77%) |
| Director | The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin | Chih-Yu Lin | (240,940,858) | (1.77%) |
| Director | He Quan Investment Co., Ltd. | An-Lan Hsu Chen | 3,785,717 | 0.03% |
| Director | He Quan Investment Co., Ltd. | Yuan-Lin Hsu | (3,785,717) | (0.03%) |
| Director | China Man-Made Fiber Corporation | Vivien, Chia-Ying Shen | 72,437,150 | 0.53% |
| Director | Chih-Yang Lin | | 0 | 0.00% |
| Director | Vacancy to be filled | | - | - |
| Independent Director | Kuo-Chuan Lin | | 0 | 0.00% |
| Independent Director | Jui-Chia Lin | | 0 | 0.00% |
| Independent Director | Sung-Tung Chen | | 0 | 0.00% |
| Independent Director | Ming-Hsien Yang | | 0 | 0.00% |
| Total | Shares Held by All Directors | | 3,445,597,184 | 25.26% |