

Mega Financial Holding Co., Ltd.

Guidelines for Engaging in Non-credit Transactions with Stakeholders

Established in the 29th Meeting of the 2nd Board of Directors on 2005.08.23
Amended in the 13th Meeting of the 3rd Board of Directors on 2007.05.15
Amended in the 25th Meeting of the 4th Board of Directors on 2011.04.26
Amended in the 16th Meeting of the 5th Board of Directors on 2013.08.27
Amended in the 15th Meeting of the 6th Board of Directors on 2016.07.26
Amended in the 27th Meeting of the 7th Board of Directors on 2020.08.25
Authorized by the Board of Directors on 2020.10.27 to become effective on 2021.01.01
Amended in the 3rd Meeting of the 8th Board of Directors on 2021.08.24

Article 1 (Purpose and Basis)

The Guidelines were established in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," in order to comply with regulations, strengthen internal controls, and reduce operational risks when engaging in related party transactions specified in Article 45 of the Financial Holding Company Act.

Article 1-1 (Responsible Unit)

The Risk Management Department is the responsible unit of the Guidelines.

Article 2 (Definitions and Scope)

The terms used in the Guidelines are defined as follows:

1. **Subsidiary:** As defined in Article 4, Paragraph 1, Subparagraph 4 of the Financial Holding Company Act.
2. **Responsible person:** Refers to directors, supervisors, president, vice presidents, assistant vice presidents, managers, and persons in equivalent positions.
3. **Stakeholder:** Refers to subjects listed in Article 45 of the Financial Holding Company Act, stakeholders determined according to Article 206, Paragraph 3 of the Company Act, stakeholders specified in the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, and stakeholders required by the competent authority to be included in controls.
4. **Stakeholding third party:** Refers to the spouse and direct kinship of second degree or closer of the parties mentioned in Article 45, Paragraph 1, Subparagraph 1-4 of the Financial Holding Company Act, and companies in which the stakeholders themselves and the parties mentioned hereunder serve as directors, supervisors, or presidents.

The scope of parties in Subparagraph 4 of the preceding paragraph includes legal persons and natural persons.

Article 3 (Transaction counterparties and definition)

When the Company engages in non-credit transactions with the following stakeholders, the stakeholder may not be offered terms that are more favorable than other comparable counterparties, and the transaction must be approved by at least three quarters of directors in attendance during a Board meeting attended by at least two thirds of all directors:

1. The Company's responsible persons and major shareholders.
2. Proprietorship or partnership businesses owned by the responsible person of the Company and major shareholders, or any other companies or organizations to which they serve as responsible persons.
3. The Company's affiliates and their responsible persons and major shareholders.
4. The Company's subsidiary bank, insurance company, and securities company and their responsible persons.

Non-credit transactions in the preceding paragraph refer to one of the following transactions:

1. Investment in or purchase of securities issued by any parties listed in the preceding paragraph.
2. Purchase of real estate properties or other assets from any parties listed in the preceding paragraph.
3. Sale of securities, real estate properties or other assets to any parties listed in the preceding paragraph.
4. Any contractual arrangements with parties listed in the preceding paragraph, where money or services are offered as consideration.
5. Any party listed in the preceding paragraph serving as agent or broker to the Company, or offering services for commissions or fees in return.
6. Transactions with parties listed in the preceding paragraph, or with the Company's stakeholding third party, or with third parties which the parties listed in the preceding paragraph are involved.

Securities mentioned in Subparagraphs 1 and 3 of the preceding paragraph do not include negotiable certificates of deposit issued by the subsidiary bank.

Article 4 (Transaction determination and blanket approval authorization)

Where the Company engages in the following non-credit transactions with parties listed in Article 3, Paragraph 1 of the Guidelines, and documentation proving that the transaction does not offer more favorable terms compared to other counterparties is provided, the administrative department has blanket approval authority to handle transactions in accordance with the Guidelines and internal regulations.

1. Transactions between financial institutions:
 - (1) Inter-bank loans (including NTD and foreign currency).
 - (2) Derivative financial products (for credit derivatives, full guarantee must be provided for expected credit loss, and the credit derivatives must be included in credit management that is the same for loans to stakeholders; The collateral shall be cash, government bonds, negotiable certificates of deposit at the Central Bank, savings bonds, treasury bonds, or certificates of deposit at banks, in coordination with the duration of the transaction agreement and the liquidity of the reference asset).
2. The following transactions with market rates and market prices available:
 - (1) Remittance, foreign exchange, deposit, and foreign currency transactions.
 - (2) Primary and secondary market transactions of short-term transaction instruments, and secondary market transactions of government bonds, non-equity-type financial bonds, and corporate bonds.
3. For ordinary corporate bonds and financial bonds denominated in NTD and foreign currencies and are not linked to equity, the bond issuer or bond must have the equivalent of Taiwan Ratings twA or above. The amount subscribed to by the same person during the underwriting period may not exceed NT\$10 million.
4. The processing fees, service fees, or commission shared by the Company's subsidiaries when engaging in joint marketing and promotion of each other's products or services.
5. Transactions of insurance products whose premium rates have been reported to the competent authority for approval or on a use-and-file basis; transactions of reinsurance commission, reinsurance premiums, other commission or agency fee, insurance payout, claim recovered from insurer, claim recovered from reinsurer, and labor cost; prices or premium rates have been reported to the competent authority or industry association for approval, or on a file-and-use or use-and-file basis, or other transactions with established, uniform fee standards.
6. A single transaction not exceeding NT\$5 million.
7. Except for transactions involving securities with equity characteristics, single transactions in an amount not exceeding NT\$50 million with the parent financial holding company or a wholly directly or indirectly owned subsidiary of the parent financial holding company.
8. Charitable donations for emergency relief in the occurrence of a major natural disaster.

Fellow member of the financial industry in Subparagraphs 1 and 5 of the preceding

paragraph refers to financial institutions in the same industry.

A single transaction in Subparagraphs 6 and 7 of the Paragraph 1 shall be determined based on the following standards:

1. If the contractual activity involves an outright transaction, it is determined by total contract value.
2. If the contract, regardless whether it is a fixed-term or indefinite-term contract, agrees on payment of commissions or expenses, it is determined by the agreed single payment of commission or expense effected during the term of contract (if the contract agrees on monthly payment, the entire monthly payment, whether it is paid in one lump sum or in installments, should be viewed as a single payment).
3. If it is a lease contract, it is determined by the total amount of annual rent or annual interest equivalent on the rental deposit.
4. If the transaction involves securities with equity characteristics or structured product, it is determined by the total amount of transaction for the day.
5. If it is a financial derivative transaction not between members of the financial industry, it is determined by the total nominal amount of transaction for the day.

Article 5 (Inquiry)

The Administrative Management Department and administrator of Board meeting affairs shall be responsible for collecting, filing, and maintaining data on the Company's stakeholders listed in Article 3, Paragraph 1, Subparagraphs 1 and 2 and Paragraph 2, Subparagraph 6 of the Guidelines.

The Company shall verify whether or not the transaction counterparty is a stakeholder before engaging in non-credit transactions, and print out results for approval and reference by authorized persons.

If it is a related party transaction, it should be verified if it is a transaction subject to blanket approval according to Article 4 of the Guidelines before determining whether or not to submit each transaction to the Board of Directors for resolution in accordance with Article 3 of the Guidelines.

Related party transactions that do not require resolution by the Board of Directors in the preceding paragraph shall be reported to the Board of Directors according to the Company's Asset Acquisition or Disposal Procedures or related regulations.

Article 6 (Board of Directors Proposal Procedures)

When the Company engages in non-credit transactions with parties listed in Article 3 of the Guidelines, required documents for proposals to the Board of Directors are as

follows:

1. Contents of proposals shall describe important data and related parties involved in the transaction, and existing or potential conflict of interest shall be disclosed to all directors.
2. The administrative department must provide documentary proof that the transaction does not offer more favorable terms compared to other counterparties.
3. Where the Company plans to purchase, lease, or sell real estate or other assets from/to related parties, documentation of independent evaluation of the transaction price may be used instead of the documentary proof in the preceding subparagraph.

Article 7 (Board of Directors Compliance Items)

The Company's Board of Directors shall comply with the following matters when making decisions on non-credit transactions with related parties listed in Article 45 of the Financial Holding Company Act:

1. The Board of Directors shall put the interests of the Company and its subsidiaries first, and shall ensure that it does not make biased decisions for personal interests, or make decisions for personal gains at the expense of the Company or its subsidiaries.
2. Directors that have a conflict of interest with an agenda item shall explain important information related to the transaction to the Board of Directors, and directors without a conflict of interest shall conduct independent analysis based on the information to ensure the fairness of the transaction.
3. Directors shall recuse themselves when they or the legal entities they represent have a conflict of interest with the Company, and may not vote on the agenda item or exercise voting rights on behalf of other directors. Other directors without a conflict of interest must ensure that the transaction does not damage the steady operation of the Company and its subsidiaries, does not violate directors' duty of loyalty, and does not involve inappropriate mutual support.
4. Board meeting minutes must specify the reason for resolutions.

Calculation of the number of votes in Subparagraph 3 of the preceding paragraph shall be in accordance with regulations of the competent authority.

Article 8 (Internal Audit)

The Auditing Office under the Board of Directors shall audit whether or not internal regulations are in compliance with procedures and related regulations, and determine if transactions under blanket approval authorization comply with " transaction does

not offer more favorable terms compared to other counterparties" during general audits.

Article 9 (Other Matters)

Matters not specified in the Guidelines shall be governed by applicable laws and regulations and the Company's regulations.

Article 10 (Level of approval authority)

The Guidelines shall take effect after being approved by the Board of Directors. The same applies to all subsequent amendments or abolition.