



Mega Financial Holding Co., Ltd.

Annual Report 2024

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Name of the overseas exchange for listing and trading of
the negotiable securities, and the means to inquire the
information regarding such securities: None

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Letter to Shareholders



In 2024, major economies around the world witnessed a gradual ease in inflation pressures, enabling central banks in the U.S. and Europe to launch loose monetary policies, thereby driving a rebound in consumer spending. Among them, the U.S. economy showed steady performance and became the main driving force for global economic growth. In addition, continuous recovery of global trade volumes partially offset the impact of geopolitical risks and China's weak economy, with major international organizations (IMF, OECD, The World Bank, and S&P Global) estimating the global economic growth rate falling in the range of 2.7% to 3.2% in 2024.



Ray Beam Dawn, Chairman of the Board

In 2024, Taiwan captured the expansion of business opportunities arising from AI and other emerging technology applications. The continuous growth in shipment momentum of relevant domestic supply chains contributed to export growth. In addition, an increase in the momentum of private investment, a rise in domestic minimum wages and salaries of military, public and teaching personnel, together with a boost in the stock market have all brought about wealth, supporting private consumption and enhancing domestic demand. According to the Directorate General of Budget, Accounting and Statistics, Executive Yuan, Taiwan's annual economic growth rate was 4.59%. Looking ahead to 2025, it is expected that the economy will continue to benefit from the strong global demand for AI applications. In addition, semiconductor and server supply chain companies have expanded their production capacity, and foreign technology giants have successively invested in Taiwan, strengthening the growth momentum of private investment. At the same time, a rise in minimum wages and salaries of military, public and teaching personnel have contributed to an increase in people's disposable income, which was conducive to the maintenance of the growth of private consumption. However, due to changes in US tariff policies and corresponding measures by various countries, the economic growth in 2025 will be at potential risk.

The Group will continuously provide all-inclusive financial services and refine its ESG and digital transformation development. Due to commitment to excellence, the Company was again selected as a constituent of the global sustainability indexes - DJSI Emerging Markets Index and the World Index for the third time in a row in 2024. In addition, the Company has also been recognized by a number of sustainability assessments at home and abroad, including the highest grade of "A" in the CDP Climate Change Questionnaire, the "Commonwealth Magazine's Excellence in Corporate Social Responsibility Awards" from Commonwealth Magazine, the "Sustainability Performance Award - Climate Leader Award", the "Platinum Award for the Sustainability Report" and "Overall Performance Award - Top 100 Model Enterprises in Taiwan" from the TCSA Taiwan Corporate Sustainability Awards, the "Bronze Award for

National Corporate Environmental Protection" from the Ministry of Environment, and the nominee of the "National Sustainability Development Award" from the National Development Council, Executive Yuan, and invited by the Financial Supervisory Commission (FSC) to join the "Sustainable Finance Pioneer Alliance". In addition, the Company has actively promoted Anti-Fraud 2.0, taking the lead among public companies in response to government policies and actively formulating anti-fraud strategies and measures for the financial industry. Recently, the Company has initiated the

establishment of the "Fin+Tech Anti-Fraud Alliance". Also, the Company has also been a long-term sponsor of various sports and won the Silver Award in the Sponsorship Category of the "16th Sports Promoter Award" sponsored by the Sports Administration of the Ministry of Education.



Chuan-Chang Chang, President

Mega Bank has long been committed to the sustainable development of SMEs and actively promoted lending to key national industries with remarkable achievements. In 2024, it was awarded three honors by the FSC, namely the "Outstanding Bank for SMEs Credit Program", "Special Award for Balanced Regional Development of SMEs Credit Program (Hualien, Taitung and Outlying Islands)" and "Outstanding Bank for Six Core Strategic Industries Lending Program", fully demonstrating its support and contribution to industrial development. In addition, Mega Bank has delivered outstanding performance in inclusive finance, digital finance and fraud prevention, and was awarded the "Best Consumer Finance Award - Excellent" and "Best Digital Finance Award - Excellent" at the 12th Best Practice Awards. It also won the special "Inclusive Finance Promotion Award - Fraud Prevention" for its outstanding fraud prevention performance, and was the only public financial institution to receive this honor, demonstrating its active efforts in strengthening financial security and social responsibility. Mega Securities adheres to the philosophy of professional operation and investor protection. It was recognized as the "Top 25% of Major Securities Firms in the Fair Customer Treatment Principles Assessment" by the FSC for four consecutive years, selected into the "List of Companies with Better Institutional Investor Stewardship Disclosure" for the third time by the Taiwan Stock Exchange Corporation, and won the first "Securities Firm Anti-Fraud Evaluation Excellence Award" from the Taiwan Stock Exchange Corporation. Mega Bills has exerted its ESG influence to lead the sustainable development of the bills industry, and won the "Best Bills Finance Award" at the 12th Best Practice Awards, demonstrating its continued efforts and leadership in green finance and social responsibility.

In 2024, the Company's annual consolidated profit amounted to NT\$34,766 million, an increase of 4.57% from 2023, with an after-tax earnings per share of NT\$2.35. Among them, Mega Bank showed an increase in fee income and net interest revenue. However, due to factors such as a decrease in net financial operation revenue, an increase in overseas provisions for bad debts, and a slight increase in operating expenses, its profit amounted to NT\$28,370 million, a decrease of 8.56% from 2023. Mega Securities benefited from the rise in both prices and volumes of Taiwan stocks, which led to a growth in brokerage fee income and stock

trading profit. Its profit amounted to NT\$2,550 million, an increase of 27.31% from 2023, which was the second highest in history. In addition, Mega Bills' profit amounted to NT\$2,206 million, an increase of 15% from 2023. Mega Insurance's profit turned from loss to profit in 2024 due to the steady performance of its core business, overcoming the challenges brought by pandemic prevention insurance. The operation result of the Company in 2024 are shown below:

1.1 Review of Business Operations in 2024

1.1.1 Changes in Financial Environment and Organization Structure

A. Change in Global and Domestic Financial Environment

Despite the continued cooling of inflation, the U.S. economy and job market have demonstrated its resilience, prompting the Federal Reserve to delay the first interest rate cut since March 2020 until September 2024, with a cut by a total of 1% in 2024, bringing the policy interest rate down to 4.25%~4.5%. However, considering the uncertainty brought about by U.S. President Trump's new policies to the economic and inflation outlook, the Federal Reserve indicated at its monetary policy meeting in December 2024 that it will be more cautious in deciding the extent and timing of interest rate cuts in the future. The market expects that the Federal Reserve will take a more gradual approach to lowering rates and scale back the extent of cuts in 2025. In respect of the financial market, the global stock market exhibited a strong bullish pattern. Despite the political turmoil caused by the election in many countries around the world, the global economy showed a steady growth led by the U.S., and the cooling of inflation also prompted central banks in many countries to start a cycle of interest rate cuts. In addition, ChatGPT has kicked off an AI investment boom, driving a sharp rise in semiconductor-based growth technology stocks. In addition, Trump's election has further boosted the performance of stocks that benefit from policies such as tax cuts and deregulation, with stock markets in many countries, including the U.S. and Taiwan, hitting record highs.

With respect to the financial environment in Taiwan, the Central Bank of the Republic of China (Taiwan) started a cycle of interest rate hikes in March 2022, raising the policy interest rate (rediscount rate) from 1.125% to 1.875% in March 2023, and then suspended raising interest rates. However, considering that the domestic economy performed better than expected in 2024, coupled with the possibility of higher inflation expectations due to electricity price hikes, the Central Bank of the Republic of China (Taiwan) further lifted interest rates by 0.125% in March 2024, and raised the policy interest rate to 2.0%. In terms of the foreign exchange market, geopolitical tensions pushed up the market demand for risk aversion. The U.S. economy outperformed other developed countries. Coupled with the Federal Reserve's prudent interest rate cuts, the interest rate spreads between the U.S. and major countries remained substantial, which contributed to the sustained strong U.S. dollar, driving the depreciation of the New Taiwan dollar against the U.S. dollar along with Asian currencies, and closing at NT\$32.781 with a depreciation of NT\$2.046 or 6.24% for the year. In 2024, Taiwan's stock market showed elevated volatility. The stock rally was mainly concentrated in key stocks such as robotics stocks, AI stocks and military stocks, driving the TAIEX Index to rise by 5,104.29 and close at 23,035, up 28.47%, making it the second highest annual increase in the world, second only to the U.S. NASDAQ Index at 29.81%.

B. Change in Organization Structure

As of the end of 2024, the Company held a controlling stake in seven subsidiaries, namely Mega International Commercial Bank Co., Ltd., Mega Securities Co., Ltd., Mega Bills Finance Co., Ltd., Chung Kuo Insurance Co., Ltd., Mega International Investment Trust Co. Ltd., Mega Asset Management Co., Ltd., and Mega Venture Capital Co., Ltd.. There is no change compared to the end of year 2023.

1.1.2 Implementation of Business Plan and Operation Strategies

According to the Financial Holding Company Act, the business scope of a Financial Holding Company shall be limited to investment in, and management of, its investee enterprises. The operation results of our subsidiary companies are summarized as follows:

Mega International Commercial Bank Co., Ltd.

Units: NT\$ million, except foreign exchange business in US\$ million

Item	Year	2024	2023	Change (%)
Deposits (including due to Chunghwa Post Co., Ltd.)		3,033,608	2,895,738	4.76
Loans, Import/export bills negotiated		2,216,375	2,075,709	6.78
Corporate financing		1,635,445	1,539,586	6.23
Consumers financing (excluding credit card revolving loans)		580,930	536,123	8.36
Foreign exchange business		768,824	711,430	8.07
Securities purchased		934,206	935,849	(0.18)
Long-term equity investments		22,482	21,714	3.54
Credit card revolving loans		1,633	1,752	(6.79)

Note : 1. All figures above are in average yearly basis, except foreign exchange business as in aggregation basis.

2. The non-performing loans outstanding at the end of 2024 amounted to NT\$5,575 million, representing a non-performing loan ratio of 0.24% and a bad debt coverage ratio of 701.91%.

Mega Securities Co., Ltd.

Item	Year	2024	2023	Change (%)
Securities brokerage	Market share of brokerage	2.57%(Rank 9 th)	2.75%(Rank 10 th)	(0.18)
	Market share of margin loan	5.45%(Rank 5 th)	5.84%(Rank 5 th)	(0.39)
Equity underwriting	Number of IPO lead managed	6(Rank 4 th)	4(Rank 4 th)	50.00
Bond underwriting	Number of corporate bond issues lead managed	2(Rank 11 th)	2(Rank 9 th)	0.00
	Amount of corporate bond issues lead managed (NT\$ billion)	3(Rank 10 th)	10.7(Rank 9 th)	(71.96)
New financial products	Number of warrants issued	1,202(Rank 11 th)	1,337(Rank 11 th)	(10.10)
	Amount of warrants issued (NT\$ billion)	5.8(Rank 12 th)	7.0(Rank 12 th)	(17.14)

Note : 1. It is the ranking among local securities peers in 2024.

2. Brokerage business: Due to the elevated volatility of Taiwan's stock market in 2024, the proportion of natural person transactions dropped to 61.09%, a decrease of 3.46% (a decline of 5.36%) from 64.55% in the previous year, resulting in a decline in the market share of the brokerage business.

3. Underwriting business: The volume of equity underwriting business is determined by a comprehensive assessment of customers' demand and profitability. The decline in bond underwriting deals was due to changes in market interest rates, customer's capital needs and underwriting staffing.

4. The Company adopted a precise issuance strategy for its warrant business, and issued warrants at an appropriate time based on the actual needs of market investors, instead of increasing the number of tranches to enhance brand visibility. Therefore, the number of issuances in 2024 decreased compared with that in 2023.

Mega Bills Finance Co., Ltd.

Units: NT\$ million

Item \ Year	2024	2023	Change (%)
Underwriting and purchasing of bills	4,975,221	4,093,282	21.55
Underwriting amount of commercial paper issued for funding purpose (CP2)	4,768,264	3,968,022	20.17
Trading volume of bills	12,021,611	9,706,070	23.86
Trading volume of bonds	3,711,329	3,458,158	7.32
Average outstanding balance of guaranteed issues of commercial paper	180,081	168,081	7.14

Chung Kuo Insurance Co., Ltd.

Unit: NT\$ million

Item \ Year	2024	2023	Change (%)
Direct written premiums	11,024	9,764	12.90
Reinsurance premiums	833	787	5.84
Total	11,857	10,551	12.38

Mega International Investment Trust Co., Ltd.

Unit: NT\$ million

Item \ Year	2024	2023	Change (%)
Public funds under management	95,670	91,554	4.50
Private placement funds under management	7,543	6,709	12.43
Discretionary account	379	399	(5.01)
Total	103,592	98,662	5.00

Note : The decrease in the size of discretionary entrustment in 2024 was due to the reduction in managed assets due to the redemption of funds by the entrustors.

Mega Asset Management Co., Ltd.

Unit: NT\$ million

Item \ Year	2024	2023	Change (%)
Service Income	415	352	17.90
Gain from recovery of NPL purchased and the disposal of related collateral	2	59	(96.61)
Rental income	7	7	0.00
Interest income	0	1	(100.00)
Total	424	419	1.19

Note : The decrease in gain from recovery of NPL purchased and the disposal of related collateral was mainly due to the NT\$56,090 thousand allocated by the court in the case of non-performing assets of Tung X Co. Ltd in 2023, while in 2024 there was no such allotment.

Mega Venture Capital Co., Ltd.

Unit: NT\$ million

Item \ Year	2024	2023	Change (%)
Drawdown of long term equity investment	155	207	(25.12)
Balance of long term equity investment	837	848	(1.30)

Note : 1.The decline in drawdown of long term equity investment was mainly due to the failure to secure investment quotas for some investment projects.

2.The decline in balance of long term equity investment was mainly due to the higher-than-expected performance of the stock prices of some investment businesses and the increase in the disposal of holdings in order to realize profits.

1.1.3 Budget Implementation Status

A. The Company's 2024 budget is implemented as follows:

Unit: NT\$ thousand, except EPS in NT\$

Item	Final accounting figure	Budget figure	Achievement Rate (%)
Revenues	34,094,531	30,979,790	110.05
Expenses and losses	927,275	911,681	101.71
Profit before tax from continuing operations	33,167,256	30,068,109	110.31
Profit	34,765,886	30,044,905	115.71
Earnings per share	2.35	2.05	114.63

Note : The figures are in unconsolidated basis.

B. The subsidiaries' 2024 budgets are implemented as follows:

Unit: NT\$ thousand

Name of subsidiary	Profit from continuing operations before tax-actual	Profit from continuing operations before tax-budget	Achievement Rate (%)
Mega International Commercial Bank Co., Ltd.	33,063,101	31,176,766	106.05
Mega Securities Co., Ltd.	2,964,210	2,030,220	146.00
Mega Bills Finance Co., Ltd.	2,744,537	3,375,502	81.31
Chung Kuo Insurance Co., Ltd.	452,523	(1,475,750)	-
Mega International Investment Trust Co., Ltd.	114,218	109,500	104.31
Mega Asset Management Co., Ltd.	208,775	275,061	75.90
Mega Venture Capital Co., Ltd.	113,423	136,252	83.25

Note : 1.The figures are in unconsolidated basis.

2.The annual budget achievement rate of Mega Bills Finance Co., Ltd. was 81.31% in 2024, which was mainly due to the impact of fierce bidding by peers and the central bank's increase in the required reserve ratio, which resulted in increased market capital costs and reduced interest rate spreads. In addition, the FED initiated interest rate cuts in September 2024. Despite the gradual reduction in negative foreign currency bond spreads, the profit before tax fell short of the budget target as the proceeds from disposal of bonds failed to meet the budget target.

3.The annual budget achievement rate of Mega Asset Management Co., Ltd. was 75.90% in 2024, which was mainly due to the impact of the central bank's interest rate hikes, rising borrowing costs and poor market conditions, which led to the failure to complete the sale of investment real estate as scheduled, resulting in the profit before tax failing to meet the budget target.

4.The annual budget achievement rate of Mega Venture Capital Co., Ltd. was 83.25% in 2024, which was mainly due to the recognition of stock appraisal loss, resulting in the profit before tax failing to meet the budget target.

1.1.4 Financial Results

The Company and its subsidiaries' consolidated profit from continuing operations before tax in 2024 amounts to NT\$39,091,813 thousand, an increase of NT\$2,043,848 thousand or 5.52% compared to 2023. The increase is mainly due to the below: net interest revenue increased NT\$ 732,350 thousand; revenue other than interest increased NT\$5,430,887 thousand, which is contributed by the increase of gain on insurance business, gain on service fee revenue and commissions, exchange gain, realized gain on financial asset and liabilities at fair value through comprehensive income, offset by decrease of gain on financial asset and liabilities at fair value through profit and loss. Bad debts expense and provisions increased by NT\$ 1,370,192 thousand; operating expense increased by NT\$ 2,749,197 thousand. The Company and its subsidiaries' consolidated profit is NT\$ 34,765,886 thousand, an increase of NT\$1,518,909 thousand or 4.57%, compared to year 2023. The Company's consolidated ROA reached 0.77%, and consolidated ROE reached 9.94%. A breakdown of the financial results of the Company and its subsidiaries in 2024 are shown in the table below:

Unit: NT\$ thousand, except EPS in NT\$

Company	Profit from Continuing Operations Before Tax	Profit	Earnings Per Share (NT\$)	Return on Assets (%)	Return on Equity (%)
Mega FHC & Its Subsidiaries (Consolidated)	39,091,813	34,765,886	2.35	0.77	9.94
Mega FHC (Unconsolidated)	33,167,256	34,765,886	2.35	8.33	9.94
Mega International Commercial Bank Co., Ltd.	33,063,101	28,369,519	2.95	0.70	8.42
Mega Securities Co., Ltd.	2,964,210	2,550,019	2.20	2.64	12.38
Mega Bills Finance Co., Ltd.	2,744,537	2,205,965	1.46	0.72	5.37
Chung Kuo Insurance Co., Ltd.	452,523	412,014	1.78	1.68	5.83
Mega International Investment Trust Co., Ltd.	114,218	92,016	1.75	9.55	10.32
Mega Asset Management Co., Ltd.	208,775	167,112	0.78	1.43	5.75
Mega Venture Capital Co., Ltd.	113,423	113,423	0.95	8.31	8.58

Note: 1. Return on assets = Net income after tax / Average assets; Return on equity = Net income after tax / Average equity.

2. Except for the consolidated financials of Mega FHC & its subsidiaries, all financials are in unconsolidated basis.

1.1.5 Research and Development

The Company and its subsidiaries' research and development progress in 2024 are summarized as follows:

- (1) The Company has introduced the IFRS Sustainability Disclosure Standards and established a sustainable information management mechanism. It has adopted the PCAF methodology for accounting and reporting GHG emissions linked to investments/financing and for setting SBTs. We have promoted the automation of PCAF carbon inventory system, continued to measure and manage the climate change risks of emission-intensive industries, of customers in high climate risk areas, and of real estate as collaterals in different scenarios, and conducted dependency and impact assessments on biodiversity (e.g., TNFD). The Company has continued to strengthen the information system, network structure and information security protection capabilities, maintained the validity of ISO 27001 certification, and kept abreast with international information security management systems.
- (2) In order to promote business development, subsidiary Mega Bank has actively developed new financial products or launched marketing projects in response to market trends and meet customer needs in real time. In line with the trends of technology development and digital financial transformation, it also continues to strengthen R&D initiatives, increasing the depth of its digital financial services, searching for more cross-industry cooperation opportunities, expanding the scope of its services, and developing new clientele. To align with customers' thoughts and needs of digital services, we also use data analysis technologies to ascertain customer preferences and insights, so as to optimize product designs and processes. Mega Bank has introduced and optimized the following new financial products and digital banking applications in 2024: Expansion of the scope of the "Financial Fast-ID" digital identity authentication service, and cooperation with Mega Securities to apply the service to online binding settlement accounts; continuous implementation of the "travel

ecosystem" service, and cross-business cooperation with telecommunications operators and airlines. It was the first to join the "designated account gray list platform" built by Financial Information Service Co., Ltd., and was the first domestic bank to introduce "Commercial SMS" to strengthen the anti-fraud mechanism. The NFC proximity security control mechanism of "XML electronic certificates" has been added to Global Banking to assist corporate customers in improving the efficiency of fund allocation without being restricted by location or device. It also launched "LINE Foreign Currency Inward Remittance Notification", integrating inward remittance notification, payment inquiry, online payment and other functions; optimized the digital deposit account opening review mechanism and expanded the scope of customer applications to meet customers' financial service needs in one stop. While actively investing in digital financial research and development, Mega Bank is also applying for financial patent protection, with 281 new approvals in 2024, an annual growth rate of 36.1%. As of the end of 2024, a total of 178 invention patents, 880 utility model patents, and 2 design patents had been approved by the MOEA, totaling 1,060 financial patents, which ranked the first in the domestic financial industry.

- (3) Subsidiary Mega Securities carried out independent research and development and provided customized order placing system "Mega Wealth Management Professional Edition Pro". It has added the Mega Bank FIDO identity verification and account binding function to eOpen online account opening, created an "ESG Intelligent Sustainability Data Platform", integrated ESG information of TWSE/TPEX listed companies to provide investors with inquiries on ESG evaluation indicators of TWSE/TPEX listed companies in Taiwan, established an overseas bonds electronic trading platform "Mega Bond", provided small investors with limited funds with a new option of "bonds deposits", added a new strategy trigger function to the Mega Trade system, and launched foreign virtual asset ETF trading services.
- (4) Subsidiary Mega Bills has established the revised department performance appraisal system, built an E-loan credit process management system, planned and established a human resources management platform, continued to optimize the ESG risk assessment system, continued to improve the existing operational risk self-assessment system, and strengthened the risk management mechanism for various business operations.
- (5) To keep pace with diverse market operations and FinTech development and to satisfy the needs of corporations and consumers, subsidiary Chung Kuo Insurance actively collected market information and built databases, combining FinTech applications and digital processes to simplify procedures and improve efficiency, and using data to analyze the market and consumer behavior to develop insurance products that are marketable, competitive, and profitable. There was a total of 228 insurance products submitted in 2024. Among them, there were 173 items on file for recordation basis, and 55 items on simple file for recordation basis.



1.2 Business Plan for The Year

1.2.1 Operational Guidelines

- Diversify profit contributions and strengthen operational resilience
- Strengthen overseas presence and cultivate customer service
- Fortify relations with institutional bodies and increase disclose transparency
- Monitor political, economic, and industrial environment and implement a risk management mechanism
- Implement laws and regulations to improve data security and strengthen resilient safety transformation
- Implement a data security management system and optimize the innovation of management services
- Enhance the Group's awareness of legal compliance and implement a legal compliance culture
- Create a friendly workplace and enhance employee value
- Integrate ESG strategies to maximize the value of sustainability
- Shape corporate brand image and reinforce social influence
- Optimize the Group's budgeting and taxation practice and improve the Group's financial resilience

1.2.2 Business Objectives

We strive to maintain stable profitability and leadership in the market so as to maintain the Group's position as a leading financial institution in Taiwan. Our business objectives for 2025 are as follows:

Unit: million of NT dollars, except foreign exchange-in million US dollars

Business	Item	Budget for 2025
Banking	Deposits	3,041,554
	Loans	2,302,528
	Foreign exchange	779,770
Bill Finance	Underwriting and purchasing of bills	4,714,686
	Trading volume of bills and bonds	14,981,190
	Average outstanding balance of guaranteed issues of CP2	190,000
Securities	Market share of brokerage	3.00%
P&C Insurance	Premium income	12,291

1.2.3 Major Management Goal

The Company strives to be an Asia Regional Financial Group.

1.3 Future Development Strategies

- Scale up capital assets to boost the market status of Mega Holdings group
- Deepen overseas businesses and identify opportunities to relocate Taiwanese businesses
- Cement competitive advantages in corporate banking and foreign exchange and strengthen the cross-selling practices of the Group
- Promote consumer banking and wealth management services and expand the scope of asset management
- Expand non-bank core businesses and diversify the Group's revenue contribution
- Increase corporate governance standards and pursue sustainable development at the Group level
- Deepen sustainable financial practices and implement environmental and social commitments
- Reinforce the internal control of the Group and implement compliance inside and outside of the company
- Deepen the development of digital finance and strengthen the Group's information security
- Encourage employees to improve their professional knowledge and promote talent empowerment and development
- Establish digital mindset within the Group and deepen the Group's sustainability culture

1.4 Impact from External Competition, Rules and Regulations, and the Overall Macro Environment

- (1) The global economy remains on the steady growth track; however, it is also facing increased downward risks. Factors such as the resurgence of trade protectionism due to the tariff policy launched by Trump administration, the spillover effects of the U.S.-China conflict, the adjustments of monetary policy in major countries, the effectiveness of China's economic stimulus policies, the right-wing bias of government and the huge public debts that put pressure on finances, the volatility of commodity prices due to geopolitical tensions and abnormal climate, are all contributing to uncertainty and downward risks of the global economy.
- (2) U.S. President Trump's second term upholds "America First" and "Contain China" policies, which will lead to major changes in tariffs, immigration, energy and regulatory policies, and exert an impact on the global economy, inflation and interest rates. The resurgence of global trade protectionism may lead to the rebound of inflation, forcing the Federal Reserve to maintain interest rates at a relatively high level, thus suppressing economic momentum. However, tax cuts, regulatory relaxation and accelerated AI applications will be conducive to profit performance of enterprises. Under the environment of high policy uncertainty and relatively tight financial conditions, the increased market volatility will exert an impact on foreign exchange and the difficulty of capital deployment of banks. Meanwhile, in response to trade protectionism and industrial policy adjustments, it is expected that the credit demand of manufacturers to invest in the U.S. will increase, and higher U.S. dollar interest rates will drive companies and the general public to increase their holdings of U.S. dollar-denominated assets.



- (3) In order to strengthen corporate governance and improve the accountability mechanism of senior managers, the FSC urged the Bankers Association of the Republic of China to formulate self-regulatory rules with respect to the introduction of the responsibility map system in the banking industry in January 2024. In order to improve the board meeting procedures and strengthen corporate governance, the FSC revised the Regulations Governing Procedure for Board of Directors Meetings of Public Companies on January 11, 2024.
- (4) In a financial market where financing channels are increasingly diversified, banks strive for domestic loan business at low interest rate and compete for non-guarantee CP underwriting business, hindering the business expansion of bills companies.
- (5) Securities authorities in Taiwan and relevant units have actively assisted the securities industry in participating in the "Asset Management Hub in Asia" policy, while strengthening the development of the domestic capital market and improving various securities service functions, thereby making the development of Taiwan's stock market more robust and internationalized. However, brokerage profit margins of securities firms have been declining year by year. It is necessary for these companies to carry out digital transformation in an active manner, expand their business scale and business scope, and identify new niches to emphasize professionalism and differentiated additional services in order to maintain competitiveness.
- (6) Natural disasters and major incidents around the world have occurred frequently in recent years, and catastrophe risk losses continue to affect policy underwriting. For example, the costs of catastrophe reinsurance for hurricanes in the U.S., floods in Western Europe, typhoons in Southeast Asia, and the earthquake on April 3 in Taiwan have not shown any signs of moderation, resulting in a relative increase in risk retention.

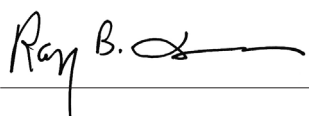
1.5 Credit Ratings

Company	Credit Rating Agency	Long-Term	Short-Term	Outlook	Date of Issuance
Mega Financial Holding Co., Ltd.	Taiwan Ratings Corp.	twAA	twA-1+	Stable	Nov. 1, 2024
	Moody's	A2	-	Stable	Apr. 25, 2024
Mega International Commercial Bank Co., Ltd.	Taiwan Ratings Corp.	twAAA	twA-1+	Stable	Oct. 24, 2024
	Moody's	A1	P-1	Stable	Nov. 29, 2024
	S & P	A+	A-1	Stable	Oct. 28, 2024
Mega Bills Finance Co., Ltd.	Taiwan Ratings Corp.	twAA+	twA-1+	Stable	Sep. 19, 2024
Mega Securities Co., Ltd.	Taiwan Ratings Corp.	twAA	twA-1+	Stable	Oct. 24, 2024
Chung Kuo Insurance Co., Ltd.	Taiwan Ratings Corp.	twAA	-	Stable	Nov. 4, 2024
	Moody's	A3	-	Negative	Aug. 14, 2024
	S & P	A-	-	Stable	Nov. 4, 2024

Letter to Shareholders

Looking ahead to 2025, despite the market's continued concern over uncertainties, such as the economic and trade policies of the new U.S. President, economic and trade friction between the U.S. and China as well as geopolitical risks, on the basis of the gradual easing of global inflationary pressure and the better-than-expected resilience of the economy, the Company will leverage on the Group's resources, deepen cross-subsi- diary cooperation, implement the "Dual Engines, Dual Wings" strategy, improve the profit structure, and continue to maximize shareholders' value under the rapidly changing financial environment towards the goal of becoming a regional financial group in Asia.

Best regards!



Ray Beam Dawn
Chairman of the Board



Chuan-Chang Chang
President



Corporate Governance Report



Corporate Governance Report

2.1 Directors, President, Executive Vice President, Senior Vice President, and Vice President of each department

2.1.1 Directors

Title	Nationality or place of incorporation	Name	Gender Age (years old)	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor children shareholding		Shareholding by nominee arrangement	
							Shares	%	Shares	%	Shares	%	Shares	%
Chairman (Representative of the Ministry of Finance, R.O.C.)	R.O.C.	Ray Beam Dawn	Male 66-70	08/14/2024	Till 06/20/2027	08/14/2024	1,180,992,939	8.20	1,216,422,727	8.20	0	0	0	0
President & Director (Representative of the Ministry of Finance, R.O.C.)	R.O.C.	Chuan-Chang Chang	Male 61-65	04/08/2025	Till 06/20/2027	04/08/2025	1,180,992,939	8.20	1,216,422,727	8.20	0	0	0	0
Director (Representative of the Ministry of Finance, R.O.C.)	R.O.C.	Pei-Chun Chen	Female 56-60	06/21/2024	Till 06/20/2027	07/01/2018	1,180,992,939	8.20	1,216,422,727	8.20	249,579 (self-owned) 63 (spouse)	0.00168 (self-owned) 0.00000 (spouse)	0	0
Director (Representative of the Ministry of Finance, R.O.C.)	R.O.C.	Yih Juian Wu	Female 61-65	06/21/2024	Till 06/20/2027	01/16/2021	1,180,992,939	8.20	1,216,422,727	8.20	0	0	0	0
Director (Representative of the Ministry of Finance, R.O.C.)	R.O.C.	Po-Cheng Chen	Male 56-60	06/21/2024	Till 06/20/2027	01/17/2024	1,180,992,939	8.20	1,216,422,727	8.20	0	0	0	0
Director (Representative of the Ministry of Finance, R.O.C.)	R.O.C.	Ing-Ren Lee	Male 51-55	06/21/2024	Till 06/20/2027	06/21/2024	1,180,992,939	8.20	1,216,422,727	8.20	710 (self-owned) 710 (spouse)	0.00000 (self-owned) 0.00000 (spouse)	0	0
Director (Representative of National Development Fund, Executive Yuan, R.O.C.)	R.O.C.	Fang-Guan Jan	Male 61-65	02/18/2025	Till 06/20/2027	02/18/2025	891,568,452	6.19	918,315,266	6.19	0	0	0	0



April 30, 2025

Experience (education)	Positions concurrently held	Executives, directors or supervisors who are spouses or within two degrees of kinship			Note
		Title	Name	Relation	
President, Taiwan Sugar Corporation President, First Financial Holding Co., Ltd. Director General, Bureau of Finance, Kaohsiung City Government Chairperson, Taiwan Tobacco & Liquor Corporation Chairperson, Central Deposit Insurance Corporation Chairperson, Mega Bills Finance Corporation & President, Mega Financial Holding Company Chairperson, Taipei Rapid Transit Corporation Chairperson, First Commercial Bank, Ltd. & First Financial Holding Co., Ltd. Dean of College of Business & Chair Professor of Department of Finance, China University of Technology (Taiwan) Chairperson, Bank of Kaohsiung Dean, School of Banking and Finance, National Sun Yat-sen University (Taiwan) Chairperson of Taiwan Cooperative Financial Holding Co., Ltd. Ph.D. in Economics, Vanderbilt University, U.S.A.	Chairman, Mega International Commercial Bank Chairman, Mega Charity Foundation Chairman, Mega Bank Cultural and Educational Foundation Director, Taipei Financial Center Corp Director, Taiwan Capital Management Corporation Director, Joint Credit Information Center Director, Taiwan Academy of Banking and Finance Director, Taiwan Institute of Economics Research Director, First Bank Cultural and Educational Foundation Chairman, the Bankers Association of the R.O.C. Chairman, Taiwan Financial Services Roundtable Co., Ltd. National Credit Card Center of R.O.C. Executive Director, the Central Bank of the Republic of China. Supervisor, Taiwan External Trade Development Council Executive Director, Central Bank of the R.O.C.	None	None	None	None
Professor / Chair Professor / Distinguished Professor, Dep. of Finance, National Central University Chair of Dep. of Finance, National Central University Dean of Management School, National Central University Vice-President, Asia University Taiwan Director, Taiwan Cooperative Bank Supervisor, Land Bank of Taiwan Independent Director, Taiwan Financial Holdings Co., Ltd. Vice-Chairman, Financial Supervisory Commission Director / President, Chung-Hua Institution for Economic Research Supervisor, the International Cooperation and Development Fund Chairman, Securities and Futures Institute Ph.D. in Accounting & Financial Management, Lancaster University, UK	President of Mega Financial Holding Co., Ltd. Managing Director of Mega International Commercial Bank Co., Ltd. Director, Chung-Hua Institution for Economic Research Supervisor, the International Cooperation and Development Fund Distinguished Professor, Dep. of Finance, National Central University Director, Taiwan Futures Exchange Corp. Chairman, Securities Analysts Association, Chinese Taipei	None	None	None	None
Recommended Specialist of Securities and Futures Management Committee; Deputy Manager of Da-Hwa Securities Co., Ltd.; Manager of Yuanta Core Pacific Securities Co., Ltd.; Vice President of PineBridge Investments Management Taiwan Ltd.; Legal Director of Prestige Law Firm; Chief Auditor / President of Mega Securities Co., Ltd. M.A. in Law, Boston University	Chairman of Mega Securities Co., Ltd. Chairman of Mega Futures Co., Ltd. Director of Mega Charity Foundation Director of Taiwan Future Exchange Chairman of Chinese National Futures Association Managing Director of Taiwan Securities Association Managing Supervisor of Trust Association of ROC. Director of Taiwan Financial Services Roundtable Co., Ltd.	None	None	None	None
Assistant Director General / Deputy Director General / Director General of Department of Economic Research, Central Bank of the R.O.C.; Director of Taiwan Financial Holding Co., Ltd.; Director / Supervisor of Taiwan Academy of Banking and Finance Ph.D. in Economics, Iowa State University, U.S.A.	Director General of Department of Economic Research, Central Bank of the R.O.C. Supervisor of Taiwan Academy of Banking and Finance Committee member of National Income Statistics Committee of Directorate General of Budget, Accounting and Statistics, Executive Yuan	None	None	None	None
Chief / Senior Executive Officer / Deputy Director / Chief Secretary / Director, Taxation Administration, Ministry of Finance Director, National Treasury Administration, Ministry of Finance Deputy Director-general / National Taxation Bureau of the Southern Area, Ministry of Finance Director-General / Finance and Local Tax Bureau, Tainan City Director-General / National Taxation Bureau of Kaohsiung, Ministry of Finance Director-General, National Treasury Administration, Ministry of Finance Director, Mega Financial Holding Co., Ltd. Director, Mega Int'l Commercial Bank Co., Ltd. Supervisor of Taiwan Tobacco & Liquor Corporation M.A. in Public Finance, National Chengchi University	Director-General, National Treasury Administration, Ministry of Finance, R.O.C. Director of Mega International Commercial Bank Director of China Tax Research Association	None	None	None	None
Manager / Assistant Vice President / Vice President / Deputy General Manager, Mega Int'l Commercial Bank Co., Ltd., Lanya Branch Director / Executive Director, The Labor Union of Mega Int'l Commercial Bank Bachelor of Department of Banking and Finance, Takming University of Science and Technology	Deputy General Manager, Mega Int'l Commercial Bank Co., Ltd., Lanya Branch	None	None	None	None
Senior Executive Officer, Council for Economic Planning and Development (CEPD) Deputy Director, Department of Sectoral Planning, CEPD. Director, Department of Sectoral Planning, CEPD. Director, Department of Industrial Development, National Development Council Deputy Minister of National Development Council, Executive Yuan, R.O.C. Director, Adimmune Corp. Director, Chunghwa Post Corp. Director, Universal Venture Capital Investment Corp. Director, Yang Ming Marine Transport Corp Ph.D., Institute of Business and Management, National Chiao Tung University.	Deputy Minister, National Development Council, Executive Yuan, R.O.C., Director of Yang Ming Marine Transport Corporation	None	None	None	None



Corporate Governance Report

Title	Nationality or place of incorporation	Name	Gender Age (years old)	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor children shareholding		Shareholding by nominee arrangement	
							Shares	%	Shares	%	Shares	%	Shares	%
Director (Representative of National Development Fund, Executive Yuan, R.O.C.)	R.O.C.	Yi-Hong Deng	Male 51-55	06/21/2024	Till 06/20/2027	06/21/2024	891,568,452	6.19	918,315,266	6.19	0	0	0	0
Director (Representative of Chunghwa Post Co., Ltd.)	R.O.C.	Kwo-Tsai Wang	Male 61-65	11/01/2024	Till 06/20/2027	11/01/2024	517,633,693	3.59	533,162,703	3.59	0	0	0	0
Director (Representative of Bank of Taiwan)	R.O.C.	Hui-Chuan Chen	Female 61-65	06/21/2024	Till 06/20/2027	01/07/2022	377,876,300	2.62	389,212,589	2.62	0	0	0	0
Independent Director	R.O.C.	Ying Wu	Female 66-70	06/21/2024	Till 06/20/2027	07/20/2021	0	0	0	0	0	0	0	0
Independent Director	R.O.C.	Chang-Ching Lin	Male 51-55	06/21/2024	Till 06/20/2027	07/01/2018	0	0	0	0	0	0	0	0
Independent Director	R.O.C.	Hung-Ju Chen	Female 46-50	06/21/2024	Till 06/20/2027	07/20/2021	0	0	0	0	0	0	0	0
Independent Director	R.O.C.	Tsai-Jyh Chen	Female 61-65	06/21/2024	Till 06/20/2027	07/20/2021	0	0	0	0	0	0	0	0
Independent Director	R.O.C.	Yung-Chih Lien	Male 51-55	06/21/2024	Till 06/20/2027	06/21/2024	0	0	0	0	0	0	0	0

Note : Mr. Ray Beam Dawn took office as Chairman on August 14, 2024, and the former incumbent Mr. Chung-Dar Lei was dismissed on the same day. Director Mr. Chuan-Chang Chang took office on April 8, 2025 and the former incumbent Ms. Yu-Mei Hsiao was dismissed on the same day. Director Mr. Fang-Guan Jan took office on 18 February 2025. The former director Mr. Chin-Ching Liu took office on 22 June 2024 and resigned on 18 February 2025. The former director Mr. Keh-Her Shih resigned on 22 June 2024. Director Mr. Kwo-Tsai Wang took office on Nov. 1, 2024 and the former director Mr. Hong-Mo Wu resigned on Aug. 21, 2024.



April 30, 2025

Experience (education)	Positions concurrently held	Executives, directors or supervisors who are spouses or within two degrees of kinship			Note
		Title	Name	Relation	
Congressional Assistant, Legislative Yuan Managing attorney of Hongjian International Law Firm Independent Director, First Gold Life Insurance Co., Ltd. Bachelor of Department of Law, National Chengchi University	Managing attorney of Hongjian International Law Firm	None	None	None	None
President, Chairman, THI Consultants Inc. Director General, Transportation Bureau, Kaohsiung City Government Chairman, iPASS Corporation President, Intelligent Transportation Society of Taiwan Chairman, China Aviation Development Foundation Chairman, The Grand Hotel Political Deputy Minister/ Minister, Ministry of Transportation and Communications Ph.D. in Institute of Traffic and Transportation, National Chiao Tung University	Chairman, Chunghwa Post Co., Ltd.	None	None	None	None
Accounting Director of Council of Agriculture Executive Yuan; Deputy Director-General of Accounting Dept, Ministry of the Justice; Director-General of Accounting Dept, Ministry of the Education; Director-General of Budget Accounting and Statistics Office, Taoyuan City (County) Government; Supervisor of Taoyuan Aerotropolis Co., Ltd.; Director-General of Accounting Dept, Judicial Yuan M.A. in Accounting, National Chengchi University	Deputy Minister of DGBAS, Executive Yuan; Supervisor of China Aviation Development Foundation	None	None	None	None
Chief Auditor / Senior Executive Vice President of First Commercial Bank; Chief Auditor / President of First Financial Holding Co., Ltd.; Supervisor of International Bills Finance Corp; Director, Vice Chairman of IBF Financial Holdings Chairman of First Insurance Agency Co., Ltd. and First P&C Insurance Agency Co., Ltd. B.A.in Finance and Taxation, National Chengchi University	-	None	None	None	None
Assistant Research Fellow of Institute of Economics, Academia Sinica; Adjunct Assistant Professor of Department of Economics, National Central University; Adjunct Assistant Professor of Department of Economics, National Taiwan University; Associate Dean of College of Social Sciences, National Cheng Kung University Assistant Professor of Department of Economics, National Cheng Kung University Ph.D. in Economics, University of Michigan - Ann Arbor, U. S. A.	Professor, Department of Economics, National Cheng Kung University; Independent Director of Air Asia Company Limited, Research Fellow, Institute of Economics, Academia Sinica; Director, Central Bank of the R.O.C	None	None	None	None
Assistant Professor, Professor, Distinguished Professor, Dept. of Economics of National Taiwan University; Associate Dean, College of Social Sciences, NTU Supervisor of Chung-Hua Institution for Economic Research; Director of First Financial Holding Co., Ltd.; Managing Director of First Commercial Bank Co., Ltd. Committee Member of International Trade Commission, Ministry of Economic Affairs Ph.D., Economics, University of California, Los Angeles, U. S. A.	Professor, Dept. of Economics, National Taiwan University (NTU); Supervisor of Chung-Hua Institution for Economic Research; Member of Trade Remedy Commission of the Ministry of Economic Affairs.	None	None	None	None
Associate professor, Professor, Dean, Dept. of Risk Management and Insurance of National Chengchi University; Independent Director of Mega Bills Finance Co., Ltd. Ph.D. of Insurance, Wharton School, University of Pennsylvania, U. S. A.	Professor, Dept. of Risk Management and Insurance, National Chengchi University	None	None	None	None
Assistant Professor, Associate Professor, Professor, Dept. of International Business, National Taiwan University; Assistant Professor, Dept. of Shipping Management, National Taiwan Ocean University; Assistant Professor, Dept. of Management, National Sun Yat-Set University; Dean, Professor, College of International Marketing, National Taipei University of Business. Ph.D., King's College London, UK.	Professor, Dept. of International Business, National Taiwan University; Independent Director, SysJust Co., Ltd.; Independent Director, TWOWAY Communications Inc.; Independent Director, Ina Energy Corp.	None	None	None	None



Corporate Governance Report

Chart 1 : Major shareholders of the institutional shareholders who are represented by directors

Dec. 31, 2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Ministry of Finance, ROC	The government
National Development Fund, Executive Yuan, ROC	The government
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications, R.O.C. (100%)
Bank of Taiwan Co., Ltd.	Taiwan Financial Holding Co., Ltd. (100%)

Chart 2 : Major shareholders of the above major shareholders that are juridical persons

Dec. 31, 2024

Name of Juridical Persons	Major Shareholders of the Juridical Persons
Taiwan Financial Holding Co., Ltd.	Ministry of Finance, R.O.C. (100%)

1. Professional Qualifications and Status of Independency of Directors

April 30, 2025

Criteria Name	Professional qualification and experience	Status of Independency	Number of current positions as independent director of other public companies
Ray Bean Dawn (Chairman)	<p>Chairman</p> <p>Professional Qualified Director of Banking</p> <p>Chairperson of Risk Management Committee</p> <p>Chairperson of the Sustainability Committee</p> <p>Former Director of the Finance Bureau of Kaohsiung City Government, General Manager and Chairman of several financial institutions including Kaohsiung Bank, First Financial Holdings, First Bank, Mega Financial Holdings, Mega Bills, Taiwan Cooperative Financial Holdings and Central Deposit Insurance Corporation. He is currently the Chairman of the Company and Mega Bank. He has more than 20 years of experience in the banking and financial holding industries, and thus qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 1 and Paragraph 9 (Bank) of " Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability:</p> <p>Business management, leadership and decision-making, financial knowledge, international industry and economics, digital finance, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director Ministry of Finance.</p> <p>Concurrently holds the position as the Chairman of subsidiary Mega International Commercial Bank Co., Ltd.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p> <p>Not an employee of the Company or its affiliates.</p>	0



Chuan-Chang Chang (Director and President)	<p>President (executive director) Chief Sustainability Officer Chairperson of Group Management Meetings Chairperson of Group Fund Management Meetings Chairperson of Group Information and Digital Business Meetings Chairperson of Group Cross-Selling Meetings</p> <p>Distinguished Professor of National Central University. Former Professor/Dean of the Department of Finance and Banking, and Dean of the School of Management of National Central University, , Director of the Taiwan Cooperative Bank, Supervisor of the Land Bank of Taiwan, Vice Chairman of the Financial Supervisory Commission, Independent Director of Taiwan Financial Holdings, President/Director of the Chung-Hua Institution for Economic Research, Supervisor of the International Cooperation and Development Foundation, and Chairman of the Securities and Futures Market Development Foundation of the Republic of China, and now the President of the Company and Managing Director of Mega Bank, with 30 years of experience in financial industry research, operation and public sector administration and capable of managing a financial holding company and effectively manage the business of a financial holding company. Thus qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 3 of " Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, finance and accounting, digital finance, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director Ministry of Finance.</p> <p>Concurrently holds the position as the President of the Company, managing director of subsidiary Mega International Commercial Bank Co., Ltd.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p>	0
Pei-Chun Chen (Director)	<p>Professionally qualified director of securities subsidiary Member of Risk Management Committee</p> <p>Former specialist of Securities and Futures Management Committee and executive managers of Grand Cathay Securities Corporation, Yuanta Core Pacific Securities Co., Ltd., PineBridge Investments Management Taiwan Ltd., and Mega Securities Co., Ltd. She has been the Chairman of Mega Securities and Mega Futures for more than 7 years, and accumulated 30 years of working experience in securities industry, thus qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 1 and Paragraph 10 (Securities) of " Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, law, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director Ministry of Finance.</p> <p>Concurrently holds the position as the Chairman of subsidiary Mega Securities Co., Ltd. and Mega Futures Co., Ltd.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p> <p>Not an employee of the Company or its affiliates.</p>	0
Yih-Jiuan Wu (Director)	<p>Professionally qualified director of bank subsidiary Former director of Taiwan Financial Holdings and the director and supervisor of Taiwan Academy of Banking and Finance. She is now the Director General of Department of Economic Research, Central Bank of the R.O.C.. She has accumulated more than 20 years of banking finance study and administration experience, and thus qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 2 and Paragraph 9 (Bank) of " Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, finance and accounting</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director Ministry of Finance.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p> <p>Not an employee of the Company or its affiliates.</p>	0

Corporate Governance Report

Po-Cheng Chen (Director)	<p>The Director is the Director-General of National Treasury Administration, Ministry of Finance, R.O.C. He has accumulated more than a dozen of years of public administration and management experience and is capable of managing financial holding companies.</p> <p>Professional ability:</p> <p>Business management, leadership and decision-making, financial knowledge, international industry and economics, finance and accounting, public finance and taxation, ESG sustainability.</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director Ministry of Finance.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p> <p>Not an employee of the Company or its affiliates.</p>	0
Ing-Ren Lee (Director)	<p>The Director currently is now the deputy manager of Mega Bank Lanya Branch and has served as the director and executive director of Mega Bank Labor Union. He has more than 30 years of experience in the banking industry and has been involved in labor affairs for more than 20 years. He has the ability to manage a financial holding company.</p> <p>Professional ability:</p> <p>Financial knowledge, finance and accounting, labor-related regulations.</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director Ministry of Finance.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p> <p>The director is an employee of subsidiary Mega International Commercial Bank.</p>	0
Fang-Guan Jan (Director)	<p>He has served as a Senior Executive Officer/Deputy Director/ Director of Council for Economic Planning and Development of the Executive Yuan, Director, Department of Industrial Development, National Development Council, Director of Adimmune Corp, Director of Chunghwa Post Corp., Director of Universal Venture Capital Investment Corp. and Director of Yang Ming Marine Transport Corp.. He is currently the Deputy Director of the National Development Council. He has accumulated 30 years of experience in public sector administration and industrial management and has the ability to manage a financial holding company.</p> <p>Professional ability:</p> <p>Business management, leadership and decision-making, international industry and economics, law, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director National Development Fund, Executive Yuan, R.O.C.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p> <p>Not an employee of the Company or its affiliates.</p>	0
Yi-Hong Deng (Director)	<p>The Director was used to be Congressional Assistant, Legislative Yuan, Managing attorney of Hongjian International Law Firm, and Independent Director, First Gold Life Insurance Co., Ltd. He has accumulated more than 30 years of law-related experience and is capable of managing financial holding companies.</p> <p>Professional ability:</p> <p>Business management, financial knowledge, law , ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director National Development Fund, Executive Yuan, R.O.C.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p> <p>Not an employee of the Company or its affiliates.</p>	0
Kwo-Tsai Wang (Director)	<p>The Director was used to be the President/Chairman of THI Consultants Inc., Director General of Transportation Bureau, Kaohsiung City Government, Chairman of iPASS Corporation, Chairman of China Aviation Development Foundation, Chairman of the Grand Hotel, Political Deputy Minister/Minister of Ministry of Transportation and Communications</p> <p>He is now the Chairman, Chunghwa Post Co., Ltd. He has accumulated more than 20 years of industry management and public administration experience and is capable of managing financial holding companies.</p> <p>Professional ability:</p> <p>Business management, leadership and decision-making, financial knowledge, international economies, digital finance, ESG sustainability.</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director Chunghwa Post Co., Ltd.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p> <p>Not an employee of the Company or its affiliates.</p>	0
Hui-Chuan Chen (Director)	<p>The Director was used to be the accounting executives of important government units such as Council of Agriculture, Executive Yuan, Ministry of the Justice, Ministry of the Education, Taoyuan City (County) Government, and Judicial Yuan. She is now the Deputy Minister of DGBAS, Executive Yuan. She has accumulated more than 30 years of public administration and accounting experience and is capable of managing financial holding companies.</p> <p>Professional ability:</p> <p>Business management, leadership and decision-making, financial knowledge, finance and accounting, public finance and taxation.</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Representative of juridical person director Bank of Taiwan Co., Ltd.</p> <p>None of the director's spouse, or relatives within the second degree of kinship are also the director.</p> <p>Not an employee of the Company or its affiliates.</p>	0



<p>Ying Wu (Independent Director)</p>	<p>Professionally Qualified Natural-Person Director Chairperson of Audit Committee Remuneration Committee Member Ethical Management Committee Member Sustainable Development Committee Member</p> <p>The Director was used to be the high-level executives, chief auditor, and chairman of First Bank, First Financial Holdings, and First Insurance Agency. She has more than 40 years of working experience in the banking industry and has expertise in finance and accounting, and is qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 1 of " Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company ."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, finance and accounting, public finance and taxation, digital finance, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <p>Compliance with the in dependency requirement of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>Has not served as an independent director of the Company for more than three terms.</p>	<p>0</p>
<p>Chang- Ching Lin (Independent Director)</p>	<p>Professionally Qualified Natural-Person Director Audit Committee Member Chairperson of Remuneration Committee Ethical Management Committee Member Sustainable Development Committee Member</p> <p>Professor of Economics at National Cheng Kung University. Previously taught at the Department of Economics at National Central University and the Department of Economics at National Taiwan University. In recent years, he has continued to publish research papers on financial economics and participated in a number of research projects at the National Science Council and the Institute of Economics at Academia Sinica. He served as a field expert at the National Science Council's Science and Technology Policy Advisory Expert Office and a member of the Ministry of Labor's Minimum Wage Research Group. He has made full use of his expertise in economics and has served as a member of the Central Bank's Board of Directors since 2025. He is capable of managing a financial holding company and being able to manage the business of a financial holding company soundly and effectively, and is qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 3 of " Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company ."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, public finance and taxation, law, digital finance, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <p>Compliance with the in dependency requirement of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>Has not served as an independent director of the Company for more than three terms.</p>	<p>1</p>

Corporate Governance Report

Hung-Ju Chen (Independent Director)	<p>Professionally Qualified Natural-Person Director Audit Committee Member Remuneration Committee Member Ethical Management Committee Member Sustainable Development Committee Member</p> <p>Distinguished Professor of the Department of Economics at National Taiwan University, she has been selected for the annual National Taiwan University Teaching Excellence Award and Research Achievement Award. In recent years, she has continued to publish research papers related to financial economics, focusing on general economic academic research such as new intellectual property rights, sustainable development, labor and economic supply and demand, foreign investment and imitation commodity cycles, etc. She has served as a director of First Financial Holdings and an executive director of First Bank. She is capable of managing a financial holding company and being able to operate the business of a financial holding company soundly and effectively, and is qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, ESG sustainability There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <p>Compliance with the in dependency requirement of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>Has not served as an independent director of the Company for more than three terms.</p>	0
Tsai-Jyh Chen (Independent Director)	<p>Insurance Professionally Qualified Natural-Person Director Audit Committee Member Remuneration Committee Member Chairperson of Ethical Management Committee Sustainable Development Committee Member</p> <p>Professor of the Department of Risk Management and Insurance at National Chengchi University. Her research expertise lies in risk management, enterprise risk management, insurance theory and property insurance. She has written many professional insurance books and provided professional advice to industry, government and academia, including academic research achievements and various insurance industry management analysis. Served as an independent director of Mega Bills. She is capable of managing a financial holding company and being able to operate the business of a financial holding company soundly and effectively, and is qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 3 and Paragraph 10 (Insurance) of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, finance and accounting, ESG sustainability There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <p>Compliance with the in dependency requirement of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>Has not served as an independent director of the Company for more than three terms.</p>	0
Yung-Chih Lien (Independent Director)	<p>Professionally Qualified Natural-Person Director Audit Committee Member Remuneration Committee Member Ethical Management Committee Member Sustainable Development Committee Member</p> <p>Professor of International Business at National Taiwan University. Previously served as Dean of the School of International Marketing at National Taipei University of Business, Assistant Professor of the Department of Shipping Management at National Taiwan Ocean University, Assistant Professor of the Department of Business Administration at National Sun Yat-sen University, Research Fellow at the Institute of International Economics at the Chung-Hua Institution for Economic Research, and Director of the Institute of Marketing and Consumer Behavior at the Institute of Business Development. His research expertise is in corporate governance, emerging market strategies, and international companies. He provides professional analysis to industry, government, and academia, and is familiar with financial industry management and knowledge. He is capable of managing a financial holding company and operating the business of a financial holding company soundly and effectively, and is qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, finance and accounting, ESG sustainability There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <p>Compliance with the in dependency requirement of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>Has not served as an independent director of the Company for more than three terms.</p>	3

Note: Please refer to page 16 for the directors' experience and other current positions.



2. Diversification and Independency of the Board

(1) Diversification of the Board:

The Company has made Board diversification policy in Corporate Governance Practice Guideline. The diversification of the Board is considered by corporate operation, operation types and development need. The standards of diversification includes (A) basic conditions (includes gender, age, nationalities and race) and (B) professional knowledge and skills (includes professional backgrounds, professional skills and industry experience). In June 2024, the company was fully re-elected the ninth board of directors, consisting of 10 directors and 5 independent directors, all of whom are local nationals. Members come from the financial industry, government agencies and academia, with professional backgrounds and experiences covering law, accounting, industry, finance, economics, etc. Professional skills include risk management, legal compliance, money laundering prevention, finance, economic analysis, business management, internal control, industry knowledge and ESG sustainability. Also, board members generally possess the knowledge, skills and qualities necessary to perform their duties.

Till the end of 2024, the directors who also are the Group's employees are: Yu-Mei Hsiao and Ing-Ren Lee, account for 13.33% of the Board; There are seven female directors, accounting for 46.67% of the Board, which is better than the original target of 33%. There are one director between the ages of 40 and 49, seven between 50 and 59, six between 60 and 69, and one above 70 years old. The average age is 58 years old, and the average term of office is 2.37 years.

(2) Independency of the Board:

The Company values the independency of directors. The Chairman and President are not the same individual or have relations such as spouses or relatives within the first degree of kinship. Directors also do not have relations as spouses or within the second degree of kinship (in compliance with Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act). Independent directors retain independence qualifications required by the competent authority and they do not serve as directors or independent directors in more than two other companies. All directors serve as directors in not more than two other listed companies.

The Company has set a target of achieving board independency by having 80% of board seats filled by directors who meet the independency criteria. In 2024, 93.33% of our directors satisfied the independency criteria. The Chairman Ray Beam Dawn took office in August 2024. He does not concurrently serve as the Company's managerial officers since he took office, qualifying the independency criteria. Director Chuan-Chang Chang concurrently serves as the President of the Company and therefore external director independency does not apply.

In compliance with the FSC's Corporate Governance 3.0- Sustainable Development Roadmap and relevant regulations, the Company has a third of its seat or five seats filled by independent directors. The independent directors have not served for more than three terms, and they have served for less than 3.5 years on average.

Note: The independent status of external directors adopts the following criteria. It must satisfy at least 4 items in the following 9 items, and at least 2 items in the first 3 items:

- (1) The director must not have been employed by the company in an executive capacity within the last five year.
- (2) The director and his or her family members must not accept more than US\$60,000 from the company or any of its subsidiary this year and in the past three years. This does not apply to those set forth in SEC Rule 4200.
- (3) The director's family members must not be an executive officer of the company or any of its subsidiary this year and in the past three years.
- (4) The director must not be (and must not have interests with) an adviser or consultant to the company or to the company's senior management.
- (5) The director must not have interests with a significant customer or supplier of the company.
- (6) The director must not have a service agreement with other companies or management of these companies.
- (7) The director must not have interests with a non-profit entity that receives significant contributions from the company.
- (8) The director must not have been a partner or employee of the company's external audit institution during the past three years.
- (9) The director must not have any other conflict of interest to the independent operation of the Board.

2.1.2 President, Executive Vice President, Senior Vice President, and Vice President of each department

Title	Nationality	Name	Gender	Date effective	Shareholding		Spouse & minor children shareholding		Shareholding by nominee arrangement	
					Shares	%	Shares	%	Shares	%
President	R.O.C.	Chuan-Chang Chang	Male	04/08/2025	0	0.00	0	0.00	0	0.00
Executive Vice President, and Chief Corporate Governance Officer	R.O.C.	Han-Yin Ting	Female	06/19/2023	70,331	0.00	0	0.00	0	0.00
Executive Vice President and Chief Information Security Officer	R.O.C.	Tai-Yu Hsieh	Male	04/23/2025	0	0.00	0	0.00	0	0.00
Executive Vice President	R.O.C.	Chao-Jung Chen	Female	12/25/2024	10,583	0.00	0	0.00	0	0.00
Chief Auditor	R.O.C.	Ling-Chiun Lin	Female	03/20/2023	106,666	0.00	0	0.00	0	0.00
Chief Compliance Officer	R.O.C.	Nian-Tzy Yeh	Male	11/08/2024	118,957	0.00	709	0.00	0	0.00
Chief Secretary of the Board	R.O.C.	Hui-Ju Kang	Female	11/13/2024	581	0.00	0	0.00	0	0.00
Vice President	R.O.C.	Lan-Jong An	Male	10/01/2020	0	0.00	0	0.00	0	0.00



April 30, 2025

Experience (education)	Positions concurrently held	Managers who are spouses or within two degrees of kinship			Note
		Title	Name	Relation	
Professor / Chair Professor / Distinguished Professor, Dep. of Finance, National Central University Chair of Dep. of Finance, National Central University Dean of Management School, National Central University Vice-President, Asia University Taiwan Director, Taiwan Cooperative Bank Supervisor, Land Bank of Taiwan Independent Director, Taiwan Financial Holdings Co., Ltd. Vice-Chairman, Financial Supervisory Commission Director / President, Chung-Hua Institution for Economic Research Supervisor, the International Cooperation and Development Fund Chairman, Securities and Futures Institute Ph.D. in Accounting & Financial Management, Lancaster University, UK	Managing Director of Mega International Commercial Bank Co., Ltd. Director, Chung-Hua Institution for Economic Research Supervisor, the International Cooperation and Development Fund Distinguished Professor, Dep. of Finance, National Central University Director, Taiwan Futures Exchange Corp. Chairman, Securities Analysts Association, Chinese Taipei	None	None	None	None
Assistant Vice President of Mega International Commercial Bank Co., Ltd. Secretary / Chief Secretary of the Board of Mega International Commercial Bank Co., Ltd. Chief Secretary of Mega Financial Holding Co., Ltd. B.A. in Finance, National Taiwan University	Director of Mega Ventures Co., Ltd. Director of Mega Management Consulting Corporation	None	None	None	None
Server Management Services Manager at IBM, Domestic Services and Operations Manager at Kyndryl Taiwan, Chief Technology Officer/ Enterprise Architect at Kyndryl Taiwan B.A. in Applied Mathematics, National Chung Hsing University	Senior Executive Vice President and Chief Information Security Officer of Mega International Commercial Bank Director of Financial eSolution Co., Ltd.	None	None	None	None
Vice President & Deputy General Manager/ General Manager of Minsheng Branch, International Finance Department, Hengyang Branch, Songnan Branch, and Nanjing East Road Branch, Senior Vice President & General Manager of Wealth Management Department and Private Banking Department, Senior Executive Vice President of Mega International Commercial Bank. M.A. in Accounting, Missouri State University, Columbia, USA	Senior Executive Vice President of Mega International Commercial Bank Chairman of Win Card Co., Ltd. Director of Mega Bank Cultural and Educational Foundation Chairman of Universal Venture Capital Investment Co., Ltd., Director of IBF Securities Co., Ltd.	None	None	None	None
Vice President of Legal Affairs and General Manager of Compliance Department of Mega International Commercial Bank. B.A. in Law, National Taiwan University	—	None	None	None	None
Vice President & General Manager Silicon Valley Branch, Senior Vice President & General Manager of Anti-Money Laundering and Financial Crime Prevention Division Director, Senior Executive Vice President of Mega International Commercial Bank. MBA, University of Texas at Dallas, USA	Chief Compliance Officer of Mega International Commercial Bank Director of Mega Bills Finance Co., Ltd.	None	None	None	None
Vice President & Deputy General Manager of Overseas Department, Vice President & General Manager of ShiMou/ Shuanghe/ Tianmu Branch, Chief Secretary of the Board of Mega International Commercial Bank M.A. in International Business, National Taiwan University	Chief Secretary of the Board of Mega International Commercial Bank Director of Next Bank	None	None	None	None
Planning Specialist of Pacific Electricity Wire and Cable Co., Ltd. Planning Specialist of TAIFEX, Chief Officer of Chung Kuo Insurance Co., Ltd., Deputy Vice President of Mega Financial Holding Co., Ltd. M.B.A, State University of New York at Buffalo	Director of Mega Venture Capital Co., Ltd. Director of Chung Kuo Insurance Co., Ltd.	None	None	None	None

Corporate Governance Report

Title	Nationality	Name	Gender	Date effective	Shareholding		Spouse & minor children shareholding		Shareholding by nominee arrangement	
					Shares	%	Shares	%	Shares	%
Vice President	R.O.C.	Chia-Lin Chang	Female	08/01/2021	16,013	0.00	0	0.00	0	0.00
Vice President	R.O.C.	Ing-Jun Kuo	Male	01/01/2022	10,300	0.00	0	0.00	0	0.00
Vice President	R.O.C.	Hung Tseng	Male	02/01/2022	5,860	0.00	0	0.00	0	0.00
Vice President	R.O.C.	Mei-Li Chao	Female	07/01/2023	5,325	0.00	0	0.00	0	0.00
Vice President	R.O.C.	Wan-Jung Lee	Female	09/02/2024	6,314	0.00	0	0.00	0	0.00
Acting Vice President	R.O.C.	Chia-Lin Huang	Female	11/13/2024	2,120	0.00	0	0.00	0	0.00
Acting Vice President	R.O.C.	Che-Kuang Liu	Male	01/01/2024	5,150	0.00	7,277	0.00	0	0.00
Acting Vice President	R.O.C.	Hsiu-Wei Teng	Male	09/25/2024	0	0.00	18,090	0.00	0	0.00



April 30, 2025

Experience (education)	Positions concurrently held	Managers who are spouses or within two degrees of kinship			Note
		Title	Name	Relation	
Assistant officer of Chiao Tung Bank Nan Jing East Road Branch. Assistant Vice President of Administration Department of Mega Financial Holding Co., Ltd. Secretary of Board of Mega Financial Holding Co., Ltd. M.A., Department of Business Administration, Soochow University	Director of Mega Asset Management Co., Ltd.	None	None	None	None
Assistant Vice President / Deputy General Manager of Data Processing & Information Department; General Manager of Information Security Department and Chief Information Security Officer, Mega International Commercial Bank Co., Ltd. M.S. in Computer Science, New York Institute of Technology	Senior Vice President & General Manager of Information Security Department, Mega International Commercial Bank Co., Ltd. Director of Mega International Commercial Bank Public Co., Ltd.	None	None	None	None
Deputy General Manager of Compliance Department, Mega International Commercial Bank Co., Ltd. B.A. in International Business / B.A. in Law, National Taiwan University	Senior Vice President & General Manager of Compliance Department, Mega International Commercial Bank Co., Ltd. Director of Taiwan Aerospace Corp.	None	None	None	None
Manager of Accounting Department / Da-An Branch of Chiao Tung Bank. Assistant Vice President / Deputy Manager / Deputy Vice President of Treasury Department. B.A. in Business, National Open University	Supervisor of Mega Asset Management Co., Ltd.	None	None	None	None
Internet Marketing Planning Manager of Franklin Integrated Marketing Assistant General Manager of Brand Management and Public Relations Office/Public Relations Department of Fubon Financial Holdings. Manager of Far Eastern Telecommunications Brand and Public Relations Management Group/Corporate Sustainable Development. Senior Manager of Corporate Sustainability Office, Taishin Financial Holdings MBA, National Chengchi University	—	None	None	None	None
Senior Specialist / Deputy Vice President of Administration Department, and Senior Specialist of the Board of Mega Financial Holding Co., Ltd. Senior Specialist of the Board, Vice President & General Manager of Public Relations Office of Mega International Commercial Bank, Co., Ltd. M.A. in Speech and Interpersonal Communication, New York University	Vice President & General Manager of Public Relations Office of Mega International Commercial Bank, Co., Ltd. President of Mega Bank Cultural and Educational Foundation	None	None	None	None
Manager of Finance Department of Chiao Tung Bank Manager, Deputy Vice President of Business Development Department, Mega Financial Holding Co., Ltd. PhD. in Economics, Nankai University	—	None	None	None	None
Manager, Deputy Vice President of Information Department, Mega Financial Holding Co., Ltd. B.A. in Information Management, Fu Jen Catholic University	—	None	None	None	None

2.1.3 Information and Compensation of consultants who are retired chairman or president from the Company or affiliate companies: None.

2.1.4 Where the chairman and the President or a person of equivalent position (top manager) are the same person, or are each other's spouse or first-degree relative: None.

Corporate Governance Report

2.2 Remuneration for Directors, President, Executive Vice Presidents, and the employee remuneration distributed in 2024

2.2.1 Remuneration of Directors and Independent Directors

Title	Name	Remuneration								Total compensation (a+b+c+d) and it's ratio to profit (%)	
		Base Remuneration (a)		Severance pay (b)		Compensation for directors (c)		Allowances (d)		From the Company	From all companies in the financial statement
		From the Company	From all companies in the financial statement	From the Company	From all companies in the financial statement	From the Company	From all companies in the financial statement	From the Company	From all companies in the financial statement		
Chairman	Ministry of Finance										
	Ray Beam Dawn (Representative of Ministry of Finance, R.O.C.)										
	Chung-Dar Lei (Representative of Ministry of Finance, R.O.C.)										
Director (Representative of Ministry of Finance, R.O.C.)	Yu-Mei Hsiao										
	Yih-Jiuan Wu										
	Po-Cheng Chen										
	Pei-Chun Chen										
	Ing-Ren Lee										
	I-Kan Chiu										
Director	National Development Fund	0	12,260	0	992	166,794	166,794	2,239	5,392	169,033 /0.49	185,438 /0.53
	Representative: Chin-Ching Liu										
	Representative: Yi-Hong Deng										
	Representative: Keh-Her Shih										
Director	Chunghwa Post Co., Ltd.										
	Representative: Kwo-Tsai Wang										
	Representative: Hong-Mo Wu										
Director	Bank of Taiwan										
	Representative: Hui-Chuan Chen										
Independent Director	Chang-Ching Lin										
	Ying Wu										
	Hung-Ju Chen										
	Tsai-Jyh Chen	3,600	4,000	0	0	0	0	910	910	4,510 /0.01	4,910 /0.01
	Yung-Chih Lien										
	Chi-Chang Yu										

1. Compensation policies, guide line, standards, and structure, and the correlation between the compensation paid and the duty, risk exposure, and time input for independent director: According to the company article, the compensation for independent directors is decided by Board of Directors base on the involvement of corporate operation, contribution value, and the reference with peers. The total package includes monthly compensation and research fee. The monthly compensation of NT\$60,000 per person is based on each independent director's duty. Also, considering the independent directors' time input and risk taken, for each attendance of the Remuneration Committee, Audit Committee, Sustainable Development Committee and Ethical Management Committee, the chairman of the committee will be paid NT\$12,000 research fee, while committee member will be paid NT\$10,000 research fee. There is no director compensation or variable compensation to keep the independency.
2. Besides above disclosure, the compensation for directors for his/her service to consolidated entities (ex. consulting service as non-employee): N.A.

Note: 1. Po-Cheng Chen, representative of the Ministry of Finance, took office on January 17, 2024. I-Kan Chiu's term of office expired on June 21, 2024, and he was replaced by Ing-Ren Lee on the same day; Yi-Hong Deng, the new representative of the National Development Fund Management Committee of the Executive Yuan, took office on 21 June, 2024. Keh-Her Shih was dismissed on 22 June, 2024 and was replaced by Chin-Ching Liu on the same day. Hong-Mo Wu, representative of Chunghwa Post Corporation, was dismissed on August 21, 2024, and was replaced by Kwo-Tsai Wang on November 1, 2024. The term of office of independent director Chi-Chang Yu expired on 21 June 2024, and he was replaced by Yung-Chih Lien on the same day.



Unit: NT\$ thousands

Relevant remuneration received by directors who are also employees									Total compensation (a+b+c+d) and it's ratio to profit (%)		Compensation paid to directors from an invested company other than the company's subsidiary or from the parent company
Salary, bonuses, and allowances (e)		Severance pay (f)		Employee remuneration (g)							
From the Company	From all companies in the financial statement	From the Company	From all companies in the financial statement	From the Company		From all companies in the financial statement		From the Company	From all companies in the financial statement		
				Cash	Stock	Cash	Stock				
	8,598	11,306	108	200	0	0	475	0	177,739 /0.52	197,418 /0.58	440
	0	0	0	0	0	0	0	0	4,510 /0.01	4,910 /0.01	0

2. Compensation paid to company drivers for NT\$815 thousand is not included in Allowances (d). "Salary, bonuses, and allowances (e)" does not include compensation paid to company drivers for NT\$ 944 thousand.
3. Compensation for Directors (c) and Employee remuneration (g) have been approved by the Board of Directors.
4. The Company does not issue any employee stock options or new restricted employee shares.

Directors' remuneration brackets

Bracket	Name of Directors			
	Total of (a+b+c+d)		Total of (a+b+c+d+e+f+g)	
	The Company	All companies in the financial report	The Company	The parent company and all investee companies
Under NT\$ 1,000,000	Ray Beam Dawn, Chung-Dar Lei, Yu-Mei Hsiao, Yih-Jiuan Wu, Po-Cheng Chen, Chia-Chi Hsiao, Ing-Ren Lee, Pei-Chun Chen, Ing-Ren Lee, I-Kan Chiu, Chin-Ching Liu, Yih-Hong Deng, Keh-Her Shih, Kwo-Tsai Wang, Hong-Mo Wu, Hui-Chuan Chen, Chang-Ching Lin, Yih-Hong Deng, Keh-Her Shih, Kwo-Tsai Wang, Hung-Ju Chen, Tsai-Jyh Chen, Yung-Chih Lien, Chi-Chang Yu	Yu-Mei Hsiao, Yih-Jiuan Wu, Po-Cheng Chen, Chia-Chi Hsiao, Ing-Ren Lee, I-Kan Chiu, Chin-Ching Liu, Yih-Hong Deng, Keh-Her Shih, Kwo-Tsai Wang, Hong-Mo Wu, Hui-Chuan Chen, Chang-Ching Lin, Hung-Ju Chen, Tsai-Jyh Chen, Yung-Chih Lien, Chi-Chang Yu	Ray Beam Dawn, Chung-Dar Lei, Yih-Jiuan Wu, Po-Cheng Chen, Chia-Chi Hsiao, Pei-Chun Chen, Ing-Ren Lee, I-Kan Chiu, Chin-Ching Liu, Yih-Hong Deng, Keh-Her Shih, Kwo-Tsai Wang, Hong-Mo Wu, Hui-Chuan Chen, Chang-Ching Lin, Ying Wu, Hung-Ju Chen, Tsai-Jyh Chen, Yung-Chih Lien, Chi-Chang Yu	Yih-Jiuan Wu, Po-Cheng Chen, Chia-Chi Hsiao, Ing-Ren Lee, I-Kan Chiu, Chin-Ching Liu, Yih-Hong Deng, Keh-Her Shih, Kwo-Tsai Wang, Hong-Mo Wu, Hui-Chuan Chen, Chang-Ching Lin, Hung-Ju Chen, Tsai-Jyh Chen, Yung-Chih Lien, Chi-Chang Yu
NT\$1,000,000 ~ NT\$2,000,000		Ying Wu		Ying Wu
NT\$2,000,000 ~ NT\$3,500,000		Ray Beam Dawn		Ray Beam Dawn
NT\$3,500,000 ~ NT\$5,000,000				
NT\$5,000,000 ~ NT\$10,000,000		Chung-Dar Lei, Pei-Chun Chen	Yu-Mei Hsiao	Chung-Dar Lei, Yu-Mei Hsiao, Pei-Chun Chen
NT\$10,000,000 ~ NT\$15,000,000	Chunghwa Post Co., Ltd., Bank of Taiwan	Chunghwa Post Co., Ltd., Bank of Taiwan	Chunghwa Post Co., Ltd., Bank of Taiwan	Chunghwa Post Co., Ltd., Bank of Taiwan
NT\$15,000,000 ~ NT\$30,000,000	National Development Fund	National Development Fund	National Development Fund	National Development Fund
NT\$30,000,000 ~ NT\$50,000,000				
NT\$50,000,000 ~ NT\$100,000,000				
NT\$100,000,000 or above	Ministry of Finance	Ministry of Finance	Ministry of Finance	Ministry of Finance
Total	25	25	25	25



2.2.2 Compensation of President and Executive Vice President

December 31, 2024 ; Unit: NT\$ thousands

Title	Name	Salary (a)		Severance pay (b)		Bonuses and allowances (c)		Employee remuneration (d)				Total compensation (a+b+c+d) and ratio to profit (%)		Compensation paid from an invested company other than the company's subsidiary or the parent company
		From the Company	From all companies in the financial statement	From the Company	From all companies in the financial statement	From the Company	From all companies in the financial statement	From the Company		From all companies in the financial statement				
								Cash	Stock	Cash	Stock			
President	Yu-Mei Hsiao													
Executive Vice President	Han-Yin Ting													
	Chao-Jung Chen													
	Yung-Chen Huang													
	Chien-An Chen	10,607	16,796	324	610	8,463	14,676	1,921	0	3,652	0	21,316 /0.06	35,733 /0.10	242
Chief Auditor	Ling-Chiun Lin													
Chief Compliance Officer	Nian-Tzy Yeh													
	Yi-Ming Ko													

Note: 1. Yung-Chen Huang was relieved of her duties as the Company's Executive Vice President from August 14, 2024. Chien-An Chen assumed the duties as the Company's Executive Vice President from September 25, 2024, and retired on March 3, 2025. Yi-Ming Ko was relieved of her duties as the Company's Chief Legal Officer from November 8, 2024. Nian-Tzy Yeh took over the position on an interim basis from the same date. Chao-Jung Chen assumed the duties as the Company's Executive Vice President from 25 December 2024. Yu-Mei Hsiao has changed her position since April 8, 2025. The total amount of remuneration paid to drivers is not included in the "Bonus and Special Expenses (C)" column, which is NT\$3,677,000.

2. Employees' remuneration (D) has been approved by Board of Directors.

3. The Company does not issue any employee stock options or new restricted employee shares.

4. According to Article 10-3-8 of Requirement of Information To Be Disclosed In Annual Report for Financial Holding Companies, the compensation amount of the top five managerial officers compensated the highest don't need to be disclosed.

Compensation Brackets

Bracket	Name of President and Executive Vice Presidents	
	The Company	Parent company and all invested companies
Under NT\$ 1,000,000	Chao-Jung Chen, Yung-Chen Huang, Chien-An Chen, Nian-Tzy Yeh, Yi-Ming Ko	Chao-Jung Chen
NT\$ 1,000,000 ~ NT\$ 2,000,000		Chien-An Chen, Nian-Tzy Yeh
NT\$ 2,000,000 ~ NT\$ 3,500,000		
NT\$ 3,500,000 ~ NT\$ 5,000,000		
NT\$ 5,000,000 ~ NT\$ 10,000,000	Yu-Mei Hsiao, Han-Yin Ting, Ling-Chiun Lin	Yu-Mei Hsiao, Han-Yin Ting, Yung-Chen Huang, Ling-Chiun Lin, Yi-Ming Ko
NT\$10,000,000 ~ NT\$ 15,000,000		
NT\$15,000,000 ~ NT\$ 30,000,000		
NT\$30,000,000 ~ NT\$ 50,000,000		
NT\$50,000,000 ~ NT\$100,000,000		
NT\$ 100,000,000 or above		
Total	8	8

2.2.3 Employee Remuneration to Managerial Officers

Dec. 31, 2024 Unit: NT\$ thousands

Title	Name	Employee remuneration - in stock	Employee remuneration - in cash	Total	Ratio of total amount to Profit(%)
Executive Vice President	Han-Yin Ting	0	5,671	5,671	0.02
Chief Auditor	Ling-Chiun Lin				
Vice President	Lan-Jong An				
Vice President	Chia-Lin Chang				
Vice President	Mei-Li Chao				
Vice President	Wan Jung Lee				
Deputy Vice President	Che-Kuang Liu				
Deputy Vice President	Hsiu-Wei Teng				

Note: Per the Company's regulation, former president Yu-Mei Hsiao can't be paid with employee remuneration. Former Chief Compliance Officer Yi-Ming Ko, Executive Vice President Chao-Jung Chen, Former Executive Vice President Yung-Chen Huang, Former Executive Vice President Chien-An Chen, Chief Compliance Officer Nian-Tzy Yeh, Vice President Ing-Jun Kuo, Vice President Hung Tseng, Chief Secretary of the Board Hui-Ju Kang, and Deputy Vice President Chia-Lin Huang are holding concurrent position thus can't be paid with the Company's employee remuneration.

2.2.4 Analysis of Remuneration for Directors, Presidents and Executive Vice Presidents

A. The ratio of total remuneration paid during the past two years to directors, president and executive vice presidents of the Company to the Profit

	2023	2024	Analysis
By the Company	0.67%	0.56%	Total remuneration paid in 2024 as % of the profit by the Company and by all companies in the consolidated financial report decreased compared to 2023, which was primarily due to an increase in profit in 2024. There is no material difference for total remuneration paid in these two years..
By all companies in the consolidated financial statements	0.77%	0.66%	



B. Compensation policies, standards, and packages, the procedures for determining compensation, and the correlation with operating performance and future risks exposure

(1) The policies, standards and packages of compensation

- a. Director: The compensation includes director compensation plus transportation allowance. Director remuneration will be distributed depending on the Company's profits according to the Company's Articles of Incorporations. The Article 31-1 of the Company's Articles of Incorporation specifies that the current year's earnings (pre-tax income before deducting the remuneration to employees and Directors) of the Company shall first be applied to cover all its accumulated losses, and the remaining balance shall be appropriated not more than 0.5% as remuneration to Directors. If the director is the representative of juridical person, the director's compensation will belong to the shareholders of that juridical person. Also there is a NT\$ 20,000 transportation allowance on monthly basis.
- b. Independent director: The compensation includes monthly compensation and research fee. In addition to the monthly compensation of NT\$60,000 per person, research fee is paid based on the times of attendance of the Remuneration Committee, Audit Committee, and Ethical Management Committee meeting. The chairman of the committee will be paid NT\$12,000 per time, while committee member will be paid NT\$10,000 per time.
- c. Chairman: Compensation to the Chairman of the Board includes salary, pension, bonuses, and allowance including rent for vehicles and fuel expenses.
- d. President and executive vice president: Compensation to the president and executive vice presidents includes salary, pension, bonuses, employees' remuneration, and allowance including rent for vehicles and fuel expenses.

(2) The procedures for determining compensation

The compensations payable to directors, president, and executive vice president are determined, subject to the approval of remuneration committee and the board of directors, in a reasonable manner based on the business performance of the Company and the contributions to the Company, and industry standards, according to the Articles of the Company, while also taking into account of the evaluation result of the director's performance, evaluation result of president's performance, and future risk of the Company. Relevant compensations are reviewed and approved by the Remuneration Committee and Board of Directors. The managerial officers' compensations will be disbursed after evaluating the following factors:

- a. The promotion of the Group's ESG plan (including climate change): The Company achieved remarkable progress in promoting ESG in 2024. In addition to being selected as a constituent stock of the DJSI Emerging and World Markets Indices in international evaluations and rated A (leadership level) in the CDP Climate Change Questionnaire, the Company also won the TCSA Taiwan Corporate Sustainability Awards "Sustainability Reporting Platinum Award", "Sustainability Single Performance Award - Climate Leadership Award" and "Taiwan's Top 10 Sustainable Model Enterprises", the Ministry of Environment's "National Corporate Environmental Protection Award - Bronze Award", the National Development Council's "National Sustainability Development Award - Finalist Award", and the top 10 in the financial industry in Commonwealth Magazine's "Excellence in Corporate Social Responsibility Awards" and "Commonwealth Talent Sustainability Awards", among other honors.
- b. Total shareholder return: In 2024, the TSR is 3.05%, which is lower compared to 32.85% in 2023. For shareholders, the annual capital return is still positive.

- (3) The correlation with business performance and future risk exposure The Company's unconsolidated profit for the year 2024 increased by 4.57% compared to 2023. In consideration of operating performance and future risk exposure, the remuneration paid to directors, president and executive vice presidents of the Company and of all companies in the consolidated financial statement increased by 0.23% and 0.26%, respectively, compared to 2023. The Company will depend on the actual operation result and relevant laws to review compensation guide line to operate in sustainable manner.

2.3 Implementation of Corporate Governance

2.3.1 Board of Directors

A total of 14 (A) meetings of the board of directors were held in 2024. The attendance rate is 99.95% (including attendance by proxy.) Attendance of directors is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)	Remarks
Chairman	Ray Beam Dawn (Representative of Ministry of Finance)	6	0	100%	Newly appointed on Aug 14, 2024. Attendance required: 6.
Director & President	Yu-Mei Hsiao (Representative of Ministry of Finance)	14	0	100%	
Director	Pei-Chun Chen (Representative of Ministry of Finance)	13	1	92.86%	Reappointed. Re-election date: June 21, 2024.
Director	Yih-Jiuan Wu (Representative of Ministry of Finance)	13	1	92.86%	
Director	Po-Cheng Chen (Representative of Ministry of Finance)	10	3	71.43%	
Director	Ing-Ren Lee (Representative of Ministry of Finance)	8	0	100%	Newly appointed on June 21, 2024. Attendance required: 8.
Director	Chin-Ching Liu (Representative of National Development Fund, Executive Yuan)	3	4	42.86%	Newly appointed on June 22, 2024. Attendance required: 7.
Director	Yi-Hong Deng (Representative of National Development Fund, Executive Yuan)	6	2	75%	Newly appointed on June 21, 2024. Attendance required: 8.
Director	Kwo-Tsai Wang (Representative of Chunghwa Post Co., Ltd.)	2	0	100%	Newly appointed on Nov 1, 2024. Attendance required: 2.
Director	Hui-Chuan Chen (Representative of Bank of Taiwan)	12	2	85.71%	
Independent director	Ying Wu	14	0	100%	Reappointed. Re-election date: June 21, 2024.
Independent director	Chang-Ching Lin	13	1	92.86%	
Independent director	Hung-Ju Chen	13	1	92.86%	
Independent director	Tsai-Jyh Chen	13	1	92.86%	
Independent director	Yung-Chih Lien	7	1	87.5%	Newly appointed on June 21, 2024. Attendance required: 8.
Chairman	Chung-Dar Lei (Representative of Ministry of Finance)	8	0	100%	Relieved on Aug 13, 2024. Attendance required: 8.
Director	I-Kan Chiu (Representative of Ministry of Finance)	6	0	100%	Relieved on June 21, 2024. Attendance required: 6.
Director	Keh-Her SHih (Representative of National Development Fund, Executive Yuan)	3	4	42.86%	Resigned on June 21, 2024. Attendance required: 7.
Director	Hong-Mo Wu (Representative of Chunghwa Post Co., Ltd.)	8	1	88.89%	Resigned on Aug 21, 2024. Attendance required: 9.
Independent director	Chi-Chang Yu	6	0	100%	Relieved on June 21, 2024. Attendance required: 6.
Other items:					
1. If there is anything as below, the Company should state the date of the Board meeting, terms, content, all independent directors' opinion, and the Company's response and handling for the independent director's opinion:					
(1) Items related to Article 14-3 of the Securities and Exchange Act: This item is not applicable as the Company has set up an audit committee.					
(2) Items those where objected to by independent directors or subject to qualified opinion and recorded or declared in writing: NA.					

2. Recusals of Directors due to conflicts of interests in 2024:

Name of Directors	Proposals	Reason for recusals	Involvement in voting
Director Yu-Mei Hsiao	Evaluation of the compensation of the Company's managerial officers (including part-time) for the year 2024	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Director Pei-Chun Chen	The Company's 2023 Internal Control Statement	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Chairman Chung-Dar Lei, Director Yu-Mei Hsiao, Po-Cheng Chen, Yih-Juan Wu, Pei-Chun Chen, I-Kan Chiu, Keh-Her Shih, Yong-Mo Wu, Hui-Chuan Chen	The Company's 2023 directors' and employees' remuneration appropriations and the principles for the distribution of directors' remuneration	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Chairman Chung-Dar Lei, Director Pei-Chun Chen, Yong-Mo Wu	Review of the proposal of relieving the non-competition restrictions for the directors	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Director Yu-Mei Hsiao	The Company's 2023 performance bonuses for managers, employees' remuneration and President's operating incentives	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Director Yu-Mei Hsiao	The Company's bonuses granted to managers who achieved the profit target in 2023	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Director Yu-Mei Hsiao	Proposal on appointment of the President	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Independent Director Ying Wu, Chang-Ching Lin, Hung-Ju Chen, Tsai-Jyh Chen, Yung-Chih Lien	Appointment of members of the 6th Remuneration Committee and the 3rd Ethical Management Committee of the Company	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Director Yu-Mei Hsiao	The Company's application for a guarantee-free commercial promissory note and unsecured short-term borrowing limit	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Independent Director Hung-Ju Chen	Payment of academic rewards due to appointment of a professor from National Taiwan University as an independent director in accordance with the university's regulations	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Independent Director Tsai-Jyh Chen	Payment of academic rewards due to appointment of a professor from National Chengchi University as an independent director in accordance with the university's regulations	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Independent Director Chang-Ching Lin	Payment of academic rewards and industry-university collaborative research expenses due to appointment of a professor from National Cheng Kung University as an independent director in accordance with the university's regulations	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Independent Director Yung-Chih Lien	Payment of academic rewards and industry-university collaborative research expenses due to appointment of a professor from National Taipei University of Business as an independent director in accordance with the university's regulations	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Independent Director Hung-Ju Chen	Payment of research expenses for independent directors' participation in the Sustainable Development Committee	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Chairman Ray Bean Dawn	Appointment of the Director and President and planning of Chairman candidates of the subsidiary Mega Bank	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Chairman Ray Bean Dawn, Director Yu-Mei Hsiao, Po-Cheng Chen, and Independent Director Ying Wu	Review of proposed disposal of the equity in the reinvestment company by the subsidiary	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Director Yu-Mei Hsiao, Pei-Chun Chen and Ing-Ren Lee	Formulation of the 2025 audit plan	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Director Yu-Mei Hsiao	The Company's intended implementation of a 3% salary increase	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Director Pei-Chun Chen	Review of the investment proposal of subsidiary Mega Securities	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Chairman Ray Bean Dawn, Director Pei-Chun Chen	Amendments to the Implementation Rules for Annual Assessment of Subsidiaries	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Chairman Ray Bean Dawn, Director Yu-Mei Hsiao, Po-Cheng Chen, Ing-Ren Lee and Independent Director Ying Wu	Amendments to the related tables of salary and allowance rules of the Company's subsidiaries Mega Bank, Mega Bills, Chung Kuo Insurance and Mega Asset Management	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting

3. Implementation of Board Evaluation:

The Company has established "Principles of the Performance Evaluation of the Board" which is approved by Board of Directors. According to the Principles, the evaluation should be conducted once a year and at least once every three years should be conducted by the external professional and independent institution. The previous external performance evaluation was conducted in 2021. In 2024, Taiwan Institute of Ethical Business (hereinafter referred to as Institute of Ethical Business) was engaged to conduct performance evaluation in accordance with regulations. The executive committee members of Institute of Ethical Business responsible for evaluating the effectiveness of the Company's Board of Directors are Yang-Tsung Tsai, I-Ching Tu and Hsiao-Wen Wang. All of them are qualified as lecturers in public or private colleges and universities with a major in finance, accounting or law. The members are scholars and experts who have long been concerned about corporate governance. They have no business dealings with the Company and have no relationship with the Company's directors by spouse, direct blood relatives, direct relatives by marriage, or blood relatives within the second degree relationship. The members are professional and independent.

(1) In year 2024:

Brief on the result and evaluation of the Board in year 2024:

- Evaluation period: November 1, 2023 to October 31, 2024. (Continuation from previous year)
- Evaluation aspects: The professional functions of the Board of Directors, the effectiveness of the Board of Directors' decision-making, the Board of Directors' emphasis on and supervision of internal control, and the Board of Directors' attitude towards sustainable operations
- Scope of evaluation: The entire Board of Directors, directors and three functional committees (Audit Committee, Remuneration Committee and Ethical Management Committee).
- Evaluation executive units: Taiwan Institute of Ethical Business
- Methods of Evaluation: Document review, self-evaluation questionnaires (14 directors), and individual interviews (5 directors).
- Observation conclusions and recommendations for improvement: The external expert Institute of Ethical Business proposed three conclusions. Generally, it gave positive affirmation to the Company's ethical management, legal compliance culture, effectiveness of internal control system and union relations. It proposed one recommendation for improvement to the Company as follows.

Recommendations from external experts:	Improvement Measures
According to the 2025 Corporate Governance Evaluation Index released by the Taiwan Stock Exchange, companies should review whether there is no government agency or singleLegal entities and their subsidiaries account for more than one-third of the Board seats. The composition of the Company's Board of Directors is relatively diverse in terms of gender and expertise. In the future, the Company may consider further incorporating corporate governance evaluation indicators into consideration to improve the quality and effectiveness of decision-making.	Continue to track corporate governance evaluation indicators in relation to the composition of the Board of Directors, and provide a reference for major shareholders in selecting director representatives or recommending independent directors.

- Evaluation Results: The internal performance evaluation results were summarized by following the evaluation criteria set forth in Article 9 of the Board Performance Evaluation Rules and using the qualitative metrics provided by Institute of Ethical Business for the self-evaluation questionnaire for all directors, as well as the quantitative metrics calculated by the agenda working group. The scope of evaluation included the Board of Directors as a whole, individual directors and functional committees. The achievement rate was 100% and the evaluation results indicated "above average" performance Note.

- Use of evaluation results: The evaluation results will be used as a reference for nominating director candidates during the next director election.

The evaluation result has been reported to the 10th meeting of the 9th term of Board of Directors on February 25, 2025.

Note: The internal performance evaluation results were summarized by following the evaluation criteria set forth in Article 9 of the Board Performance Evaluation Rules as follows:

- (1)The Board of Directors and the functional committees: The evaluation result is "above standard" when 90% or above indicators are reached, "standards-compliant" when 80% or above and under 90% are reached, "to be strengthened" when under 80% are reached.
- (2)Board members: The evaluation result is "above standard" when 90% or above indicators are circled as 3, 4 or 5, "standards-compliant" in the scenario of 80% or above and under 90%, "to be strengthened" in the scenario of under 80%.

(2) In year 2023:

Brief on the result and evaluation of the Board in year 2023:

- Evaluation period: November 1, 2022 to October 31, 2023. (Continuation from previous year)
- Scope of evaluation: The overall Board of Directors, Board members and functional committees. (Audit Committee, Remuneration Committee and Ethical Management Committee)
- Measures of Evaluation: Self-evaluation questionnaires completed by the Board members and functional committee members. The quantitative part was completed by the unit responsible for Board meeting matters.
- Evaluation Results: All indicators of the three main evaluation dimensions were 100% reached. Evaluation result was "advanced."
- Use of evaluation results: The evaluation results will be used as a reference for nominating director candidates during the next director election.

The evaluation result has been reported to the 35th meeting of the 8th term of Board of Directors on December 28, 2023.

4. Goals to strengthen the function of the Board (ex. setting up Audit Committee, increase information transparency, etc.) and the implementation status:

- (1) The Company has established the audit committee as required by the Securities and Exchange Act since June 15, 2012. The committee meets at least once a quarter. It may also meet whenever need arises. In addition to the tasks defined in Article 14-4, Securities and Exchange Act, the duties that should be implemented by supervisor according to the Securities and Exchange Act, Company Act, and other laws should be performed by the audit committee. The Audit Committee totaled 8 times in 2024.
- (2) In order to further enhance the transparency of information, the Company's website has a "Corporate Governance" section, "Investor Relations" section and "Sustainability" section to provide information in Chinese and English on financials, business and corporate governance of the Company. In order to strengthen the communication channel with stakeholders, the company website has a "Stakeholders" section to provide stakeholders with a transparent and effective communication channel to the Company, in order to pursue sustainable business operations.
- (3) The succession plan for the Board of Director members:
 - a. Election of the members of the Board and high-level managerial officers:
 - (a) Candidate nomination is used for director election. The candidate is nominated by shareholders and the Board of Directors will review based on Corporate Act, Securities and Exchange Act, or other relevant regulations. Before the shareholder nominate the director (or chairman), the professional background (ex: legal, accounting, industry, finance, marketing, or technology), professional skills (ex: operation judgment, accounting/finance analysis, management, crisis handling, industrial knowledge, international market view, leading, and decision making), and diversity are considered. The election of high level managerial officers (including president and executive vice president) will be considered by if he or she qualified the criteria set by "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company" and also if he or she has abilities on leading, management, and international view, and the expertise of the Company's operation and business.
 - (b) The Chairman of the Company is the representative of the stake from the Ministry of Finance. MOF, a major shareholder, has been guided by their governmental stake management and the "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company" issued by FSC, to evaluate, review and confirm the qualifications and related experience of the candidate of the Chairman from all aspects meeting the operational needs of the Company while being able to bear the responsibilities. The upmost principle of meritocracy and suitability. The President is also designated by Ministry of Finance based on the above regulation. The assignee has joined the professional training of high-level executive training program for government-owned institutions by Ministry of Finance.
 - b. Succession plan:

To foster chairman and high-level managerial officer candidates, the Company arranged high level managerial officers into the Board of Directors of the Company and of the subsidiaries to allow them familiar with Board operations. Also the Company increases the officers' participation in every operation unit and also experience of job rotation and dispatch. To enhance the expertise of the directors to connect the international trends of corporation governance, the Company provide course information covering to finance, risk management, business, legal, ESG, internal control system, and financial report responsibilities related to the Company's industry to the directors for their continuing education. The directors shall arrange at least six-hour courses annually, to ensure them keeping up with the industry knowledge.

2.3.2 Audit Committee Meeting

The forth Audit Committee was constituted by five independent directors. Their focus includes reviewing financial reports, evaluating internal control system effectiveness (including legal compliance and the improvement situation for internal and external audit opinions), and the mandate and the fee paid to the CPA of the Company.

The Company's Audit Committee held 8 (A) meetings in 2024, with the following attendance:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Ying Wu	8	0	100%	Re-appointed. Re-election date is June 21, 2024
Independent Director	Chang-Ching Lin	7	1	87.5%	
Independent Director	Hung-Ju Chen	8	0	100%	
Independent Director	Tsai-Jyh Chen	8	0	100%	
Independent Director	Yung-Chih Lien	4	0	100%	Newly appointed. Onboard date June 21, 2024. Attendance required:4
Independent Director	Chi-Chang Yu	4	0	100%	Relieved on June 21, 2024. Attendance required:4

Other items:

1. If there is anything as below, the Company should state the date of the Board meeting, terms, content, all independent directors' objection/qualified opinion or material suggestion, resolution of the Audit committee, and the Company's response and handling for the independent director's opinion:

(1) Items related to Article 14-5 of the Securities and Exchange Act:

Date of Audit committee	Term/No. of the Meeting of the Audit Committee	Agenda	Items related to Independent directors' objection/qualified opinion or material suggestion	Resolution	Response to Audit Committee's opinions
January 9, 2024	The 24 th meeting of the 4 th term	Reviews of the appointment of the external auditor of the 2024 financial statements	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
March 5, 2024	The 25 th meeting of the 4 th term	Review of the Company's 2023 consolidated financial report	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
March 5, 2024	The 25 th meeting of the 4 th term	Review of the 2023 Internal Control Statement	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
April 16, 2024	The 26 th meeting of the 4 th term	Review of the proposal of issuing new shares by capital increase out of earnings in 2023	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
April 16, 2024	The 26 th meeting of the 4 th term	Review of the proposal of relieving the non-competition restrictions for the directors	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
April 16, 2024	The 26 th meeting of the 4 th term	The Company's amendments to the Procedures for the Acquisition or Disposal of Assets	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
May 14, 2024	The 27 th meeting of the 4 th term	Participation in the subscription of cash capital increase of the subsidiary Chung Kuo Insurance Co., Ltd.	N.A.	Approved as proposed with addition of the following information on short-term borrowings in the comparison table of major financial indicators before and after the capital increase on page 63.	The proposal has been submitted to and approved by the Board of Directors.
July 9, 2024	The 1 st meeting of the 5 th term	Payment of academic rewards due to appointment of a professor from National Taiwan University as an independent director in accordance with the university's regulations	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.

July 9, 2024	The 1 st meeting of the 5 th term	Payment of academic rewards due to appointment of a professor from National Chengchi University as an independent director in accordance with the university's regulations	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
July 9, 2024	The 1 st meeting of the 5 th term	Payment of academic rewards and industry-university collaborative research expenses due to appointment of a professor from National Cheng Kung University as an independent director in accordance with the university's regulations	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
July 9, 2024	The 1 st meeting of the 5 th term	Payment of academic rewards and industry-university collaborative research expenses due to appointment of a professor from National Taipei University of Business as an independent director in accordance with the university's regulations	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
Aug 20, 2024	The 2 nd meeting of the 5 th term	Review of the Company's 2024 Q2 financial report	N.A.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
Nov 12, 2024	The 4 th meeting of the 5 th term	The Company's amendments to the Internal control system	N.A.	Part of the text of Article 26 was amended and the rest was passed.	The proposal has been submitted to and approved by the Board of Directors.
Nov 12, 2024	The 4 th meeting of the 5 th term	2025 audit plan	N.A.	Approved as proposed, with additional explanation on the connection between residual risk verification results and audit focus.	The proposal has been submitted to and approved by the Board of Directors.

(2) There was no resolution which was not approved by the Audit Committee but was approved by two-thirds or more of all directors except stated above.

2. Recusals of independent directors due to conflicts of interests:

Name	Agenda	Reason for recusals	Involvement in voting
Independent Director Hung-Ju Chen	Payment of academic rewards due to appointment of a professor from National Taiwan University as an independent director in accordance with the university's regulations	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Independent Director Tsai-Jyh Chen	Payment of academic rewards due to appointment of a professor from National Chengchi University as an independent director in accordance with the university's regulations	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Independent Director Chang-Ching Lin	Payment of academic rewards and industry-university collaborative research expenses due to appointment of a professor from National Cheng Kung University as an independent director in accordance with the university's regulations	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting
Independent Director Yung-Chih Lien	Payment of academic rewards and industry-university collaborative research expenses due to appointment of a professor from National Taipei University of Business as an independent director in accordance with the university's regulations	The director(s) listed at left was(were) the stakeholders.	Recusals from discussion and voting

3. Descriptions of the communications between the Independent Directors, the internal auditors, and the external auditors (includes the communicated important items, methods, and/or results of the audits on the corporate finance and/or operations, etc.):

(1) Communications between Independent Directors and the internal auditors

- The Auditing Office of the Board of Directors (the Auditing Office) submits its annual audit plans to the Audit Committee for review every year and executes the suggestions provided by the independent directors.
- The Auditing Office reports the audit operations to the Audit Committee once every quarter and carries out suggestions made by the independent directors.
- The deficiencies indicated in the examination reports of the Financial Supervisory Commission and the improvements thereof were submitted to the Audit Committee from time to time by the Auditing Office.
- The Auditing Office submits its internal audit report and the status of corrections after their internal audit to the independent directors and the Audit Committee.
- The Auditing Office compiles deficiencies of the Group's internal control system and the status of corrections periodically each year and asks independent directors to hold the internal control deficiency symposium to review the deficiencies.

Corporate Governance Report

Date	Term/No. of the Meeting	Communication subjects	Communication result and responsive action
January 9, 2024	The 24 th meeting of the 4 th term Audit Committee	Routine handling of deficiencies identified during special audit conducted on the subsidiaries and improvement status. Instructions from Independent Directors: 1. It is recommended that the subsidiary Mega Bank adopts a system to manage data to avoid human errors. 2. The subsidiary Mega Bank is requested to strictly abide by the relevant provisions of the Financial Specialist 21 Commandments. 3. The subsidiary Chung Kuo Insurance is requested to pay attention to the claims recoverable from reinsurers of the COVID-19 insurance.	It is agreed and noted. A formal notice has been sent to Mega Bank and Chung Kuo Insurance to act accordingly.
		The improvement status of the examination opinions raised in the special business examination report of the FSC.	It is agreed and noted.
March 5, 2024	Communication meeting between independent directors and internal auditors	Communication between Independent Directors and internal auditors. Instructions from Independent Directors: 1. Please discuss whether the reward policy of the whistleblowing system is required to be optimized. 2. It is recommended to include information security courses in the directors' education and training.	Relevant instructions has been informed to departments in-charge to act accordingly.
March 5, 2024	The 25 th meeting of the 4 th term Audit Committee	Report on Auditing Office's operations in the second half of 2023.	It is agreed and noted.
		Review of 2023 Internal Control Statement.	It is approved and has been resolved by the Board of Directors.
April 16, 2024	The 26 th meeting of the 4 th term Audit Committee	Routine handling of deficiencies identified during the general business audit conducted on the Company and special audit conducted on the subsidiaries, and improvement status. Instructions from Independent Directors: 1. Mega Financial Holding is requested to strengthen supervision of Mega Funds' internal control operations. 2. There are textual errors in the fifth deficiency of Mega Funds.	It is agreed and noted. 1. It has been handled as instructed. 2. It is amended and reported to the Board of Directors.
July 9, 2024	The 1 st meeting of the 5 th term Audit Committee	Routine handling of deficiencies identified during special audit conducted on the subsidiaries and improvement status.	It is agreed and noted.
August 20, 2024	The 2 nd meeting of the 5 th term Audit Committee	Report on Auditing Office's operations in the first half of 2024.	It is agreed and noted.
October 8, 2024	The 3 rd meeting of the 5 th term Audit Committee	Routine handling of deficiencies identified during the special audit conducted on the Company and its subsidiaries, and improvement status. Instructions from Independent Directors: 1. The status of corrections of the first deficiency of Mega Financial Holding should be further explained. 2. There are many deficiencies in the advertising related content of the subsidiary Mega Funds. Please pay more attention to improving them.	It is agreed and noted. 1. It is amended and reported to the Board of Directors. 2. A formal notice has been sent to Mega funds to act accordingly.
November 12, 2024	The 4 th meeting of the 5 th term Audit Committee	Report on evaluation results of subsidiaries internal audit units' performance in 2024.	It is agreed and noted.
		Proposal of the Company's audit plan of 2025. Resolution: Please strengthen the explanation of the link between the residual risk verification results and the audit priorities.	It is approved. The amended proposal has been reported to the Board of Directors.
(2) Communications between Independent Directors and the external auditors The audit committee meets with the external auditor quarterly in which meeting the financial situation of the Company and its domestic and overseas subsidiaries, the overall operation situation, and the audit result on internal control are reported by the external auditor. Issues regarding major accounting entries adjustment and effects of amendments to the laws and regulations to the book are fully communicated.			



Date	Term/No. of the Meeting	Communication subjects	Communication result and responsive action
March 12, 2024	The 25th meeting of the 4th term Audit Committee	<ol style="list-style-type: none"> 1. Report of reviewing result of the 2023 consolidated financial report. 2. Explanation of the COVID-19 insurance indemnity reserve of the subsidiary Chung Kuo Insurance in 2023. 3. Audit strategy, timeline and plan for 2024 financial statements. 4. Impacts from material laws, regulation and interpretive of the authority in connection with financial reports. 	The 2023 consolidated financial statements were approved by the Audit Committee and the Board of Directors, and was announced and submitted to the competent authorities as scheduled. Questions raised by the independent directors were answered and opinions exchanged.
May 14, 2024	The 27th meeting of the 4th term Audit Committee	<ol style="list-style-type: none"> 1. Report of reviewing result of the first quarter of 2024 consolidated financial report. 2. Explanation of the COVID-19 insurance indemnity reserve and the progress of reinsurance of the subsidiary Chung Kuo Insurance of the first quarter of 2024. 3. Disclosure of subsequent events regarding the capitalization of earnings by subsidiaries Mega Bank and Mega Bills. 4. Disclosure of subsequent events regarding the capital reduction to cover accumulated deficits and cash capital increase by the subsidiary Chung Kuo Insurance Co., Ltd., as well as the impact of the Hualien earthquake on the Company. 5. Impacts from material laws, regulation and interpretive of the authority in connection with financial reports. 	<ol style="list-style-type: none"> 1. The first quarter of 2024 consolidated financial statements were approved by the Audit Committee and the Board of Directors, and was announced and submitted to the competent authorities as scheduled. 2. The Independent Directors had no comments after the explanations to the questions raised by the Independent Directors.
August 20, 2024	The 2nd meeting of the 5th term Audit Committee	<ol style="list-style-type: none"> 1. Report of reviewing result of the second quarter of 2024 consolidated financial report. 2. Explanation of the COVID-19 insurance indemnity reserve and the progress of reinsurance of the subsidiary Chung Kuo Insurance of the second quarter of 2024. 3. Disclosure of subsequent events regarding the capitalization of earnings by subsidiaries Mega Bank and Mega Bills. 4. Description of the impact of the Hualien earthquake on the subsidiary Chung Kuo Insurance Co., Ltd. 5. Impacts from material laws, regulation and interpretive of the authority in connection with financial reports and listing. 	<ol style="list-style-type: none"> 1. The second quarter of 2024 consolidated financial statements were approved by the Audit Committee and the Board of Directors, and was announced and submitted to the competent authorities as scheduled. 2. The Independent Directors had no comments after the explanations to the questions raised by the Independent Directors.
November 12, 2024	The 4th meeting of the 5th term Audit Committee	<ol style="list-style-type: none"> 1. Report of reviewing result of the third quarter of 2024 consolidated financial report. 2. Explanation of the COVID-19 insurance reinsurance claims litigation and the progress of negotiations of the subsidiary Chung Kuo Insurance of the third quarter of 2024. 3. Description of the impact of the Hualien earthquake on the subsidiary Chung Kuo Insurance Co., Ltd. 4. Impacts from material laws, regulation and interpretive of the authority in connection with financial reports. 	<ol style="list-style-type: none"> 1. The third quarter of 2024 consolidated financial statements were approved by the Audit Committee and the Board of Directors, and was announced and submitted to the competent authorities as scheduled. 2. The Independent Directors had no comments after the explanations to the questions raised by the Independent Directors.
Feb. 21, 2025	The 6th meeting of the 5th term Audit Committee	<ol style="list-style-type: none"> 1. Report of reviewing result of the 2024 consolidated financial report. 2. Audit strategy, timeline and plan for 2025 financial statements. 3. Impacts from material laws, regulation and interpretive of the authority in connection with financial reports and the Company. 	<ol style="list-style-type: none"> 1. The 2024 consolidated financial statements were approved by the Audit Committee and the Board of Directors, and was announced and submitted to the competent authorities as scheduled. 2. The Independent Directors had no comments after the explanations to the questions raised by the Independent Directors.

2.3.3 The disclosure items in accordance with the Corporate Governance Best-Practice Principles for Financial Holding Companies

The Corporate Governance Best Practice Principles and relevant regulations has been disclosed on the Company's website. Please see <https://www.megaholdings.com.tw/tc/regulation.aspx?pn=1>.

2.3.4 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for Financial Holding Companies”

Corporate Governance Report

Assessment item	Implementation status			Deviations and its reasons
	Yes	No	Explanation	
1. Shareholding structure and shareholders' rights				
(1) Does the company have internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, has these procedures been implemented accordingly?	V		The Company has enacted "Procedures for Handling Shareholders' Suggestions, Concerns and Disputes", which prescribes access way, addressing principle and deadline for replying to shareholders. Suggestions and questions raised by shareholders shall be handled in accordance with these Procedures. There is no dispute or litigation between the Company and its shareholders.	None
(2) Does the company get hold of the major shareholders and beneficial owners of these major shareholders?	V		In addition to analysis of the shareholding structures based on the register of shareholders on book closure date, the Company tracks the shareholdings of internal personnel and major shareholders of the Company and the beneficial owners of these major shareholders via the change of shareholding disclosed per law.	None
(3) Has the company built and executed a risk management system and "firewall" between the company and its affiliates?	V		The Company clearly defines the right and responsibility between itself and the affiliated enterprise concerning the management of staff, assets and financial affairs. There are no loans or guarantee between the Company and its affiliated enterprises. Transactions with related parties are conducted in accordance with "Rules for Managing Non-credit Transactions with Stakeholders", and there are no non-arm's length transactions between the Company and its affiliated enterprises. The "Rules for Monitoring Operations of the Subsidiaries" and "Risk Management Policy and Guidelines" are in place to strengthen the management of subsidiaries and risk management and firewall mechanism between the Company and its Subsidiaries.	None
2. Composition and responsibilities of the Board of Directors				
(1) Does the board have a diversity policy, specific management objectives and implementation?	V		Article 31 of the Company's "Corporate Governance Best Practice Principles" specifies the standards for the diversity and professionalism of the Board of Directors. Since 2016, information related to the diversity of the Board of Directors has been disclosed in the annual report, the Company's website and the ESG report.	None
(2) Other than the Remuneration Committee and Audit Committee which are required by law, does the company voluntarily set up other functional committees?	V		Other than the Remuneration Committee and Audit Committee, the Company has set up a Risk Management Committee, Sustainable Development Committee, and Ethical Management Committee, which monitors the promotion and implementation of the Group's risk management, ESG goals, and ethical management respectively.	None
(3) If listed financial holding companies set up the evaluation guideline and method for the performance of the Board and conduct the evaluation annually? Also if the listed financial holding companies propose the evaluation result the Board meeting and use as reference to individual director's re-appointment and compensation?	V		In order to implement corporate governance and strengthen the function of the Board, the Board of Directors passed "Board of Directors Performance Evaluation Rules" on November 24, 2015, which has been revised four times since then. On July 26, 2022, some articles of the said Rules was amended at the 4th time. The Article 4 of the Rules set up the evaluation scope and method. Article 7 and 8 of the Rules set up the evaluation procedures and benchmarks. The Company conducts performance review each year since 2016. The evaluation results were all reported to the Board and formally sent to the institutional shareholder Ministry of Finance and Remuneration Committee for the reference for re-appointment and compensation of each director.	None
(4) Does the company regularly evaluate its external auditor's independency?	V		The Audit Committee assesses the independence of its external auditor regularly (at least once a year). The assessment items include: No direct/indirect financial benefits between the Company and the external auditors; No close commercial relationship between the Company or potential hiring relationship; Not serving as directors or managerial officers of this Company; No gifts given to the external auditors by this Company; Not over 5 years being the external auditors of the Company; and the independence declaration from the external auditor is obtained to verify if he/she is not the related party under Article 45 of Financial Holding Company Act and Article 206 of the Company Act. The assessment result will be reported to the Board of Directors. Also, while mandating the CPA for 2024 audit, relevant AQI information was obtained from PricewaterhouseCoopers (PWC) Taiwan to provide to Audit Committee as the reference of CPA mandate evaluation. The content was fully communicated with PricewaterhouseCoopers and submitted to Board of Directors.	None



3. Does the company assign corporate governance manager and allocate adequate number of qualified personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for directors and supervisors, assisting the directors and supervisors to follow relevant laws, handling matters relating to Board meetings and shareholders' meetings by laws, formulating minutes of board meetings and shareholders meetings, etc.)

V

Ms. Han-Yin Ting, Executive Vice President of the Company has been designated as the Chief Corporate Governance Officer (CCGO) at the 25th meeting of the 8th term of Board of Directors held on April 17, 2023. The designation has been effective since June 19, 2023. Ms. Ting has served as the managerial person of Board meeting unit for over 5 years of the Company, and has been acting as the CCGO of Mega International Commercial Bank, thus is qualified for the Chief Corporate Governance Officer position. Her duties include supervision of matters relating to Board of Directors meetings and shareholders meetings, preparation of minutes of the Board of Directors meetings and shareholders meetings, assistance in onboarding and continuing education of the directors, providing information required for performance of duties by the directors, and assisting the directors' compliance of law.

The focus in 2024 is to assist the board of directors and shareholders' meetings with legal compliance matters regarding procedures and resolutions, and arrange for director training, etc. The Chief Corporate Governance Officer's 2024 training is listed as follows:

Date		Organizer	Course	Training Hours	Total Hours
From	To				
2024.01.08	2024.01.08	Mega Financial Holdings	2024 ESG Project Kick-off Meeting and Education and Training	2.0	79
2024.02.02	2024.02.02	Securities & Futures Institute	Courses for Directors, Supervisors and Corporate Governance Officers - Carbon Right Trading Mechanism and Carbon Management Application	3.0	
2024.03.15	2024.03.15	Securities & Futures Institute	Courses for Directors, Supervisors and Corporate Governance Officers - Trends and Challenges in International Financial Information Security Supervision	3.0	
2024.03.20	2024.03.20	Mega Financial Holdings	Mega Group 2024 Supplier Seminar - Sustainable Supply Chain Management and Trends	1.5	
2024.04.11	2024.04.11	Mega Financial Holdings	Education and Training of the Group on the Global anti-Base Erosion Rules	3.0	
2024.04.18	2024.04.18	Taiwan Academy of Banking & Finance	Corporate Governance Lecture - Impact Investment and SDGs Practices	3.0	
2024.04.19	2024.04.19	Mega Financial Holdings	Laws and Regulations Governing Sexual Harassment and Unlawful Infringement in the Workplace and Case Studies	3.0	
2024.05.30	2024.05.30	Taiwan Academy of Banking & Finance	Corporate Governance Lecture - Aligning with IFRS Sustainability Disclosure Standards S1 and S2	3.0	
2024.06.07	2024.06.07	Mega Financial Holdings	Information Security Education and Training in the First Half of 2024 - Hacking Case Sharing in the Financial Industry and Personal Information Security Protection Issues	1.5	
2024.06.27	2024.06.27	Taiwan Academy of Banking & Finance	Corporate Governance Lecture - How to Establish an Ethical Culture, Employee Code of Conduct and Accountability Mechanism in Practice and Case Studies	3.0	
2024.07.11	2024.07.11	Securities & Futures Institute	Advanced Practical Seminar for Directors, Supervisors and Corporate Governance Officers - New Trend of the Industry Arising from the Use of Chatbot CHATGPT	3.0	
2024.07.12	2024.07.12	Taiwan Academy of Banking & Finance (entrusted by Next Bank)	Information Security Awareness Training for - Financial Information Security Governance	2.0	
2024.07.12	2024.07.12	Taiwan Academy of Banking & Finance (entrusted by Next Bank)	Financial Friendly Training Course - Financial Friendly Services and Fair Treatment of Customers	1.0	
2024.07.22	2024.07.22	Mega Financial Holdings	Group ESG Seminar - International Anti-Greenwashing Trends and Response Strategies	2.5	
2024.08.08	2024.08.08	Taiwan Academy of Banking & Finance (entrusted by Next Bank)	Principles for Fair Treatment of Customers and Implementation of Ethical Management	2.0	
2024.08.08	2024.08.08	Next Bank	Advanced Course on Anti-money Laundering and Counter Terrorism Financing	1.0	
2024.08.09	2024.08.09	Mega Financial Holdings	Functional Education and Training for Managers - A+Team Consensus Building to Achieve Goals and Missions	4.0	

None

Corporate Governance Report

		Date		Organizer	Course	Training Hours	Total Hours
		From	To				
		2024.08.15	2024.08.15	Mega Financial Holdings	Gender-friendly Workplace Workshop - Training for Investigation Teams and Complaint Handling Staff	6.0	
		2024.08.29	2024.08.29	Mega Financial Holdings	Whistleblowing System of the Company	1.0	
		2024.09.11	2024.09.11	Mega Bank	Seminar on Anti-money Laundering and Counter Terrorism Financing for Directors, Supervisors and Senior Managers	2.0	
		2024.09.18	2024.09.18	Mega Financial Holdings	Gender Equality Awareness Training Seminar	2.0	
		2024.09.20	2024.09.20	Mega Securities	Financial Friendly Lecture - When the Financial Industry Encounters Dementia	1.0	
		2024.09.23	2024.09.23	Mega Financial Holdings	Labor Overtime, Workplace Bullying and Personal Information Protection Laws and Practices	1.0	
		2024.10.04	2024.10.04	Mega Financial Holdings	Training on Prevention of Insider Trading, Ethical Management and Material Internal Information	3.5	
		2024.10.04	2024.10.04	Mega Financial Holdings	FAQs and Explanations on Taiwan's Personal Data Protection Act	3.0	
		2024.10.23	2024.10.23	Next Bank	Briefing on the Responsibility Map System	0.5	
		2024.10.23	2024.10.23	Next Bank	Climate Change Trends and TCFD Awareness Courses	1.0	
		2024.10.23	2024.10.23	Mega Financial Holdings	Amendment to the Act of Gender Equality in Employment and Related Sub-acts	2.0	
		2024.10.29	2024.10.29	Mega Financial Holdings	Mega Group Information Security Training Course for Directors and Supervisors	3.0	
		2024.11.22	2024.11.22	Mega Financial Holdings	Labor Occupational Health and Safety Training in 2024	3.0	
		2024.11.28	2024.11.28	Mega Financial Holdings	Group PCAF Investment and Financing Carbon Inventory Education and Training - Financing	2.0	
		2024.12.10	2024.12.10	Mega Financial Holdings	"Net Zero Green Living, Environmental Protection and Love the Earth" Environmental Sustainability Finance Seminar	2.0	
		2024.12.13	2024.12.13	Mega Financial Holdings	Project Education and Training on the Introduction of the IFRS Sustainability Disclosure Standards	2.0	
		2024.12.16	2024.12.16	Mega Financial Holdings	Information Security Education and Training for the Second Half of 2024 - Information Security Strategies: Establishing Information Security Awareness and Concepts	1.5	
4. Has the company established a communication channel with its stakeholders (including but not limited to shareholders, employees, customers, etc.) and set up stakeholder section on company website? Also if the company replies properly the important CSR issues the stakeholders care?	V	<p>Under the sustainability section of its official website, the Company sets up the dedicated section for stakeholders to facilitate communications and report to the Board of Directors once a year regarding the communication status with stakeholders. The communication channels are listed as below:</p> <ol style="list-style-type: none"> 1. With employees/ labor union: phone calls, emails, and employee-related meetings/committees including employee benefit committee, occupation safety committee, labor-management meetings, and retirement fund provision supervision committee. 2. With customers: Customer service and hotlines for filing complaint, and investment seminars, customer satisfaction survey, e-news and investment research reports. 3. With shareholders/investors: Annual report, business report, Market Observation Post System, Company's website, shareholders' meeting, and institutional investors meeting. 4. With the government and competent authority: Visits, official letters, phone calls, and online registration, among others. 5. With suppliers: phone calls, emails, project communication meetings, sustainability self-evaluation survey, supplier general meeting, among others. 6. With the media: press conferences, issuance of news letters or material information, participation in relevant evaluation. 7. With the community/schools/nonprofit organizations: meetings, volunteer service, charity events, among others. 					None



<p>5. Information disclosure</p> <p>(1) Has the company established a corporate website to disclose information regarding its financials, business and corporate governance status?</p>	V	<p>An "Investor Relations" section under the Company's website is set to disclose financial information, credit rating, IR calendar and briefing, and annual reports. A "Corporate Governance" section is also set to disclose the Company's corporate governance structure, board of directors, shareholders' meeting, implementation of corporate governance, ethical corporate management, the communications between independent director with internal auditor and external auditor.</p>	None																			
<p>(2) Does the financial holding company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to collect and disclose the financial holding company's information, implementing spokespersons practice, webcasting investor conference etc.?)</p>	V	<p>The Company's English website discloses the Company's profile, corporate governance, services of subsidiaries, latest news, and investor relations. To ensure accuracy, timeliness and completeness of the disclosed information, the Company designates dedicated personnel to collect and disclose the Company's information, and appoints spokesperson to solely make external statements. In 2024, aside from holding 4 online investor conferences and attending 6 investor roadshows hosted by foreign securities firms, the Company held 203 one-on-one investor meetings, video conference, and conference calls with local and overseas institutional investors, and. The financial and business information announced in investor roadshows are disclosed on MOPS and the Company's website.</p>	None																			
<p>(3) Does the company announce and report annual financial report after accounting year end, according to Financial Holding Companies Act and Securities Exchange Act? And does the company report and announce first, second, and third quarter financial reports and monthly operation situation before the deadline?</p>	V	<p>The quarterly consolidated financial reports of the Company are disclosed and registered before the deadline. The announcement and reporting deadlines and dates for the 2024 consolidated financial statements are as follows:</p> <table border="1" data-bbox="608 1019 1230 1715"> <thead> <tr> <th>Quarter</th><th>Disclose and register deadline</th><th>Date of disclose and register</th><th>Note</th></tr> </thead> <tbody> <tr> <td>First quarter of 2024</td><td>Within 60 days after end of the quarter (First quarter: Before May 30; Third quarter: Before November 29)</td><td>May 28, 2024</td><td rowspan="2">According to the FSC commend number 10110002230 on May 18, 2012, the financial holding companies shall disclose and register the first and third quarter within 45 days after quarter end. However, if its because of the operation time needed, the company shall within 60 days disclose and register after quarter end.</td></tr> <tr> <td>Third quarter of 2024</td><td></td><td>November 26, 2024</td></tr> <tr> <td>Second quarter of 2024</td><td>Within 2 months after second quarter (Before August 31)</td><td>August 28, 2024</td><td></td></tr> <tr> <td>Year 2024</td><td>Within 75 days after accounting year end (Before March 16)</td><td>Feb. 26, 2025</td><td>According to Article 3 of Regulations Governing the Applicable Scope of Special Circumstances for the Public Announcement and Filing of Financial Reports and Operational Status Reports by Public Companies, starting from the 2022 fiscal year, listed companies with a paid-in capital of NT\$10 billion or more, their Announcement and filing of the annual financial report shall not be later than 75 days after the end of the fiscal year.</td></tr> </tbody> </table> <p>The Company upload relevant information on the operation of the previous month to the MOPS, including revenue, guarantee amount, loan amount, derivative transactions before the 10th of each month.</p>	Quarter	Disclose and register deadline	Date of disclose and register	Note	First quarter of 2024	Within 60 days after end of the quarter (First quarter: Before May 30; Third quarter: Before November 29)	May 28, 2024	According to the FSC commend number 10110002230 on May 18, 2012, the financial holding companies shall disclose and register the first and third quarter within 45 days after quarter end. However, if its because of the operation time needed, the company shall within 60 days disclose and register after quarter end.	Third quarter of 2024		November 26, 2024	Second quarter of 2024	Within 2 months after second quarter (Before August 31)	August 28, 2024		Year 2024	Within 75 days after accounting year end (Before March 16)	Feb. 26, 2025	According to Article 3 of Regulations Governing the Applicable Scope of Special Circumstances for the Public Announcement and Filing of Financial Reports and Operational Status Reports by Public Companies, starting from the 2022 fiscal year, listed companies with a paid-in capital of NT\$10 billion or more, their Announcement and filing of the annual financial report shall not be later than 75 days after the end of the fiscal year.	None
Quarter	Disclose and register deadline	Date of disclose and register	Note																			
First quarter of 2024	Within 60 days after end of the quarter (First quarter: Before May 30; Third quarter: Before November 29)	May 28, 2024	According to the FSC commend number 10110002230 on May 18, 2012, the financial holding companies shall disclose and register the first and third quarter within 45 days after quarter end. However, if its because of the operation time needed, the company shall within 60 days disclose and register after quarter end.																			
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<p>6. Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, rights of stakeholders, directors' and supervisor's training records, the implementation of risk management policies and risk measurement criteria, the implementation of customer policy, purchasing of duty insurance for directors, and the donation of political parties, related parties, and charity organization)?</p>																						

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(1) Employee rights, employee wellness, investor relations, rights of stakeholders	V	<p>(1)Employee rights, employee wellness: Please refer to "Implementation of Sustainable Development" on page 56 and "Labor Relation" on page 141.</p> <p>(2)Investor relations: The Company has established an "Investor Relations Section" on its website to provide investors with relevant information. To maintain a good relationship with investors, the Company designates a spokesperson to communicate with investors, and attends investor conference held by local and international securities firms from time to time. One-on-one meetings with investors are also held irregularly.</p> <p>(3)Rights of Stakeholders: Please refer to the Company's 2024 Sustainability Report and page 56 of this Annual Report.</p>	None
(2) Directors' training records	V	Please refer to page 49 for "Directors' training records in 2024" of this annual report.	None
(3) Implementation of risk management policies and risk measurement criteria	V	<p>According to the competent authority's requirement, the Company has set up "Mega Financial Holding Risk Management Policy and Guidelines" which clearly described the guidelines on management of credit risk, market risk, operational risk, liquidity risk management, legal compliance risk, information security risk, human resource management, other emerging risks, and material contingencies. On credit risk, the Company has enacted "Mega Financial Holding Credit Risk Management Guidelines" stipulating regular monitoring and reporting of the credit risk exposure by client, industry and country to lower concentration risk. So far, the credit risks are not over-concentrated. On market risk, in addition to formulation of the "Mega Financial Holding Market Risk Management Guidelines", an integrated risk management system is also being established step by step to monitor the market risk of all subsidiaries on daily basis. On operational risk, the Company has set up the "Mega Financial Holding Operational Risk Management Guidelines" to periodically monitor the operational risk management of every subsidiary. Subsidiaries are required to conduct self-assessment of operational risk every year and to gradually build up the database for operational risk loss. On liquidity risk, the Company has enacted "Mega Financial Holding Liquidity Risk Management Guidelines" to periodically monitor liquidity risk of its subsidiaries. Regarding climate risks, the Company has enacted "Mega Financial Holding Climate Risk Management Guidelines" to enhance the financial disclosure information of the Company and its subsidiaries under the scope of climate risk, strengthen the climate risk management mechanism, and reduce the impact of climate change risks. Respective risk management status is reported to the Risk Management Committee and Board of Directors on a regular basis. The implementation of the annual risk monitoring indicators shall be reported to the Audit Committee composed of independent directors before the end of March of the following year for review, and the Audit Committee shall supervise the Company's risk management matters.</p>	None
(4) Implementation of consumer policy	V	Processing of personal information is managed according to requirements of the Personal Data Protection Act and Financial Holding Company Act. The Company's Client Data Processing Guidelines and the Group's Firewall Policy are also followed. No disclosure, referral, or exchange of client data by the Company would be carried out without an agreement signed by or written consent from the client, in accordance with relevant statutory requirements in force. Besides, the subsidiaries set up client hotlines to handle customer complaints in a timely manner.	None
(5) Purchase of duty insurance for directors and supervisors	V	The Company purchases duty insurance for directors, supervisors and key staff of the Group with an insurance coverage of US\$30 million every year. The 2024 insured amount, coverage, premium rate, and other major contents of the policy were submitted to the Board of Directors.	None
(6) Donation to political parties, related parties, and charity organizations	V	The Company and its subsidiaries does not make donations to political parties. The donation to Mega Charity Foundation, by Mega International Commercial Bank, Mega Securities, Mega Bills Finance, Chung Kuo Insurance, Mega International Investment Trust, and Mega Assets Management amounted to NT\$10 million in total. The amount of Mega Charity Foundation's donation and sponsorship to government, charity organizations and other legal entities (including administrative expense) reached NT\$10,722 thousand in 2024.	None



7. The improvement status and unimproved items with prioritized reinforcement for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange	V	With regard to the 11th (2024) corporate governance evaluation results, those already improved and those pending improvements are as follows: 1. Improved items: (1) Indicator 1.2: "Does the Company have written rules for financial operations with related parties, including the management procedures for purchase and sale of goods, acquisition or disposal of assets, etc., and whether relevant major transactions should be submitted to the Board of Directors for approval and submitted to the shareholders' meeting for approval or report?": Mega Financial Holding does not have any purchasing and sales operations. The management procedures for acquisition or disposal of assets are set forth in Chapter 2, Section 2 of the "Procedures for the Acquisition or Disposal of Assets", which were revised at the shareholders' meeting on June 21, 2024. For the addition of related party transactions that have been submitted to the Board of Directors for approval, the actual transaction status should be submitted to the most recent shareholders' meeting after the end of the year. The updated rules have been published on the Company's external website - Corporate Governance Rules section. (2) Indicator 1.18 "Does the Company record the material content of shareholders' questions and the Company's responses in the minutes of its annual shareholders' meetings?": The minutes of Mega Financial Holding's 2024 annual shareholders' meeting have been reported to the Market Observation Post System in accordance with regulations and disclosed on the Company's external website - Shareholders' Meeting section.	None
	V	2. Unimproved items with prioritized reinforcement: (1) Indicator 3.4: "Does the Company publish its annual financial statements audited and certified by a CPAs within two months after the end of the fiscal year?": Mega Financial Holding has planned to complete the submission of the 2024 consolidated financial statements by the end of February 2025; however, this indicator was deleted in the 12th term (2025) and the Company decides to maintain the original plan.	None

Directors' training records in 2024

Title	Name	Training Date		Organizer	Course	Training Hours
		From	To			
Chairman	Ray Beam Dawn	2024.04.09	2024.04.09	Taiwan Academy of Banking & Finance	International Trends and Practices on Anti-Money Laundering and Counter Terrorism Financing	3
		2024.10.04	2024.10.04	Mega Financial Holdings	Training on "Prevention of Insider Trading, Ethical Management and Material Internal Information" in 2024	3.5
		2024.10.09	2024.10.09	Mega Bank	Lecture on the Development Trends and Challenges of AI in the Financial Industry	2.5
		2024.10.16	2024.10.16	Taiwan Securities Association	[ESG] Development Trends and International Standards of Digital Evidence and Digital Forensics	3
		2024.10.29	2024.10.29	Mega Financial Holdings	Mega Group Information Security Training Course for Directors and Supervisors	3
		2024.12.10	2024.12.10	Mega Financial Holdings	Mega Group "Net Zero Green Living, Environmental Protection and Love the Earth" Environmental Sustainability Finance Seminar	2
Director & President	Yu-Mei Hsiao	2024.01.19	2024.01.19	Taiwan Corporate Governance Association	Remuneration of Senior Managers and Design of ESG Performance System	3
		2024.03.15	2024.03.15	Securities & Futures Institute	Trends and Challenges in International Financial Information Security Supervision	3
		2024.03.27	2024.03.27	Taiwan Securities Association	(ESG) Introduction and Response to the Financial Consumer Protection Act (Fair Customer Treatment)	3
		2024.04.03	2024.04.03	Taiwan Securities Association	Structure and Value of Corporate Sustainability Reports	3
		2024.04.30	2024.04.30	Taiwan Corporate Governance Association	Operational Practice of the Sustainable Development Committee (Chief Sustainability Officer, Working Group)	3

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		2024.05.14	2024.05.14	Securities & Futures Institute	Carbon Right Trading Mechanism and Carbon Management Application	3
		2024.05.16	2024.05.16	Securities & Futures Institute	Shareholder's Meeting, Management Right and Equity Strategy	3
		2024.06.25	2024.06.25	Taiwan Academy of Banking & Finance	Deepening Sustainable Finance to Lead Net-zero Transformation	3
		2024.07.03	2024.07.03	Taiwan Securities Association	2024 Cathay Sustainable Finance and Climate Change Summit	3
		2024.07.30	2024.07.30	Taiwan Corporate Governance Association	Vision and Trends of ESG Assessment	1
		2024.09.26	2024.09.26	Corporate Operating and Sustainable Development Association	Promoting Corporate Sustainable Development through Risk Management	3
		2024.09.30	2024.09.30	Taiwan Securities Association	Taiwan Capital Market Summit	3
		2024.10.04	2024.10.04	Mega Financial Holdings	Training on "Prevention of Insider Trading, Ethical Management and Material Internal Information" in 2024	3.5
		2024.10.09	2024.10.09	Mega Bank	Lecture on the Development Trends and Challenges of AI in the Financial Industry	2.5
		2024.10.29	2024.10.29	Mega Financial Holdings	Mega Group Information Security Training Course for Directors and Supervisors	3
		2024.11.12	2024.11.12	Training institute, Minister of Finance	2024 Corporate Governance Keynote Speech	3
		2024.12.05	2024.12.05	Taiwan Corporate Governance Association	Impact of Climate Change on Financial Statements	3
		2024.12.10	2024.12.10	Mega Financial Holdings	Mega Group "Net Zero Green Living, Environmental Protection and Love the Earth" Environmental Sustainability Finance Seminar	2
Director	Po-Cheng Chen	2024.02.06	2024.02.06	Securities & Futures Institute	How Should Directors and Supervisors Supervise Corporate Risk Management and Crisis Handling	3
		2024.02.22	2024.02.22	Securities & Futures Institute	Corporate Governance Evaluation Indicators and Sustainable Action Plans - Challenges and Responsibilities of the Board of Directors	3
Director	Pei-Chun Chen	2024.10.04	2024.10.04	Securities & Futures Institute	2024 Insider Trading Prevention Seminar	3
		2024.10.09	2024.10.09	Mega Bank	Lecture on the Development Trends and Challenges of AI in the Financial Industry	2.5
		2024.11.12	2024.11.12	Training institute, Minister of Finance	2024 Corporate Governance Keynote Speech	3
		2024.12.10	2024.12.10	Mega Financial Holdings	Mega Group "Net Zero Green Living, Environmental Protection and Love the Earth" Environmental Sustainability Finance Seminar	2
Director	Yih-Jiuan Wu	2024.07.11	2024.07.11	Securities & Futures Institute	Corporate Governance Trends and Corporate Sustainable Development	3
		2024.10.18	2024.10.18	Securities & Futures Institute	Introduction to the Dispute over Company Management Rights and the Commercial Case Adjudication Act	3
Director	Ing-Ren Lee	2024.08.21	2024.08.21	Taiwan Academy of Banking & Finance	Key Points of Compliance with Labor Laws from the Perspective of Corporate Governance	3
		2024.10.01	2024.10.01	Taiwan Academy of Banking & Finance	Analysis of Important Practical Judgments on Corporate Governance	3
		2024.10.09	2024.10.09	Mega Bank	Lecture on the Development Trends and Challenges of AI in the Financial Industry	2.5
		2024.10.29	2024.10.29	Mega Financial Holdings	Mega Group Information Security Training Course for Directors and Supervisors	3
		2024.11.01	2024.11.01	Taiwan Academy of Banking & Finance	Responsibilities and Obligations of Enterprises and Directors and Supervisors from the Perspective of the Securities and Exchange Act	3
Director	Chin-Ching Liu	2024.08.13	2024.08.13	Taiwan Corporate Governance Association	Information Security Risk Governance	1.5
		2024.09.11	2024.09.11	Digital Governance Association	Analysis on the Trends of Amendments to the Act of Gender Equality in Employment and the Responsibilities of Companies	3
		2024.10.21	2024.10.21	Digital Governance Association	Talent, Information Security and Corporate Governance Involved in AI	3
		2024.11.12	2024.11.12	Taiwan Corporate Governance Association	Compliance with the Antitrust and Competition Laws	1.5
		2024.11.20	2024.11.20	Securities & Futures Institute	How Should Directors and Supervisors Supervise Corporate Risk Management and Crisis Handling (Including Gender Equality)	3



Director	Yi-Hong Deng	2024.05.16	2024.05.16	Taiwan Insurance Institute	Impact of Changes in the Rule of IFRS 17 Financial Performance Measurement on Insurance Companies' Operations	3
		2024.09.19	2024.09.19	Taiwan Stock Exchange Corporation	Seminar on Creating a New Carbon Era with Sustainable Knowledge - "Sustainable Knowledge Empowerment Promotion Course - Financial and Service Industries"	6
		2024.10.04	2024.10.04	Mega Financial Holdings	Training on "Prevention of Insider Trading, Ethical Management and Material Internal Information" in 2024	3.5
		2024.10.09	2024.10.09	Mega Bank	Lecture on the Development Trends and Challenges of AI in the Financial Industry	2.5
Director	Kwo-Tsai Wang	2024.09.30	2024.09.30	Taiwan Academy of Banking & Finance	Anti-Money Laundering and Counter Terrorism Financing Trends	3
		2024.09.30	2024.09.30	Taiwan Academy of Banking & Finance	Principles for Fair Treatment of Customers and Financial Friendly Services	3
		2024.10.31	2024.10.31	Taiwan Academy of Banking & Finance	Trends and Challenges in International Climate Change	3
		2024.11.15	2024.11.15	Taiwan Academy of Banking & Finance	ChatGPT Usage Guide with Information Security Awareness	3
Director	Hui-Chuan Chen	2024.09.19	2024.09.19	Taiwan Stock Exchange Corporation	Seminar on Creating a New Carbon Era with Sustainable Knowledge - "Sustainable Knowledge Empowerment Promotion Course - Financial and Service Industries"	6
		2024.10.08	2024.10.08	Independent Director Association Taiwan	Application and Challenges of Generative AI from ChatGPT	3
		2024.10.29	2024.10.29	Mega Financial Holdings	Mega Group Information Security Training Course for Directors and Supervisors	3
		2024.12.10	2024.12.10	Mega Financial Holdings	Mega Group "Net Zero Green Living, Environmental Protection and Love the Earth" Environmental Sustainability Finance Seminar	2
Independent Director	Ying Wu	2024.02.22	2024.02.22	Taiwan Academy of Banking & Finance	Information Security Strategic Mindset and Practices	3
		2024.07.02	2024.07.02	Taiwan Academy of Banking & Finance	Responsibility Map System and its Operations and Ethical Management	3
		2024.10.04	2024.10.04	Mega Financial Holdings	Training on "Prevention of Insider Trading, Ethical Management and Material Internal Information" in 2024	3.5
Independent Director	Chang-Ching Lin	2024.03.22	2024.03.22	Taiwan Stock Exchange Corporation	Seminar on Creating a New Carbon Era with Sustainable Knowledge	3
		2024.06.27	2024.06.27	Taiwan Corporate Governance Association	Roles and Responsibilities of the Board of Directors/Senior Management in ESG Governance	3
Independent Director	Hung-Ju Chen	2024.03.22	2024.03.22	Taiwan Stock Exchange Corporation	Seminar on Creating a New Carbon Era with Sustainable Knowledge	3
		2024.06.27	2024.06.27	Taiwan Corporate Governance Association	Roles and Responsibilities of the Board of Directors/Senior Management in ESG Governance	3
Independent Director	Tsai-Jyh Chen	2024.08.07	2024.08.07	Securities & Futures Institute	Carbon Right Trading Mechanism and Carbon Management Application	3
		2024.09.06	2024.09.06	Securities & Futures Institute	Relevant Laws and Regulations that Board of Directors should Pay Attention to under the ESG Trend	3
		2024.10.29	2024.10.29	Mega Financial Holdings	Mega Group Information Security Training Course for Directors and Supervisors	3
Independent Director	Yung-Chih Lien	2024.04.30	2024.04.30	Independent Director Association Taiwan	Innovative Mindset and Transformation Strategies of the Board of Directors of the Leading Global Companies	3
		2024.05.21	2024.05.21	Independent Director Association Taiwan	ESG Rating Analysis and Commercial Implications of Sustainability Assessment in the Capital Market	3
		2024.10.09	2024.10.09	Mega Bank	Lecture on the Development Trends and Challenges of AI in the Financial Industry	2.5

2.3.5 Operation Status of the Remuneration Committee

A. Members of the Remuneration Committee

Identity	Criteria Name	Professional qualifications and experience	Status of Independency	Number of other public companies where the independent director serves as the remuneration committee member
Independent Director (Chairperson)	Chang-Ching Lin	<p>Professionally Qualified Natural-Person Director Audit Committee Member Chairperson of Remuneration Committee Ethical Management Committee Member Sustainable Development Committee Member</p> <p>Professor of the Department of Economics, National Cheng Kung University; Teaching experience at the Institute of Economics, Academia Sinica, the Department of Economics of National Central University, and the Department of Economics of National Taiwan University; In recent years, he has continued to publish research papers on financial economics and participated in a number of research projects at the National Science Council and the Institute of Economics at Academia Sinica. He served as a field expert at the National Science Council's Science and Technology Policy Advisory Expert Office and a member of the Ministry of Labor's Minimum Wage Research Group. He has made full use of his expertise in economics and has served as a member of the Central Bank's Board of Directors since 2025. Possessing the ability to operate a financial holding company and being able to operate the business of a financial holding company soundly and effectively; Being qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, public finance and taxation, law, digital finance, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <p>•Comply with the independence requirements of Article 3 of the "Regulations on the Establishment and Compliance of Independent Directors of Publicly Issued Companies".</p> <p>•Served as an independent director of the Company for less than three consecutive terms.</p>	1
Independent Director	Ying Wu	<p>Professionally Qualified Natural-Person Director Chairperson of Audit Committee Remuneration Committee Member Ethical Management Committee Member Sustainable Development Committee Member</p> <p>Experience as high-level executives, Chief Auditor, and Chairman of First Bank, First Financial Holdings, and First Insurance Agency; More than 40 years of working experience in the banking industry; Expertise in finance and accounting; Being qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 1 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, finance and accounting, public finance and taxation, digital finance, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <p>•Comply with the independence requirements of Article 3 of the "Regulations on the Establishment and Compliance of Independent Directors of Publicly Issued Companies".</p> <p>•Served as an independent director of the Company for less than three consecutive terms.</p>	0

Independent Director	Hung-Ju Chen	<p>Professionally Qualified Natural-Person Director</p> <p>Audit Committee Member</p> <p>Remuneration Committee Member</p> <p>Ethical Management Committee Member</p> <p>Sustainable Development Committee Member</p> <p>Distinguished Professor of the Department of Economics at National Taiwan University, she has been selected for the annual National Taiwan University Teaching Excellence Award and Research Achievement Award. In recent years, she has continued to publish research papers related to financial economics, focusing on general economic academic research such as new intellectual property rights, sustainable development, labor and economic supply and demand, foreign investment and imitation commodity cycles, and has served as a director of First Financial Holdings and an executive director of First Bank. Being qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability:</p> <p>Business management, leadership and decision-making, financial knowledge, international industry and economics, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <p>•Comply with the independence requirements of Article 3 of the "Regulations on the Establishment and Compliance of Independent Directors of Publicly Issued Companies".</p> <p>•Served as an independent director of the Company for less than three consecutive terms.</p>	0
Independent Director	Tsai-Jyh Chen	<p>Insurance Professionally Qualified Natural-Person Director</p> <p>Audit Committee Member</p> <p>Remuneration Committee Member</p> <p>Ethical Management Committee Member</p> <p>Sustainable Development Committee Member</p> <p>Professor of the Department of Risk Management and Insurance at National Chengchi University. Her research expertise lies in risk management, enterprise risk management, insurance theory and property insurance. She has written many professional insurance books and provided professional advice to industry, government and academia, including academic research achievements and various insurance industry management analysis. Served as an independent director of Mega Bills. She is capable of managing a financial holding company and being able to operate the business of a financial holding company soundly and effectively, and is qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 3 and Paragraph 10 (Insurance) of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability:</p> <p>Business management, leadership and decision-making, financial knowledge, international industry and economics, finance and accounting, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <p>•Comply with the independence requirements of Article 3 of the "Regulations on the Establishment and Compliance of Independent Directors of Publicly Issued Companies".</p> <p>•Served as an independent director of the Company for less than three consecutive terms.</p>	0

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Independent Director	Yung-Chih Lien	<p>Professionally Qualified Natural-Person Director Audit Committee Member Remuneration Committee Member Ethical Management Committee Member Sustainable Development Committee Member</p> <p>Professor of International Business at National Taiwan University. Previously served as Dean of the School of International Marketing at National Taipei University of Business, Assistant Professor of the Department of Shipping Management at National Taiwan Ocean University, Assistant Professor of the Department of Business Administration at National Sun Yat-sen University, Research Fellow at the Institute of International Economics at the Chung-Hua Institution for Economic Research, and Director of the Institute of Marketing and Consumer Behavior at the Institute of Business Development. His research expertise is in corporate governance, emerging market strategies, and international companies. He provides professional analysis to industry, government, and academia, and is familiar with financial industry management and knowledge. He is capable of managing a financial holding company and operating the business of a financial holding company soundly and effectively, and is qualified with the professional qualification requirements of Article 9, Paragraph 1, Subparagraph 3 of "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company."</p> <p>Professional ability: Business management, leadership and decision-making, financial knowledge, international industry and economics, finance and accounting, ESG sustainability</p> <p>There are no matters related to Article 30 of the Company Act</p>	<p>Directors or their spouse, or relatives within the second degree of kinship are employed as a director, supervisor, or employee of the Company or its affiliates: ■None.</p> <p>Number of shares and shareholding ratio held by directors, their spouse, or relatives within the second degree of kinship (or held under the name of a third person): ■None.</p> <p>Currently holding a position as a director, supervisor, or employee of companies with specific relationships with the Company (see Subparagraphs 5-8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies): ■None.</p> <p>Compensation received for providing commercial, legal, financial, accounting or related services to the Company or its affiliates in recent two years: ■None.</p> <ul style="list-style-type: none"> •Comply with the independence requirements of Article 3 of the "Regulations on the Establishment and Compliance of Independent Directors of Publicly Issued Companies". •Served as an independent director of the Company for less than three consecutive terms. 	3
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B. Remuneration Committee's Operation Status and Responsibility

(1) The Company's Remuneration Committee has 5 members.

(2) The term of office for the current Committee members is from June 21, 2024 to June 20, 2027. In 2024, the Committee held 9 (A)meetings with the following attendance:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairperson	Chang-Ching Lin	5	0	100%	The term of office expires on 2024.06.20; Number of attendances required: 5 times
Member	Ying Wu	5	0	100%	
	Hung-Ju Chen	5	0	100%	
Chairperson	Chang-Ching Lin	4	0	100%	Newly appointed on 2024.06.21; Number of attendances required: 4 times
Member	Ying Wu	4	0	100%	
	Hung-Ju Chen	4	0	100%	
	Tsai-Jyh Chen	4	0	100%	
	Yung-Chih Lien	4	0	100%	
<p>Other items:</p> <p>a. The recommendation of the Remuneration Committee which was not adopted or was modified by the Board of Directors : none.</p> <p>b. There were no written or otherwise recorded resolutions on which a member of the Remuneration Committee had a dissenting opinion or qualified opinion.</p>					



(3) The Agenda, Resolution, and Response to the Committee's opinions of the Remuneration Committees.

Date and term of Meeting of Remuneration Committee	Agenda	Resolution	Response to Remuneration Committee's opinions
The 16 th meeting of the 5 th term on 2024.02.01	Review of the executives' (including part-time) remuneration in 2024 of the Company.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
The 17 th meeting of the 5 th term on 2024.03.05	Review of the new executive remuneration package of the Company.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
	Review of the 2023 Directors' Remuneration Allocation Rate and Allocation Principles of the Company.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
The 18 th meeting of the 5 th term on 2024.04.09	Review of the 2023 executives' performance bonus, employee remuneration, and president's performance bonus	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
	Review of the challenge bonus proposal for the company's executives to achieve 2023 profit target.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
	Review of the establishment of "Working Rules" and amendment of "Performance Bonus Payment Guidelines" of Yinkai Corporation, a subsidiary of Mega International Commercial Bank.	Agenda was amended and passed.	The proposal has been submitted to and approved by the Board of Directors.
The 19 th meeting of the 5 th term on 2024.05.14	Review of the amendment of "Performance Bonus and Employee Remuneration Implementation Rules (Draft)" of subsidiary Mega Funds.	Agenda was amended and passed.	The proposal has been submitted to and approved by the Board of Directors.
The 20 th meeting of the 5 th term on 2024.06.07	Review of the amendments of "Remuneration Committee Organizational Rules" of the Company.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
The 1 st meeting of the 6 th term on 2024.07.09	Review of the new executive remuneration package of the Company.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
	Review of the research-related payment for independent director participating in the Sustainable Development Committee.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
The 2 nd meeting of the 6 th term on 2024.09.03	Review of the new executive's remuneration package of the Company.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
The 3 rd meeting of the 6 th term on 2024.10.08	Review of the executives' remuneration package of the Company.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
	Review of the amendment of "Articles of Association" and "Guidelines for the Payment of Performance Bonuses" of Mega Management Consulting Co., Ltd., a subsidiary of Mega International Commercial Bank.	Agenda was passed as proposed.	The proposal has been submitted to the Board of Directors and withdrew.
The 4 th meeting of the 6 th term on 2024.11.26	Review of the amendment of "Remuneration Management Regulations" of the Company.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
	Review of the amendment of 2025 salary standards in accordance with the 3% salary increase of the Group of the four subsidiaries, namely Mega Bank, Mega Bills, Chung Kuo Insurance, and Mega Asset Management.	Agenda was passed as proposed.	The proposal has been submitted to and approved by the Board of Directors.
	Review of the amendment of the "Employee Title and Salary Comparison Table" of the subsidiary Mega Funds.	Agenda was amended and passed.	The proposal has been submitted to and approved by the Board of Directors.

(4) Regular review of remuneration and compensation:

The functions of the Company's Remuneration Committee, is to assess the remuneration policies and systems of the directors and managerial officers from the professional and objective perspective. The meetings shall be convened at least twice a year and/or whenever required, to provide recommendations to the Board of Directors as the references for their decision-making.

a. The authorities and duties of the Company's Remuneration Committee:

- (a) Establish the policies, systems, standards, and structures of performance evaluations and remunerations for the directors and managerial officers and regularly review the same.
- (b) Regularly review and establish the remunerations for the directors and managerial officers.

b. The standards below shall be followed when the Remuneration Committee perform their duties:

- (a) The performance evaluations and remunerations for the directors and managerial officers shall be referred to the common level of payment among the peers, while considering of the related reasonableness of the personal performance, company's operational performance, and future risks.
- (b) Not to solicit the directors and managerial personnel to seek the remuneration at the cost of exceeding the risks appetite of the Company..
- (c) For the ratio of the bonus specifically for the short-term performance of the directors and key executives, and the timing to pay part of the variable remuneration, the decisions shall be made by referring the nature of the industry and the Company's business.

2.3.6 Implementation of Sustainable Development

A. The discrepancies between the Company's implementation of sustainable development and "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies."

Assessment	Implementation status			The discrepancies and its reasons
	Yes	No	Explanation	
1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development? if board of directors authorize senior managers to handle relevant matters? And the supervision status by the board of directors.	V		<p>1. Governance structure to promote sustainable development: The Company has set up "Sustainability and Strategy Department" in September 2023 to promote Group ESG development and has formulated the "Sustainable Development Best Practice Guidance" and "Sustainable Development Policy" through Sustainable Development Committee. In order to strengthen the Group's ESG promotion and enhance the level of corporate sustainable governance, the Company has adjusted the structure of its Sustainable Development Committee.</p> <p>2. Implementation of each organization</p> <p>(1) The name, setting time and authorization of the Board of Directors for the promotion of sustainable development: The Company has set up the "Corporate Social Responsibility Committee" under the Board of Directors since 2013; in January 2021, in response to the international ESG trend, it was officially renamed as "Sustainability Committee"; In January 2022, in response to the revised "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", the Company's "Sustainability Committee" was renamed as "Sustainable Development Committee". In December 2024, the Company's "Sustainable Development Committee Establishment Guidelines" were revised by the Board of Directors to "Sustainable Development Committee Organizational Charter". Since 2025, the Committee has been chaired by the Chairman of the Company, and more than half of the members are independent directors.</p> <p>(2) The formulation, operation, and implementation status of promotion unit: The Sustainable Development Committee appoints the President as the Chief Sustainability Officer to oversee, promote and supervise the Group's sustainable development affairs. The Sustainability Strategy Department is responsible for the planning and execution of the Committee's agenda, the planning and division of sustainable development operations, and the disclosure and compilation of sustainable information. The Committee has six working groups: environmental sustainability, sustainable finance, customer commitment, employee care, social prosperity and corporate governance, managed by the Company and main subsidiaries. Please refer to the Company's 2024 Sustainability Report or refer to the "Implementation of Sustainable Development" on page 63 of this annual report for detailed operation and annual implementation.</p> <p>(3) The frequency to report to the Board of Directors or the date of reporting to the Board of Directors in the year: In 2024, the Committee held meetings every two months as a principle, and reported on major ESG issues of the previous Sustainable Development Committee at the monthly board meetings. A total of seven meetings were held. Starting from 2025, the Committee changed its principle to hold meetings once a quarter and report the meeting minutes to the most recent Board of Directors to implement top-down management.</p> <p>3. The supervision status by the Board of Directors: The implementation status of the Group's ESG plans and goals for 2024 has been reported to the Board of Directors on March 25, 2025, to assist the Board with the regular supervision of the Group's progress in sustainable development. The ESG plans and goals for the Group for 2025 have been set and approved by the Board of Directors on December 24, 2024. The Sustainable Development Committee and the Board of Directors will perform follow-up management on a quarterly basis. In February 2022, a sustainable development strategy roadmap for Mega Group, which includes details about our sustainability vision, mission, value, goals, and strategic focuses, was approved by the Board of Directors. For further details, please refer to the Company's "2024 Sustainability Report".</p>	<p>None</p> <p>None</p> <p>None</p>

<p>2. Does the company conduct environment, society, and corporate governance risk assessment of the Company based on materiality principle, and set related risk management policy and /or strategy?</p>	V	<p>1. Boundary of Risk Assessment (Scope of Subsidiaries Covered): The risk assessment boundary covers the Company and its seven subsidiaries (Mega Bank, Mega Securities, Mega Bills Finance, Chung Kuo Insurance, Mega Funds, Mega Asset Management, and Mega Venture Capital.) There is no significant change compared to the previous year. In case of inconsistency in the scope, the detailed category and calculation method will be indicated in the relevant sections.</p> <p>2. Criteria and process for identifying and assessing risks associated with material ESG-related issues, results, and risk management policies or strategies: The Company identified risks associated with ESG-related sustainability issues through "Sustainable Development Best Practice Principles", "Sustainable Development Policy", and "Operating Procedures for Sustainability Report Preparation and Verification". In the 2024 Sustainability Report, we compiled the degree of impact of sustainability issues "on the value of the Mega Group" and "on the economy, environment, people and human rights". We analyzed the results of the major themes questionnaire survey according to the principle of Double Materiality, then ranked the sustainability issues through the Materiality Matrix. Finally, we reported the results to the Sustainable Development Committee (November 4, 2024) and the Board of Directors (November 26, 2024) after determining the 14 material topics of the year 2024, in the order of "Information Security", "Regulatory Compliance", "Corporate Governance", "Business Ethics", "Sustainable Finance", "Risk Management", "Combat Crime", "Economic Performance", "Customer Relationship", "Digital Innovation", "Happy Workplace", "Climate Action", "Financial Inclusion", and "Social Commitment". The response measures and implementation results are disclosed in the Sustainability Report.</p>	None
<p>3. Environment issues (1) Does the company establish proper environment management systems based on the characteristics of its industry?</p>	V	<p>1. How to enforce an effective environmental management system and the laws on which it is based: As financial service providers, the Group's operation is unlikely to have a significant impact on the environment. The Company nevertheless remains committed to supporting Taiwan's goal of achieving net-zero emissions by 2050. Through the Environmental Sustainability Working Group under the Sustainable Development Committee, the Company develop annual working plans and goals for the Group (including energy and greenhouse gas management, green procurement, supply chain evaluation and management, etc.), complying with the "Sustainable Development Policy", "Sustainable Development Best Practice Principles", and "Procedures for Environmental Sustainability Management". The progress of our goal achievements is reviewed quarterly by the Sustainable Development Committee and Board of Directors to implement the Group's environmental sustainability management.</p> <p>2. The international verification the Company has passed and its scope.</p> <ul style="list-style-type: none"> ● ISO 14001:2015 Environmental Management System: Mega Bank (Chi-Lin Building) has introduced ISO 14001 Environmental Management System in 2017 and obtained the independent third-party verification. From 2022 to 2024, ISO 14001 has been introduced to all operation units. ● ISO 50001:2018 Energy Management System: Mega Bank (Chi-Lin Building) has introduced ISO 50001 in 2021 and obtained the independent third-party verification. In 2022, the Company and the subsidiary Mega Bill Finance, Mega Securities, and Chung Kuo Insurance (Mega Financial, Mega Heng-Yang, Mega Securities, and Mega Insurance Buildings) introduced ISO 50001 in September and obtained the independent third-party verification. In 2023, and 2024, the Company and the subsidiary Mega Bank, Mega Bills Finance, Mega Securities, and Chung Kuo Insurance (Mega Financial, Chi-Lin, Mega Heng-Yang, Mega Securities, and Mega Insurance Buildings) passed the continuance of ISO 50001. 	None

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		<p>●ISO 14064-1 :2018 GHG Inventories: It has been introduced since 2016. In 2020, new ISO 14064 has been introduced to all domestic operation units, and 100% of them have passed the third-party verification. In 2021 overseas operation units join the trial GHG inventory and the scope 3 GHG inventory has expanded. In 2022 and 2023 all domestic and overseas operation units join the GHG inventory with 100% coverage rate and passed the third party verification. In 2024 all domestic and overseas operation units join the GHG inventory with 100% coverage rate. It's expected to pass the third-party verification in June 2025.</p>	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	V	<p>The Group has purchased renewable energy certificates since 2019. In 2022, 298 certificates were purchased from National Penghu University of Science and Technology. Till now thousands of certificates have been purchased. In 2023, the Company and Mega Bank, Mega Securities, Mega Bills Finance, and Chung Kuo Insurance have used a total of 2,145,000 kWh of green power. In 2024, the Company and Mega Bank, Mega Securities, Mega Bills Finance, and Chung Kuo Insurance have used a total of 9,381,000 kWh of green power.</p>	None
(3) Does the company evaluate the potential risk and opportunities of climate change and also have measures for relevant climate change issues?	V	<p>To cope with the risk trend, the Company has signed and supported the Task Force on Climate-related Financial Disclosures (TCFD) in April 2020 and added emerging risk (including risk of climate change) into the Company's "Risk Management Policy and Guidelines". The Company also reviews and checks the risk and opportunity of climate change by TCFD guidelines and develop low carbon products and services.</p> <p>In terms of governance of climate change, the Group oversees related issues through the Board of Directors, Risk Management Committee and Sustainable Development Committee. These Committees were held to discuss strategies and plans for responding to climate change issues, including setting up carbon reduction targets and introducing ISO Environmental Management Systems and etc., and reported the meeting minutes to the Board of Directors periodically.</p> <p>The risks and opportunities of climate change to the Company are as below:</p> <p>Climate Change Risks: Include physical and transition risks. The former includes irreversible sea level rise, coastal erosion and saltwater intrusion caused by global warming, which may lead to impairment of the value of credit collateral, supply chain disruptions affecting the enterprises' repayment ability, and insurance claims caused by catastrophic events, or increased frequency and intensity of natural disasters year by year due to extreme climate, leading to increased energy costs and affecting corporate operations. The latter is related to the transition to a low-carbon economy, including changes in policies and regulations, technology, markets and consumer preferences, all of which may increase the operating costs of enterprises and trigger credit, market, liquidity and insurance-related risks, thereby exerting a financial impact on enterprises. In addition to taking stock of the impact of physical and transformation risks on operations, Mega is also actively identifying the risks and opportunities arising from climate change on its core businesses. Through scenario analysis and SBT carbon reduction action plans, it formulates mitigation and adaptation strategies and specific implementation plans, and continues to track responses.</p> <p>Climate Change Opportunities: In order to create opportunities arising from climate change mitigation and adaptation, we have adopted measures such as improving resource efficiency and cost savings (e.g. improving digital financial services and leveraging advanced technologies to effectively utilize energy and data resources), using low-carbon energy (e.g. solar, wind and hydropower), developing new financial products and services (e.g. designing green loans, green bonds and promoting green funds and other related products), helping customers develop new energy, new technologies or new business models to achieve low-carbon transition, or expanding new markets to respond to business opportunities brought about by low-carbon transition (e.g. providing funds for corporate climate change mitigation and adaptation transition plans), and enhance climate resilience (e.g. diversifying investment portfolios and strengthening risk management to address climate change challenges). In 2024, Mega Group invested a total of NT\$18.578 billion in green bonds to support the development of low-carbon industries.</p>	None



(4) Does the company calculate greenhouse gas emission, water usage, and total weight of waste in last two years and set up policies regarding reducing carbon saving energy, water use reduction, and other waste management?

V

The Company pays close attention to the global trends of climate change and the related industries development, in order to assist stakeholders to reduce climate related impacts by providing sustainable financial products and services in the future. Further, the Company can also enhance new industrial opportunities, reduce global warming and promote sustainable development.

None

1. The statistics intensity, and data coverage in recent years:

(1) Greenhouse gas emissions

The greenhouse gas emissions in last two years

Unit: tons of CO₂e

Item	2023	2024
Direct GHG emission(scope 1)	1,940.07	2,401.68
Energy indirect GHG emission(scope 2)	16,948.54	13,127.46
Total amount of scope 1 and 2	18,888.61	15,529.14
Intensity of Scope 1 and 2 emission (scope 1+2 emission amount/net revenue in millions)	0.24	0.19
Other indirect GHG emission(scope 3)	8,947,787.52	9,126,569.45
Domestic operation unit verified by the third party	192	192
Coverage ratio of domestic operation unit verified by the third party	100%	100%

Note 1: Scope includes all domestic operation units of the Group.

Note 2: Regarding information of density, please refer to 1-1-1 greenhouse gas inventory. The GHG data for 2023 was verified by a third-party institution (DNV). For verified GHG data in 2024, please refer to the Sustainability Report.

(2) Water consumption

Water consumption in last two years

Unit: million liters

Item	2023	2024
Water consumption	194.491	195.970
Water consumption per person	0.02142	0.02082

Note: Scope includes all domestic operation units of the Group.

(3) Waste amount

Waste amount in last two years

Unit: kg

Item	2023	2024
Recycle	Paper containers, waste paper	191,405
	Iron and aluminum cans	2,535
	PET bottles, plastics	13,076
	Batteries	128
	Glass	1,493
	Light bulbs	551
	Total	209,188
Food waste	43,470	34,179
General waste (non-recycle)	338,771	262,706

Note: the scope covers all domestic operation units.

2. Greenhouse Gas Emissions, water consumption reduction, and other waste management policies such as reduction targets, promotion measures, and achievement status:

(1) Greenhouse gas emissions: The Company has formulated the "Sustainable Development Policy", promoting carbon-reduction policy and through purchase of hybrid electric vehicle and use of green power to implement reduction of greenhouse gas emissions.

Short-term goal: To reduce scope 1 and 2 GHG emissions by 10.5% by 2024 with 2022 as the base year (the Company has reduced emissions by 19.9% in 2024 compared to 2022).

Mid-term goal: To reduce scope 1 and 2 GHG emissions by 42% by 2030 with 2022 as the base year.

Long-term goal: To achieve net-zero Scopes 1 and 2 GHG emissions by 2050.

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		<p>(2) Water Consumption: The Company has formulated the "Sustainable Development Policy", encouraging the priority to purchase equipment with water-saving labels (such as sensor faucets and two-stage flushing equipment, etc.) implementing water consumption management.</p> <p>Short-term goal: To reduce water consumption by 1.5% by 2024 with 2021 as the base year (the water consumption in 2024 increased 5.9% compared to 2021).</p> <p>Mid-term goal: To reduce water consumption by 4.5% by 2030 with 2021 as the base year.</p> <p>Long-term goal: The per capita water consumption of all the Group's domestic operating locations does not exceed 0.02112 million liters.</p> <p>(3) Waste Amount: The Company has formulated the "Sustainable Development Policy", promoting recycling and handling the waste properly.</p> <p>Short-term goal: To reduce amount of waste by 1% by 2024 with 2023 as the base year.(The amount of waste increased by 23.8% in 2024 compared to 2023.)</p> <p>Mid-term goal: To reduce amount of waste by 7% by 2030 with 2023 as the base year.</p> <p>Long-term goal: The average amount of general waste per capita of all the Group's domestic operating locations does not exceed 0.03470 metric tons.</p> <p>3. The verification status and the coverage scope: In 2023, all domestic operation units of the Group were certified to ISO 14064 by DNV in June 2024. The Bank's overseas operations were certified by ARES in April 2024. In 2024, all domestic operation units of the Group were certified to ISO 14064 by DNV in June 2025. The Bank's overseas operations were certified by ARES in April 2025. In addition, the Group's water consumption and waste amount from 2022 to 2024 have passed the ISAE 3000 third party assurance by Deloitte & Touche.</p>	
4. Public Welfare			
(1) Does the company comply with relevant laws and regulations, and the International Bill of Human Rights and adopt relevant management policies and procedure?	V	<p>By referring to the "Universal Declaration of Human Rights", "UN Global Compact", "International Labour Organization", and etc., the Company has formulated the "Human Rights Policy" in September 2018. In order to strengthen human rights risk management and international trends, this policy was revised to expand the scope of application to suppliers and add content such as human rights due diligence, which was approved by Board of Directors in December 2021.</p> <p>The human rights management measures in 2024 include Group employees due diligence on human rights, which is reported to the Sustainable Development Committee in September 2024; a total of 99,640 hours of employee education and training were provided (the average training hours per employee exceeded 10 hours).</p>	None
(2) Does the Company set up and implement reasonable employee benefit (including compensation, annual leave, and other benefits) and reflect the operation performance or result in the employee compensation?	V	<p>1. Remuneration policy: The remuneration policy of the Company states the compensation includes salary, annual bonus, performance bonus, and employee compensation. The remuneration standards take reference of the peers, market competitiveness, and total remuneration plan. Every year the Company bases the profit situation, future risk, and peer reference to pay the compensation according to the performance. If there is a promotion, there will also be a raise of salary. The 2024 salary raise situation of managerial and non-managerial employees is disclosed on MOPS. Besides the fixed 14-month salary (including the 2-month year-end bonus), performance bonus is distributed based on the budget fulfillment rate, EPS, ROA and ROE. In addition, employee remunerations are appropriated according to the Articles of Incorporation. If there is profit surplus in that year, 0.02% to 0.15% should be employee remunerations.</p> <p>2. Welfare measures: The Company's welfare including marriage subsidy, birth subsidy, funeral subsidy, retirement subsidy, hospital subsidy, travel subsidy, education scholarship, club activities, festival gifts, and employee health check superior to the labor law. Besides, the Company have employee stock trust since 2020. The Company will subsidize NT\$1,000 every month for employee to purchase Company shares.</p>	None



(3) Does the company provide safe and healthful work environments for employees and organize training on safety and health for employees on a regular basis?

V

3. Retirement system:

Regarding retirement system, the Company deposit 6% of the employee's total salary as retirement reserve, according to labor law, into specific account of Bank of Taiwan. Also the labor retirement reserve supervision committee is established, in charge of the reserve distribution, deposit, use, and pension payment. Also to cope with the new pension system implemented on July 1, 2005, for the employee use the new pension system, the Company deposit 6% of the salary every month into the employee's personal pension account.

Employee whose age is over 65 should retire. Employee with the below situation can ask for retirement: (1) age over or equal to 55 and tenure over or equal to 15 years; (2) tenure over or equal to 25 years; (3) age over or equal to 60 and tenure over or equal to 10 years. Those who fit in old pension system, the Company will pay pension according to the last 6 months average salary and tenure. 2 basic points per year will be given for tenure within 15 years, and 1 basic point per year will be given for tenure exceed 15 years, with a maximum of 45 basic points.

None

1.To provide safe and healthy work environments for its employees, the Company implements and provides regular health check, regular maintenance on fire extinguisher, environment inspection (CO₂ concentration), daily office environment cleaning, and regular environment sanitization for public area. At the same time, in order to promote the physical and mental health of employees, professional teams are appointed to provide employee care hotline services, and (on-site) doctors and nurses are employed according to the number of employees of each subsidiary. Implementation of relevant education and training in 2024:

Items	Number of people	Total hours
Training for OHS managers	45	1,176
Fire manager training	43	420
First responder training	46	385

2.Mega Bank and Mega Securities passed ISO 45001 Occupational Health and Safety Management System before the third quarter of 2022 and first quarter of 2023, respectively, and received the third-party verification (valid for 3 years).

3.For employees who are injured due to accidents in the performance of their duties or commuting from their residence to and from the Company, the Company will actively investigate the cause of the accident and provide health care, and, depending on the circumstances of the injury, assist in applying for occupational injury clinic and insurance payment of hospitalization, injury, and disability, and will grant sick leave. After the incident, the nurse is instructed to track the employee's health status.

The occurrence of occupational injuries in 2024

Item	Occurrence in 2024
Number of occupational injuries	73
Number of people injured	73
Percentage as total number of employees	0.7%

4.In order to avoid fire accidents, Mega Group has adopted various occupational safety and health management measures, including holding fire and disaster prevention training courses every six months, and through on-site operation drills to strengthen employees' ability to respond to emergency disasters. The number of people trained in fire prevention management in the year 2024 was 43, and the training hours were 420 hours. There were no fire incidents in the year.

(4) Does the company set up an effective career development training plan for employees?

V

To strengthen employee's career development, the Company implement regulation and job related training; appoint employee to attend forum and seminar; and encourage employee to take professional or cross functional learning base on their professional field. In 2024, the total training hours of the Group is 613 thousand hours (62.5 hours per employee.)

Also, Mega Bank has set up the managerial officer training program, the elite training program and the overseas talent training program. The implementation is described as follows:

Program	Participants	Items	Year 2024
Managerial officer training program	Excellent employees in each operation unit, or middle and senior managerial officers	Number of person trained	17
		Training hours per employee	32
		Amount input (in NTD)	168,818
Elite training program	Excellent middle-level officers under age 45	Number of person trained	80
		Training hours per employee	27
		Amount input (in NTD)	203,353
Overseas talent training program	Potential expatriate who pass through the expatriate selection	Number of person trained	34
		Training hours per employee	32
		Amount input (in NTD)	67,528

None

(5) Does the company follow relevant laws, regulations and international guidelines on customer health and safety, customer privacy, marketing or labeling of their products and services and establish relevant consumer protection policy and compliant filing process?

V

The Group conducts marketing and labeling of financial products and services in accordance with the Financial Holding Company Act, the Banking Act of The Republic of China, the Financial Consumer Protection Act, and related regulations of respective competent authorities, and implements a rigorous internal control system. We value every customer's privacy. All related internal personal information protection regulations are established in accordance with the latest domestic and overseas laws and regulations. All product information is fully disclosed on the Bank's website, application forms, bills, brochures, electronic brochures, and advertisement materials. The Bank also abides by general ethical and integrity principles to maintain a fair transaction market and create value for customers based on the protection for financial consumers. Mega Financial Holding has formulated and disclosed the "Mega Financial Holding Guidelines for the Treating Customers Fairly Principle and Financial Consumer Protection". Mega Bank has established the "Treat Clients Fairly Policy", "Treat Clients Fairly Strategy and Customer Protection Principle" and "Care for Elderly Customers Policy" and implemented regular education training. In order to continuously improve its service mechanism, Mega Bank established the "Fair Customer Treatment Working Group" in 2019, which was changed to the "Care and Fair Customer Treatment Committee" in 2020. It is composed of various business management units to strengthen the handling process of important customer complaints and customer feedback matters. In 2024, a "Customer Complaint and Review Case Handling Group" was also established. It passed the ISO 10002 customer complaint management international standard certification and upgraded the processing level to continuously improve customer complaint handling capabilities and efficiency. It has set up a customer service section on the official website to provide information such as customer service hotlines, contact mailboxes and smart customer service. In order to actively combat financial fraud, Mega Bank is also the first banking industry to suspend advertising on non-real-name online platforms, introduce an exclusive SMS code "68017", add the customer service center and branch codes across Taiwan to the "Whoscall certified merchant numbers", and implement the "T+2 extended transaction hesitation period" remittance service. It also proactively launched the "Financial and Technology Anti-Fraud Alliance" to fight fraud across industries and help customers protect their assets. At the same time, we have strengthened measures to care for elderly and disadvantaged customers, and continued to implement financial friendly services and the principles of ethical management.

None



(6) Does the company set up a supplier management policy to request the supplier to comply relevant regulations regarding environment, work place safety and sanitary, or labour right, and the implementation status?	V	<p>1.To implement supplier management, the Company revised the "Supplier Sustainability Management Guidelines" in May 2022, requesting subsidiaries to develop guidelines or comply with relevant regulations. The revisions also specify the regulatory requirements that existing suppliers must follow with regards to labor rights, human rights, occupational health and safety, environmental sustainability, and business ethics and integrity, etc. In addition, suppliers must sign the "Supplier Sustainability Statement" when entering into a contract with the Company. If a supplier violates the terms of the Guidelines or the Statement, the Company may terminate or rescind the contract at any time and blacklist the supplier. In 2024, the Group reported no incidents involving violation of laws or the Guidelines/Statement.</p> <p>2.To strengthen supply chain management and promote supplier engagement, in 2024, the Company launched a Supplier Sustainability Self-Assessment Questionnaire survey for key suppliers. The objective of the survey is to determine the supplier's performance in labor rights, human rights, environmental sustainability, occupational health and safety, and ethical management.</p> <p>3.In 2024, the Company organized a series of training programs, communication meetings, and supplier conferences to further improve the knowledge and skills of our key suppliers.</p>	None
5. If the Company take reference of international report guideline to make non-financial information report like Sustainability report? If third verification party issues confirmation opinion on the above report	V	<p>1.The international report guideline adopted to make non-financial information report: The Company's 2024 Sustainability Report is based on GRI Standards of Global Reporting Initiative:2021 (GRI Standards:2021), Sustainable Development Goals (SDGs), and partially refer the metrics published for Commercial Bank by Sustainability Accounting Standards Board (SASB).</p> <p>2. The name of third verification party, verification items, scope, and the standards followed: The 2024 Sustainability Report has passed the ISAE 3000 CPA Assurance by Deloitte & Touche. For detailed verification items and scope, please refer to the 2024 Sustainability Report.</p>	None
6. If the Company has established sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the principles and the implementation: The Company's "Sustainable Development Best Practice Guidance", formulated based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", is fully implemented with no material discrepancy.			
7. Other important information to facilitate better understanding of the Company's sustainable development practices: Please refer to the 2024 ESG Implementation Results shown as below.			

2024 ESG Implementation Results

Item	Action Plans	Implementation Results
Environmental Sustainability	<ol style="list-style-type: none"> 1. Complete ISO 14064 greenhouse gas inventory at all operating units worldwide and pass the verification by the independent third party. 2. Continue to introduce ISO 14001 Environmental Management System and promote it to other domestic operation units. 3. Continue to introduce ISO 50001 Energy Management System. 4. Enhance the supplier management mechanism and make sure that suppliers sign the "Supplier Sustainability Statement" for all procurement contracts. 5. Prioritize the purchase of environmentally friendly products and implement responsible procurement management. 	<ol style="list-style-type: none"> 1. In May 2024, Mega Group has passed the verification of greenhouse gas inventory by DNV Taiwan, an independent third party. 2. Mega Group's domestic operating sites passed the ISO 14001 environmental management system certification (including renewal of certification) by the fourth quarter of 2024. 3. Self-owned Mega Financial, Mega Chi-Lin, Mega Heng-Yang, Mega Securities and Mega Insurance Buildings of Mega Group completed the renewal of ISO 50001 energy management system certification in the fourth quarter of 2024. 4. The contract amount of Mega Group's suppliers who signed the "Supplier Sustainability Statement" accounted for 100% of total contracts in 2024. 5. Mega Group's green procurement amount in 2024 was approximately NT\$306 million, accounting for 9.82% of total procurement.

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Sustainable Finance	<ol style="list-style-type: none"> 1. Continue to introduce ISO 27001 Information Security Management System. 2. Continue to promote "Taiwan Pay" mobile payment plan to accelerate the common use of mobile payment. 3. Continue to promote industrial loans for "ESG sustainable development industries". 4. Continue to issue, underwrite and invest in sustainable development bonds. 5. Continue to issue carbon neutrality credit cards and passed "Carbon Neutrality (PAS 2060)" certification. 	<ol style="list-style-type: none"> 1. Mega Financial Holding and subsidiaries Mega Bank, Mega Securities, and CKI have completed the renewal of ISO 27001 in 2024. 2. In 2024, Mega Bank continued to promote "Taiwan Pay" mobile payment, with the number of bound deposit accounts reaching approximately 1.28 million, an increase of 18.5% over last year. 3. The balance of the loans business of Mega Group for top 11 sustainable industries at the end of 2024 was NT\$335.883 billion, accounting for approximately 12.21% of the total balance of domestic corporate loans at the end of the year. 4. In 2024, Mega Bank issued a NT\$1.5 billion green bond and a NT\$1 billion social responsibility bond, and Mega Securities underwrote sustainable development bonds, totaling NT\$2.1 billion. In addition, the Group invested in sustainable development bonds, totaling NT\$47.5 billion. 5. As of the end of 2024, Mega Bank has issued more than 1.335 million carbon neutral credit cards. The target achievement rate was 122.5%, which is estimated to reduce carbon emissions by 143 metric tons, equivalent to the amount that 12,000 trees can absorb each year.
Employee Care	<ol style="list-style-type: none"> 1. Continue to distribute marriage and childbirth subsidy. 2. Encourage employees for further studies and continue to provide employee training. 3. Encourage employees to take tests for finance-related professional certification or qualifications and continue to provide related subsidies. 4. Continue to provide employee assistance project (EAP) to care employee's physical and mental health. 5. Continue to outsource employee satisfaction and job performance research. 	<ol style="list-style-type: none"> 1. In 2024, Mega Group granted over NT\$3.85 million in marriage subsidies, and more than NT\$23.08 million in childbirth subsidies. 2. In 2024, the total training hours per employee of Mega Group was 62.5 hours. 3. In 2024, Mega Group subsidized the professional license of 1,429 individuals, paying over NT\$2.11 million in subsidies. 4. At total of 107 employees of Mega Group used the consulting services in 2024. The issues of the consultation mostly included interpersonal relations and stress in the workplace. 5. In 2024, the average score of the employee engagement of the Mega Financial Holding, the subsidiaries Mega Bank, Mega Securities, Mega Bills, CKI, Mega Funds and Mega Asset Management was 3.72.
Social Prosperity	<ol style="list-style-type: none"> 1. Donate to domestic major accidents and assist subsequent medical care and life and social rebuilding. 2. Sponsor related activities to promote art and culture and support local cultural and creative industries. 3. Support the cultivation of sports talent in Taiwan, and sponsor activities and sports events to increase the sports atmosphere among the people. 4. Organize and participate in beach cleaning activities. 5. Plan for Group volunteering services. 	<ol style="list-style-type: none"> 1. Mega Group donated a total of NT\$3.5 million to the Hualien Earthquake Relief and Rehabilitation Fund through the "Disaster Relief Foundation" of Ministry of Health and Welfare in 2024. 2. Mega Bank and the Mega Bank C&E Foundation sponsored "A Hazy and Wet Day" ten-year tour plan in Taiwan - Penghu Station held by the General Association of Chinese Culture, totaling NT\$3 million. Deepen cultural exchanges and cooperation between Taiwan and Japan. 3. Mega Bank sponsored the "Merida-Mega Bank Changhua Classic 100K" cycling event in a total amount of NT\$1.2 million. 4. In May 2024, Mega Financial Holding and Mega Charity Foundation jointly organized a simultaneous mountain cleaning activity in the northern, central and southern Taiwan to clean the mountains and remove alien plants, removing more than 520 kg of garbage in total. 5. In 2024, the total number of volunteer hours of Mega Group employees exceeded 3,822 hours.
Corporate Governance	<ol style="list-style-type: none"> 1. Appoint a Corporate Governance Officer to strengthen support for Directors. 2. Foster and strengthen corporate governance personnel professional skills and ensure the directors continue to watch international trend of corporate governance and the change of laws in Taiwan. 3. Continue to hold ethical management training with completion rate of 95%. 4. Continue to enhance legal compliance system and compliance training. 5. Strengthen climate risk management and information disclosure. 	<ol style="list-style-type: none"> 1. Mega Financial Holding and the subsidiaries (excluding venture capital) have appointed Chief Corporate Governance Officer since 2019 to provide more assistance to the directors. 2. In 2024, all directors of Mega Financial Holding had a total of 197 training hours in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", which met the requirements of at least 12 hours for new directors and 6 hours for reappointed directors. 3. In 2024, the total principle-of-conduct related training hours of Mega Group was 65,263 hours, with a completion rate over 95%. 4. In 2024, Mega Group implemented complete legal compliance training for employees, directors and supervisors with completion rate of 100%. 5. Mega Financial Holding's Climate and Environmental Report was awarded the highest level "TCFD Performance Assessment - Benchmark" certification by SGS.



B. Climate-Related Information of listed companies

(1) Climate related implementation

Item	Implementation status
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	<p>1. Board of Directors: The highest governance body for climate change related issues, with the "Risk Management Committee" and the "Sustainable Development Committee" responsible for the identification and management of climate change risks and opportunities.</p> <p>2. Management:</p> <p>(1) Risk Management Committee: The Chairman of the Board serves as the convener to regularly supervise the effective implementation of the Group's climate risk management mechanism and report it to the Board of Directors. The Risk Management Department is responsible for evaluating the implementation status relate to climate risks.</p> <p>(2) Sustainable Development Committee: The Chairman of the Board serves as the convener, with an executive committee under the committee. The President serves as the Chief Sustainability Officer, with six working groups under the committee. The "Environmental Sustainability Working Group" is responsible for the Group's green operating activities and environmental performance management, and the "Sustainable Finance Working Group" is responsible for the Group's green finance and low-carbon development strategies. The Sustainability Strategy Department is responsible for tracking ESG implementation on a regular basis.</p> <p>(3) Audit Committee: The Audit Control Department is composed of independent directors who serve as conveners and are responsible for supervising the management of existing or potential risks of the Company. In accordance with the "Risk Management Policy and Guidelines", the Risk Control Department shall submit the implementation of annual risk monitoring indicators (including quantitative and qualitative indicators of climate risk) to the Audit Committee for record.</p>
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>Mega Group collects climate-related issues based on the regulations of competent authorities, international initiatives, TCFD guidelines and IFRS S2 framework, and identifies and ranks climate risks and opportunities in the short, medium and long term as follows:</p> <p>1. Climate Risks: Extreme climate events - operating sites (short term), increased greenhouse gas emission costs - major carbon emitters (medium term), and rising average temperatures (long term). In the short and medium term, physical/transition risks will be incorporated into climate risk assessments and introduced to the external climate databases and climate disaster models to understand changes in climate risks; in the long term, qualitative assessments will be used to track action plans to reduce long-term financial impacts.</p> <p>2. Climate Opportunities: Digital services (short-term), green investment and financing (medium-term), sustainable action (long-term); In the short and medium term, we actively assist in promoting electronic transactions, setting green lending business goals, and encouraging investment or issuance of green products and other measures to achieve long-term climate resilience.</p>
3. Describe the financial impact of extreme weather events and transformation actions.	<p>1. Extreme climate events: After evaluation, the impact on Mega Group mainly arises from its operating sites (own operations). Potential financial impacts include increased maintenance costs for location assets. Priority should be given to taking countermeasures to ensure operational resilience, followed by indirect credit risk losses due to the impact on real estate collateral and investment and financing customers.</p> <p>2. Transformation actions: Mega Group passed the Science-Based Reduction Targets (SBTi) review in June 2024, which includes the carbon reduction paths, strategies and targets for its own operations and investment and financing customers. It has set high-carbon emission investment and financing limits to exert financial influence and promote customer engagement and transformation.</p>
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>1. The "Risk Management Policies and Guidelines" of Mega Financial Holding stipulates that each subsidiary should, according to the characteristics of its industry, gradually incorporate into the existing risk management procedures the risks that may be brought about by climate change to the Company's businesses and finances. We also continue to evaluate the negative impacts of the aforementioned risks on the Group.</p> <p>2. In recent years, Mega has completed the amendments of the "Sustainable Development Best Practice Principles", "Sustainable Development Policy", "Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries" and "Guidelines for Divestment Management of the Coal and Non-traditional Oil and Gas Industry". We have strengthened our climate-related risk management by incorporating climate risk factors into our core businesses and operations.</p> <p>3. Mega Group has established an Enterprise Risk Management (ERM) framework, formulated risk management policies and guidelines, and formulated clear management guidelines for market, credit, operations, liquidity risks, capital adequacy, and emerging risks (including climate), as to implement risk control in investment, credit and other related businesses..</p>

5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Scenario analysis: The SSP1-2.6 and SSP5-8.5 climate scenarios proposed in the AR6 assessment report of the United Nations Intergovernmental Panel on Climate Change (IPCC) are used to evaluate the financial impact of the value chain on the Group.
6. If there is a transformation plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformation risks.	Mega has signed the SBTi commitment, officially joined the Partnership for Carbon Accounting Financials (PCAF), and followed the SBTi recommendations to conduct an inventory of carbon emissions from investment and financing portfolios and carbon reduction pathway planning, which includes the carbon reduction pathways and goals of scopes 1 and 2 and scope 3 investment and financing in 2030 and net-zero emissions in 2050. We have also set up investment and financing limits to strengthen the control of transformation risks.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be described.	Referring to the net zero scenario of the Network for Greening the Financial System (NGFS), the estimated carbon value in 2030 (approximately US\$115/ton) is used to evaluate and manage the carbon risks of investment and financing objects. In the future, we will continue to pay attention to changes in domestic and foreign carbon pricing mechanisms and make timely adjustments.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, and the progress achieved each year should be described. If carbon credits or T-RECs are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be described.	<ol style="list-style-type: none"> 1. Greenhouse gas emission scope: The scope is scope 1, scope 2 and scope 3 investment and financing. 2. Planning schedule: Carbon reduction targets and carbon reduction pathways for scope 1, scope 2 and scope 3 investment and financing in 2030 have been set according to the SBT methodology, which were reviewed and approved by the SBTi organization in June 2024. 3. Carbon credits or T-RECs: Considering the unstable supply of T-RECs and soaring prices year by year, in order to achieve the Group's SBT target, the proportion of renewable electricity will be gradually increased in the power usage at the headquarters of financial holding and its subsidiaries from 2024. In 2024, Mega Group used a total of 9,381,000kWh of renewable electricity, which is expected to reduce 4,634.21 tons CO₂e. In 2025, Mega Group's main headquarters building is expected to use more than 60% renewable electricity. It aims to use 100% renewable energy in its domestic operating sites in 2030 and 100% in its global operating sites in 2050.
9. Greenhouse gas inventory and assurance status and reduction targets, strategies and concrete action plans (separately completed in 1-1 and 1-2).	Refer to 1-1 and 1-2 for descriptions.

1-1 Greenhouse gas inventory and assurance in last two years

1-1-1 Information on greenhouse gas inventory

Describe greenhouse gas emissions in last 2 years (tons CO₂e), intensity (tons CO₂e/NT\$million), and scope of data.

1. In 2023, direct greenhouse gas emissions (scope 1) were 2,264.18 tons CO₂e, with an intensity of 0.00002928 tons CO₂e/NT\$1,000. Indirect energy emissions (scope 2) were 18,779.22 tons CO₂e, with an intensity of 0.00024287 tons CO₂e/NT\$1,000. Other indirect emissions (scope 3) were 8,947,787.52 tons CO₂e. The scope of the data covers the domestic and oversea operation sites..
2. In 2024, direct greenhouse gas emissions (scope 1) were 2,638.86 tons CO₂e, with an intensity of 0.00003161 tons CO₂e/NT\$1,000. Indirect energy emissions (scope 2) were 14,928.72 tons CO₂e, with an intensity of 0.00017882 tons CO₂e/NT\$1,000. Other indirect emissions (scope 3) were 9,126,861.94 tons CO₂e (For verified GHG data, please refer to the 2024 Sustainability Report). The scope of the data covers the domestic and oversea operation sites.

Note 1: Direct emissions (scope 1, that is, directly from emission sources owned or controlled by the Company), indirect energy emissions (scope 2, that is, indirect greenhouse gas emissions from the input of electricity, heat or steam) and other indirect emissions (scope 3, that is, emissions generated by Company activities, which are not indirect energy emissions, but come from emission sources owned or controlled by other companies).

Note 2: The coverage of direct emissions and indirect energy emissions data shall be based on the schedule specified in Article 10, Paragraph 1, Item 4, Item 6 of the "Standards on Matters to be Recorded in Annual Reports of Financial Holding Companies" (hereinafter referred to as the "Standards"). Information on other indirect emissions may be disclosed on a voluntary basis.

Note 3: Greenhouse gas inventory guidelines: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or turnover, but at least the data calculated in terms of turnover (NT\$ million) should be described.



1-1-2 Information on greenhouse gas assurance

Describe the assurance status in last 2 years, including assurance scope, assurance institution, assurance guidelines and assurance opinions.

1. Of the total greenhouse gas emissions disclosed in 2023, 8,968,830.92 tons CO₂e (accounting for 100% of the total emissions from domestic sites) were assured by the assurance institution using ISO 14064-3 guidelines, measured by the market basis.
2. Of the total greenhouse gas emissions disclosed in 2024, 9,144,429.52 tons CO₂e (accounting for 100% of the total emissions from domestic sites) were assured by the assurance institution using ISO 14064-3 guidelines, measured by the market basis.

Note 1: The timeline shall be followed under Article 10, Paragraph 1, Item 4, Item 6 of the Standards. If a company has not obtained a complete greenhouse gas assurance opinion by the publication date of the annual report, it shall indicate "complete assurance information will be disclosed in the sustainability report." If a company has not prepared a sustainability report, it shall indicate "complete assurance information will be disclosed at the Public Information Observation Center" and disclose the complete assurance information in the annual report of the following year.

Note 2: The assurance institution should comply with the relevant requirements for assurance institutions on sustainability reports stipulated by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Note 3: The disclosure content can be found in the Best Practice Reference Example on the website of the Taiwan Stock Exchange Corporation.

1-2 Greenhouse gas reduction targets, strategies and concrete action plans

Describe the base year for greenhouse gas reduction and the data, reduction targets, strategies, concrete action plans, and progress.

1. Base year for greenhouse gas reduction and the data: In the base year of 2022, scopes 1+2 greenhouse gas emissions amounted to 21,936.43 tons CO₂e. In the base year of 2022, scope 3 investment and financing greenhouse gas emissions amounted to 5,383,460.85 tons CO₂e. (PCAF methodology is adopted)
2. Reduction targets:
 - (1)Scope 1 and 2
 - A. Short-term goal: To reduce scopes 1+2 greenhouse gas emissions by 10.5% by 2024 with 2022 as the base year.
 - B. Mid-term goal: To reduce scopes 1+2 greenhouse gas emissions by 42% by 2030 with 2022 as the base year.
 - (2)Scope 3:
 - A. Investment reduction targets: proportion of investment position subjects with SBT targets increasing to 39.6% in the target year (2028) compared to the base year (2022).
 - B. Financing reduction targets:
 - (A)Electricity project financing: provide financing for renewable energy generation projects only by 2030;
 - (B)Electricity-related loans: 40.7% reduction in emission intensity of electricity generation related loans by 2030 compared to the base year (2022);
 - (C)Commercial real estate loans: 50% reduction in emission intensity of commercial real estate loans by 2030 compared to the base year (2022) from 2023 onwards;
 - (D)Long-term loans for companies in the service/commercial construction sector: 50% reduction in emission intensity of long-term loans for companies in the service/commercial construction sector by 2030 compared to the base year (2022);
 - (E)Corporate loan portfolio positions (covering oil and gas petrochemical industry, electronic manufacturing industry, automobile industry, and transportation industry): 35% of credit customers of the corporate loan portfolio positions to complete SBT setup by 2028 compared to the base year (2022).
3. Concrete action plans:
 - (1)Encourage public transportation to reduce gasoline use. Adoption of eco-labeled cars, hybrid vehicles and electric motorcycles for the leasing of public vehicles.
 - (2)The number of hybrid vehicles purchased in 2024 reached 80% of the total number of vehicles purchased during the year, and it is planned to reach 100% of the total number of vehicles purchased during the year by 2026.
 - (3)Use LED energy-saving lamps and energy-saving ice water dispensers, and install sensor devices to automatically turn off the lighting.
 - (4)Control electricity consumption according to the power conservation plan implemented by Taiwan Power Company. Promote energy conservation through carbon reduction advocacy.
 - (5)Continue to strengthen sustainable (green) loan services.
 - (6)Help clients accelerate transition to low carbon and continue strengthening engagement with clients.
 - (7)Establish limits on investment and financing for high carbon emission industries and gradually reduce the investment and financing position of high-carbon emission industries.
 - (8)Commitment to withdraw from coal-related industries:
 - A. Stop undertaking investment in and financing for coal mining and non-traditional oil and gas industries.
 - B. Stop undertaking investment in power plants that generate >50% of electricity from coal.
 - C. Stop financing projects that involve coal-fired power generation plant.
 - D. Achieve complete divestment from coal-fired power plants by 2040 latest.
 - (9)Establish principle for divestment management in the coal and unconventional oil and gas industries to guide enterprises in making sustainable transformation.
 - (10)Establish the SBT investment list and include whether to join or commit to SBT in the pre-investment evaluation mechanism.
 - (11)Incorporate customer carbon emission management into ESG risk assessment and use it as the basis for investment and financing decisions.
 - (12)Establish an investment and financing carbon inventory system to improve the quality of carbon inventory data.
4. Progress of reduction targets:
 - (1)Scope 1 and 2: A decrease of 19.92% in 2024 compared with the base year (2022).
 - (2)Scope 3(base year is 2022):
 - A. Investment position: The 2024 investment position target of 24.03% has completed the SBT setup(19.42%).
 - B. Financing position:
 - (A) In 2024, electricity generation project financing, electricity generation-related loans, corporate long-term loans-service/commercial construction industry and corporate long-term loans etc., are all in line with the carbon reduction path goals.
 - (B) Commercial Property Loans: 9.94% reduction in emissions intensity in 2024 compared to base year.

Note 1: The timeframe shall be as per Article 10, Paragraph 1, Item 4, Item 6 of the Standards.

Note 2: The base year should be the year in which the review is completed based on the consolidated financial reporting. For example, according to the provisions of Article 10, Paragraph 1, Item 4, Item 6 of the Standards, companies with a capital of more than NT\$10 billion should complete 2024 inventory review in 2025. Thus the base year is 2024. If the company has completed the review of the consolidated financial report in advance, the earlier year should be used as the base year. The data can be calculated as the average of a single year or several years.

Note 3: For disclosure content, please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

2.3.7 Ethical Corporate Management Implementation and The Discrepancies between Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Its Reasons

Assessment	Implementation status			Discrepancies and its reasons
	Yes	No	Explanation	
1. Establishing ethics policy and implementation measures				
(1) Does the company formulate the ethical management policies approved by the board of directors, clearly specify ethical corporate management policies, guidelines and the commitments of the board of directors and management team to implement the policies actively in relevant guide lines and external documents?	V		The Company's "Principles for Ethical Management " and" Code of Ethical Conduct", which are approved by the Board of Directors, reported to the shareholders meeting, and posted on the MOPS and the Company's website, clearly specify the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies. Directors, managerial officers and employees are required to carry out the policies.	None
(2) Does the company establish unethical conduct risk evaluation mechanism and periodically analyze and evaluate the operating activities with higher possibility of unethical conduct within operation scope, and set up unethical conduct prevention act accordingly and at least include the prevention measures in Article 7 section 2 of Ethical Corporate Management Best Practice Principles?	V		The Company and its subsidiaries enacted "Ethical Management Operating Procedures and Behavior Guidelines" clearly stating that the following unethical behavior is prohibited: taking and paying bribes, providing illegal political contributions, making inappropriate charity donations or sponsorship, and providing or accepting unreasonable gifts, hospitality, or other improper benefits. Relevant operational procedures, disciplinary rules for violations and appeal channel are also stated in the Guideline. The Company periodically analyzes and evaluates the risk of unethical conduct of the operating activities with higher possibility of unethical conduct within operation scope and set up unethical conduct prevention act and internal control system accordingly.	None
(3) Does the Company explicitly set up operation procedures, conduct guideline, disciplinary rules for violations and appeal channel in the unethical conduct prevention act, and implement, periodically review and amend the act as mentioned?	V		In order to prevent unethical behavior, the Company requires and proactively promote that directors, managerial officers and employees should not demonstrate unethical behavior as prohibited in the "Principles for Ethical Management" and "Code of Ethical Conduct." In addition, the Company conducts various preventative measures, including: establishment of rigorous accounting system, internal control and internal audit system, and a whistle-blowing system, encouraging report of illegal and unethical behaviors by insiders or outsiders. Also the Company periodically evaluates the compliance status in relevant operations.	None
2. Implementation of ethical corporate management:				
(1) Does the company assess ethical records of business counterparties? Does the Company include ethical-conduct-related clauses in the business contracts?	V		The Company and its subsidiaries take into consideration ethical records of transaction counterparties and avoid transactions with companies tainted by unethical practices. When entering into contracts with suppliers, the Company includes in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.	None

Assessment	Implementation status			Discrepancies and its reasons
	Yes	No	Explanation	
(2) Does the company set up dedicated unit under the board of directors in charge of promotion of the ethical corporate management and report the execution/supervision to the board of directors periodically (at least once a year)?	V		To strengthen the function of ethical management duty unit, the 22nd meeting of the 7th term of Board of Directors approved to establish Ethical Management Committee on March 24, 2020. Currently, the third committee invites five independent directors of the Company to serve as members, and independent director Tsai-Jyh Chen serves as the convener. The major function of the committee is to supervise the planning and implementation of the CSR and ethical corporate management. Principles for Ethical Management and the unethical conduct prevention acts and the implementation are submitted to the board meeting at least once every year.	None
(3) Does the company establish policies to prevent conflicts of interest, provides appropriate communication channels and implement the policies?	V		The Company and its subsidiaries have set up the "Procedure for Board of Directors Meetings" which specifies that if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. This rule has been well enforced and practiced. The Company's "Code of Ethical Conduct" also stipulates that directors and managerial officers should not take advantage of their position in the Company to obtain improper benefits for themselves or their spouse, parents, children, or relatives within the second degree of kinship.	None
(4) Does the company establish effective accounting systems and internal control systems for the implementation of policies, and the internal audit units forms relevant audit plan based on the risk evaluation result of unethical conduct to audit the implementation situation of unethical conduct prevention or mandate the external auditor to audit the matter?	V		The Company and its subsidiaries have established an accounting system which is updated according to the laws and regulations of the competent authority and the Company's financial statements are audited or reviewed the external auditors. Additionally, to ensure adherence to the internal control system, aside from internal audits performed by the internal audit staff regularly, each department performs a self-inspection on the internal control system at least once a year. The external auditor also regularly conducts random examination on the implementation status of the company's internal control system. In 2024 there was no unethical behaviors reported within the Group.	None
(5) Does the company periodically provide internal or external training courses of ethics corporate management?	V		The Company and its subsidiaries periodically organize ethical corporate management training. On October 4, 2024, an ethical management and insider trading prevention training was held with EVP Yu-Chi Chen of KPMG Taiwan and Yen-Shu Tsai of Lee & Li Law as main speakers. Attendees include directors, managerial officers, employee, mandates, beneficial owners and relevant parties doing business with the Company. The completion rate of the employee is 100%, the same with 2023. In 2024, a total of 9,218 employees participating in relevant internal and external ethical management training, completion rate of 99.3%, equivalent to 99.5% in 2023.	None

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Assessment	Implementation status			Discrepancies and its reasons
	Yes	No	Explanation	
3.The channels for reporting and the operation. (1) Does the company set up specific reporting and reward system, convenient reporting channel and assign appropriate and dedicated unit to handle the case?	V		The Company's Guidelines for Handling of Whistle-Blowing clearly defines whistle-blowing incentive measures and reporting means as follows: (1)Hotline: (02)2395-6128 (2)Email: law@megaholdings.com.tw or send to the legal compliance department at 14F, No.123, Sec. 2, Zhongxiao E. Rd, Taipei City. (3)Unit to handle whistle-blowing: Legal Compliance Department.	None
(2) Does the company establish standard operation procedures for the investigation, following measures, and confidentiality mechanism?	V		The Company's Guidelines for Handling of Whistle-Blowing clearly specify that whistleblowers' identity and report contents shall be kept confidential. Standard operating procedures for reporting of unethical conduct are in place, which include case acceptance, investigation, reporting line of the investigation, punishment and reward, retention period of documents, etc. The investigation process and result should be kept in paper and electronic form and preserve at least 7 years. If a litigation involves, the relevant data should be kept till the closure of the litigation. The result of the reported cases should be informed by paper or other ways to the whistle blowers.	None
(3) Does the company adopt protection measures of unfair treatment for whistle blowers?	V		The Company protects whistleblowers, including keeping their identity and report contents confidential. No unfair treatment or punishment will be given due to the content of the reports given by whistleblowers. In 2024, there were total 12 cases filed in the Company. After investigation, there were 3 cases established. In addition, in 2024, the subsidiaries received a total of 17 reports, of which 1 case is under investigation and 5 cases were confirmed after investigation. Among them, 3 cases included colleagues of the bank subsidiary leaking internal bank information and customer card information via e-mail, and non-compliant transfer procedures to the warehouse; the other 2 cases involved colleagues of the securities subsidiary soliciting business and managers replacing shareholders' meeting souvenirs. Both companies have strengthened training education for their colleagues, and depending on the individual case, refer matters to the personnel evaluation committee for deliberation and appropriate action.	None
4. Enhancing disclosure of information. Does the company disclose the content and the implementation status of the Ethical Corporate Management Principles on the Company's website and MOPS?	V		The Company discloses the content and the implementation status of its Principles for Ethical Management on the Company's website. The implementation results in 2024 including: training courses of ethical corporate management promoting the concept of integrity and ethical value, no transaction with counterparty having unethical record; No reported cases of unethical operation for directors, managerial officers, and employee.	None
5. If the company has established Ethical Corporate Management Principles based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: The Company and its subsidiaries have enacted "Ethical Corporate Management Principles" and "Procedures for Ethical Management and Guidelines for Conduct." Every operation follows the above-mentioned principles, procedures, and guidelines.				
6. Other important information to facilitate better understanding of the company's Ethical Corporate Management: (e.g. discussions in how the company can further revise its ethical corporate management principles): (1) All donations to related parties are approved by the Board of Directors of the Company, and information of donation and sponsorship is compiled and reported to the Board of Directors every half year. (2) The Company and its subsidiaries at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage the directors, managerial officers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical corporate management.				

2.3.8 Other Important Information: None.



2.3.9 Execution of Internal Control System

A. Internal Control Statement

Mega Financial Holding Co., Ltd.

Internal Control Statement

To: Financial Supervisory Commission, R.O.C.

On behalf of Mega Financial Holding Co., Ltd., we hereby state that from January 1, 2024 to December 31, 2024, the Company has duly complied with the “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries” in establishing its internal control system, implementing risk management, designating an independent and objective audit department to conduct audits, and regularly reporting to the Board of Director and the Audit Committee. After prudent evaluation, except for items listed in the schedule, the internal controls and legal compliance of each department have been in effect during the year, this Statement will be included as the main content of the Company’s annual report and prospectus, and be published to the public. If there is any illegal activity such as fraud or concealment, legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be involved.

Chairman : Ray Beam Dawn

President : Yu-Mei Hsiao

Chief Auditor : Ling-Chiun Lin

Chief Compliance Officer: Nian-Tzy Yeh

March 25, 2025

Schedule: Internal Control Weaknesses and Improvement Plans

As of December 31, 2024

Items to be reinforced	Improvement Measures	Estimated Completion Time of Improvement
Mega International Bank 1. The Manila branch failed to submit reports within the deadline required by the Central Bank of the Philippines or the reporting information was incorrect. Supervision of the bank's legal compliance should be strengthened, and improvements in the accounting department should be tracked.	1. Supplement the manpower of the branch accounting department, strengthen education and training, and carry out job rotation within the department from time to time to avoid affecting the normal operation of the business due to personnel changes. 2. The Chief Risk Officer of the branch will serve as the supervisor of the second line of defense and urge all reports to be submitted on the business day before the deadline. 3. An external consultant has been engaged to design the working papers, which have been continuously optimized by the local accounting supervisor in accordance with the validation rules of the Central Bank of the Philippines. In addition, a software developer has been engaged to promote automate report generation to reduce human errors. 4. The senior management meeting of the branch fully discussed the implementation results of the central bank reporting verification operation to strengthen the reliability of the reporting content. The accounting department made improvements based on the discussion results.	1.Improved by relevant measures. 2.Improved by relevant measures. 3.Scheduled to be done before the end of June, 2025. 4.Scheduled to be done before the end of August, 2025.
2. Inadequate effectiveness of the second and third lines of defense supervision of the subsidiary in Thailand; Failure to establish a proper check and balance mechanism for credit business and many deficiencies in the operating procedures.	1. Appoint external consultants to review the differences between the regulations of the Central Bank of Thailand and the internal major transaction operating procedures, various important reports, and the complete credit business process (including credit review) of the subsidiary in Thailand, and revise the operating rules accordingly; conduct internal audit quality assessments to optimize the quality of internal audit operations. 2. Formulate a risk-based credit review plan for 2025 . 3. Adjust the division of labor between the front and back offices of the credit investigation department to ensure checks and balances and independence. 4. Add/revise credit regulations and improve operating procedures, strengthen debtor repayment capacity analysis, ensure the accuracy of asset classification, deposits and write-offs of bad debts, and strengthen post-loan monitoring measures for high-risk borrowers.	1, 4: The subsidiary in Thailand has added/ revised credit regulations and improved operating procedures based on the inspection opinions, and provided them to external consultants for review. External consultants have issued a report on the analysis of differences between internal and external regulations, a review of the complete credit business process, and an internal audit quality assessment. The subsidiary in Thailand will optimize its operating regulations based on the report, which is expected to be completed by the end of March 2025. 2.Scheduled to be done before the end of Feb., 2025. 3.Improved by relevant measures.
Mega Securities Co., Ltd. When reviewing clients' applications for financing limits, Da'an and Huwei branches failed to include clients with related relationships in the related account management control. Da'an Branch sold total loss-absorbing capacity bonds (TLAC) to clients who were not professional investors. Huwei Branch accepted clients' entrustment to buy foreign securities that did not reach the BBB rating, and failed to disclose the investment risks to clients upon entrustment buying. These incidents violated the regulations governing securities firms, and were corrected and fined NT\$300,000 by the FSC on May 27, 2024.	The following measures were adopted to mitigate legal violations: 1. Regarding the issue of customers with related relationships not being included in the related account management control, after investigation, an information request was submitted on November 29, 2023 to revise the inclusion principle, and the improvement was completed and announced on February 5, 2024. 2. Regarding the sale of total loss-absorbing capacity bonds (TLAC) to clients who were not professional investors, a new TLAC product verification and judgment method has been launched on May 21, 2024. The system has been updated daily with basic product information from Bloomberg. If a client is found to have mistakenly bought a TLAC bond, the client will be notified as soon as possible to fulfill the duty of care. 3. Regarding accepting clients' entrustment to buy foreign securities that do not reach BBB rating and failing to disclose investment risks to clients upon entrustment buying, the template of audio recording regarding business personnel accepting bond entrustment has been revised. The bond credit rating has been added to the recording items. Business personnel are required to implement this procedure. Announcements have been made to branches to promote improvement measures on November 22, 2023 and February 26, 2024, respectively.	Improved by relevant measures.



Items to be reinforced	Improvement Measures	Estimated Completion Time of Improvement
Chung Kuo Insurance Co., Ltd. The Representative Office in Guam had inadequate procedures for account applications and authorized personnel changes at the custodian institution. In May 2024, the FSC conducted a general business inspection and listed internal control operations that should be strengthened and improved.	The appropriateness of the account authority application and authorized personnel change operations at the custodian institution has been reviewed, and internal regulations have been revised to facilitate compliance.	Improved by relevant measures.

B. Report of Independent Auditor appointed to conduct special audit on the company's internal control system: None.

2.3.10 Major Resolutions of Shareholders' Meeting and Board Meetings in 2024

A. Important resolution of 2024 shareholders' meeting:

a. Approved the 2023 Business Report and Consolidated Financial Statements

Implementation status: The 2023 Business Report and Consolidated Financial Statements have been filed with FSC on July 2, 2024.

b. Approved the 2023 earning distribution proposal

Implementation status: The meeting resolved to pay cash dividend of \$1.50 per share totaled NT\$21,602,007,207 and stock dividend of \$0.30 per share with an aggregate amount of NT\$4,320,401,440. The dividend record date, which was approved by the Board of Directors, was set on August 16, 2024. The cash dividend payment date and the listing date of the shares of increased capital are both September 13, 2024.

c. Approved the amendment to "Articles of Incorporation" of the Company.

Implementation status: The Financial Supervisory Commission has approved the change of registration with the letter No. 1130221235 of the Financial Supervisory Commission on July 19, 2024 and the Ministry of Economic Affairs has approved the change of registration with the letter No. 11330136350 of the Ministry of Economic Affairs on August 26, 2024, and disclosed it on the company's external website.

d. Approved the amendment of the Company's "Procedures for Acquisition or Disposal of Assets".

Implementation status: The information was disclosed on the Public Information Observation Station and the Company's external website on June 21, 2024.

e. Election of the 9th term of the Board of Directors.

Implementation status: The 9th term of board of directors took office on June 21, 2024, with a term of three years, from June 21, 2024 to June 20, 2027.

f. Approved the reliefment of the restriction on directors' non-competition of the 9th term of Board of Directors
 Implementation status: Important information has been published on June 21, 2024.

B. Important resolution of the Board meetings held in 2024:

Meeting date	No. of meeting and terms	Agenda and resolution
January 23, 2024	The 36 th meeting of the 8 th term	Approved the reassignment of directors of Mega Bank, the subsidiary of the Company.
February 29, 2024	The 37 th meeting of the 8 th term	Approved the engagement of the external auditor for 2024 financial statements.
March 12, 2024	The 38 th meeting of the 8 th term	Approved the 2023 consolidated financial statements, 2023 internal control statement, agenda of convening of the 2023 general shareholders' meeting, and allocation of 2023 employees' and directors' compensation.
April 23, 2024	The 39 th meeting of the 8 th term	Approved the 2023 Business Report, 2023 annual surplus distribution and the transfer of surplus to capital increase and the issuance of new shares.
May 28, 2024	The 40 th meeting of the 8 th term	Approved the consolidated financial report for the first quarter of 2024, and the subscription of the cash capital increase of subsidiary Chung Kuo Insurance.
June 21, 2024	The 1 st meeting of the 9 th term	Approved the proposal for the election of the 9th term Chairman of the Board and the reappointment of the President of the Company
July 23, 2024	The 2 nd meeting of the 9 th term	Approved the record date for the 2023 earning distribution and the reassignment of directors of subsidiary Mega Venture Capital.
August 14, 2024	The 3 rd meeting of the 9 th term	Approved the nomination of director Ray Beam Dawn as the Chairman of the Company, and the reassignment of directors of the subsidiary Mega Bank and the planning of the Chairman and President candidates
August 27, 2024	The 4 th meeting of the 9 th term	Approved 2024 Q2 consolidated financial statements.
September 24, 2024	The 5 th meeting of the 9 th term	Approved the successor to the company's Chief Information Security Officer.
November 26, 2024	The 7 th meeting of the 9 th term	Approved the Company's 2024 Q3 consolidated financial statements and the 2025 audit plan.
December 24, 2024	The 8 th meeting of the 9 th term	Approved the budget target of 2025.

2.3.11 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Approved by the Board of Directors in 2024: None.

2.4 Information on External Auditor Fee

Unit: NT\$ thousand

Accounting Firm	Name of CPAs	Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
PricewaterhouseCoopers, Taiwan (PWC)	Puo-Ju Kuo Chung-Hsi Lai	January 1, 2024~ December 31, 2024	2,328	926	3,254	1. Tax certification services fee NT\$562. 2. English financial report translation fee NT\$210. 3. Issuance of new shares by capital increase out of earnings fee NT\$104. 4. The fee of NT\$50 for reviewing the salary information declaration of full-time employees who are not in supervisory positions.

A. Change of accounting firm and the audit fee of the changing year is less than previous year, the amount of audit fee respectively and the reason of change shall be disclosed: None.

B. If there is a more than 10% decrease of audit fee compared to previous year, the amount, percentage and reason shall be disclosed: None.

2.5 Change of External Auditors

2.5.1 Information relating to the former CPA: None.

2.5.2 Information relating to the succeeding CPA: None.

2.5.3 Formal response from former CPA regarding Article 10, Paragraph 6, Subparagraph 1, and Subparagraph 2, Item 3 of the Guidelines: None.

2.6 The Chairman, President, and Managerial Officers in Charge of Finance or Accounting Affairs Who Held Any Position at the Auditing Firm or its Affiliated Companies: None.

2.7 Disclosures of changes in the shareholding (equity transfers and pledges) of directors, managers, and those as required by Article 11 of the Regulations Governing the Holding by a Person or a Related Party of Voting Shares Over Certain Ratio in a Financial Holding Company

2.7.1 Shares Trading with Related Parties:

Public Information Observatory › Single Company › Equity Change › Securities Issuance › Equity Transfer
Information Query › Insider Shareholding Post-Movement Report Form
https://mops.twse.com.tw/mops/#/web/query6_1

2.7.2 Shares Pledge with Related Parties:

Public Information Observatory › Single Company › Equity Change › Securities Issuance › Internal Personnel
Setting Up the Determination › Internal Personnel Setting Up the Determination Quality Announcement
https://mopsov.twse.com.tw/mops/web/STAMAK03_1

2.8 Information on top 10 shareholders by shareholding ratio who among themselves are related parties, spouses, or within the second degree of kinship

As of April 22, 2025

Name	Shareholding		Spouse & Minor children		Shareholding by Nominee Arrangement		The top 10 shareholders with kinship with each other as related person or spouse, second degree relative, etc., their name or name and relationship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Ministry of Finance, R.O.C. (Representative: Tsui-Yun Chuang)	1,216,422,727	8.20	0	0	0	0	Bank of Taiwan, a wholly-owned subsidiary of Taiwan Financial Holding Co., Ltd.	Taiwan Financial Holding Co., Ltd. is wholly-owned by Ministry of Finance	None
National Development Fund, Executive Yuan, R.O.C. (Representative: Chin-Ching Liu)	918,315,505	6.19	0	0	0	0	None	None	None
Chunghwa Post Co., Ltd. (Representative: Kwo-Tsai Wang)	533,162,703	3.59	0	0	0	0	None	None	None
Bank of Taiwan Co., Ltd. (Representative: Jye-Cherng Lyu)	389,212,589	2.62	0	0	0	0	Ministry of Finance	The sole shareholder of parent company Taiwan Financial Holding Co., Ltd.	None
Cathay Life Insurance Co., Ltd (Representative: Ming-Ho Hsiung)	333,255,634	2.25	0	0	0	0	None	None	None
Taiwan Life Insurance Co., Ltd. (Representative: Shu-Po Hsu)	324,842,389	2.19	0	0	0	0	None	None	None
Taishin Bank in custody for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	310,824,964	2.10	0	0	0	0	None	None	None
CTBC Bank in custody for Yuanta Taiwan Dividend Plus ETF special account	292,348,798	1.97	0	0	0	0	None	None	None
New Labor Pension Fund (Representative: Yu-Ching Su)	283,827,339	1.91	0	0	0	0	None	None	None
Citibank Taiwan in custody for the government of Singapore	245,582,552	1.66	0	0	0	0	None	None	None

2.9 Ownership share amount and percentage to the same company invested by the Company and its subsidiaries, by the Company's director and management, and by the companies directly/indirectly controlled by the Company

As of December 31, 2024; unit: shares/%

Long-term Investment	Ownership by Mega FHC (1)		Direct/Indirect Ownership by Directors, Supervisors and Management (2)		Total Ownership (1) + (2)	
	Shares	%	Shares	%	Shares	%
Mega International Commercial Bank Co., Ltd.	9,611,800,000	100	0	0	9,611,800,000	100
Mega Securities Co., Ltd.	1,160,000,000	100	0	0	1,160,000,000	100
Mega Bills Finance Co., Ltd.	1,511,441,084	100	0	0	1,511,441,084	100
Chung Kuo Insurance Co., Ltd.	450,000,001	100	0	0	450,000,001	100
Mega International Investment Trust Co., Ltd.	52,700,000	100	0	0	52,700,000	100
Mega Asset Management Co., Ltd.	215,000,000	100	0	0	215,000,000	100
Mega Venture Capital Co., Ltd.	120,000,000	100	0	0	120,000,000	100
Mega International Commercial Bank Public Co., Ltd.	0	0	500,000,000	100	500,000,000	100
Mega International Investment Services Co., Ltd.	0	0	5,000,000	100	5,000,000	100
Mega Futures Co., Ltd.	0	0	40,000,000	100	40,000,000	100
Cathay Investment & Warehousing S.A	0	0	1,000	100	1,000	100
Mega Management & Consulting Co., Ltd.	0	0	1,000,000	100	1,000,000	100
Yung-Shing Industries Co., Ltd.	0	0	298,668	99.56	298,668	99.56
China Products Trading Co., Ltd.	0	0	68,274	68.27	68,274	68.27
Next Commercial Bank Co., Ltd.	0	0	260,217,000	26.02	260,217,000	26.02
Ramlett Finance Holdings Inc.	0	0	1,500	100	1,500	100
Win Card Co., Ltd.	0	0	200,000	99.56	200,000	99.56
ICBC Assets Management & Consulting Co., Ltd.	0	0	2,000,000	99.56	2,000,000	99.56
Mega Growth Venture Capital Co., Ltd.	0	0	10,626,612	20.08	10,626,612	20.08
Taiwan Finance Corporation	0	0	126,713,700	24.55	126,713,700	24.55
Everstrong Iron & Steel Foundry & Mfg Corp.	0	0	1,760,000	22.22	1,760,000	22.22
China Real Estate Management Co., Ltd.	0	0	10,789,200	16.65	10,789,200	16.65
Universal Venture Capital Investment Corporation	0	0	51,000,000	42.36	51,000,000	42.36

Capital Overview



Capital Overview

3.1 Capital and Shares

3.1.1 Issued Shares

As of April 30, 2025

Month/ Year	Par value (NTD)	Authorized capital		Paid-in capital		Remark	
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of capital	Others
Aug. 2012	10	12,000,000,000	120,000,000,000	11,449,823,983	114,498,239,830	Increase of NT\$ 1,692,092,210 capital through earnings capitalization	Note 1
Dec. 2013	10	14,000,000,000	140,000,000,000	12,449,823,983	124,498,239,830	Increase of NT\$ 10,000,000,000 capital of common stock for cash	Note 2
Dec. 2015	10	22,000,000,000	220,000,000,000	13,599,823,983	135,998,239,830	Increase of NT\$ 11,500,000,000 capital of common stock for cash	Note 3
Aug. 2022	10	22,000,000,000	220,000,000,000	13,939,819,582	139,398,195,820	Increase of NT\$3,399,955,990 capital through earnings capitalization	Note 4
Aug. 2023	10	22,000,000,000	220,000,000,000	14,051,338,138	140,513,381,380	Increase of NT\$1,115,185,560 capital through earnings capitalization	Note 5
Dec. 2023	10	22,000,000,000	220,000,000,000	14,401,338,138	144,013,381,380	Increase of NT\$ 3,500,000,000 capital of common stock for cash	Note 6
Aug. 2024	10	22,000,000,000	220,000,000,000	14,833,378,282	148,333,782,820	Increase of NT\$ 4,320,401,440 capital through earnings capitalization	Note 7

- Note: 1. The capital increase was approved by the letter No. 1010031536 dated July 23, 2012 issued by the Financial Supervisory Commission.
2. The capital increase was approved by the letter No. 1020040445 dated October 14, 2013 issued by the Financial Supervisory Commission.
3. The capital increase was approved by the letter No. 1040040375 dated October 16, 2015 issued by the Financial Supervisory Commission.
4. The capital increase was approved by the Financial Supervisory Commission on July 20, 2022.
5. The capital increase was approved by the Financial Supervisory Commission on July 20, 2023.
6. The capital increase was approved by the letter No. 1120360388 dated November 22, 2023 issued by the Financial Supervisory Commission.
7. The capital increase was approved by the Financial Supervisory Commission on July 17, 2024.

As of April 30, 2025

Type of stock	Authorized capital			Remark
	Issued shares (Note)	Unissued shares	Total	
Common stock	14,833,378,282	7,166,621,718	22,000,000,000	Note

Note: All issued shares are listed on the Taiwan Stock Exchange.

3.1.2 Major Shareholders

As of April 22, 2025

Name of shareholder	Number of common shares	Percentage of shareholding (%)	Percentage of voting rights (%)
Ministry of Finance, R.O.C.	1,216,422,727	8.20	9.12
National Development Fund, Executive Yuan, R.O.C.	918,315,505	6.19	6.88
Chunghwa Post Co., Ltd.	533,162,703	3.59	4.00
Bank of Taiwan Co., Ltd.	389,212,589	2.62	2.92
Cathay Life Insurance Co., Ltd.	333,255,634	2.25	2.50
Taiwan Life Insurance Co., Ltd.	324,842,389	2.19	2.43
Taishin Bank in custody for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	310,824,964	2.10	2.33
CTBC Bank in custody for Yuanta Taiwan Dividend Plus ETF special account	292,348,798	1.97	2.19
New Labor Pension Fund	283,827,339	1.91	2.13
Citibank Taiwan in custody for the government of Singapore	245,582,552	1.66	1.84
Pou Chen Corporation	208,288,378	1.40	1.56
Taiwan Tobacco & Liquor Corporation	192,789,925	1.30	1.44
Standard Chartered Bank in custody for Vanguard Total International Stock Index Fund, a Series of Vanguard Star Funds	167,283,360	1.13	1.25
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	150,568,499	1.02	1.13
CTBC Bank in custody for Yuanta Taiwan Top 50 ETF	148,915,677	1.00	1.12

3.1.3 Dividend Policy and Implementation Status

A. Dividend policy

After paying all taxes and covering its accumulated losses of prior years in accordance with the laws, the Company shall set aside a legal reserve in accordance with the laws. Aside from the aforesaid legal reserve, the Company may set aside special reserve in accordance with laws or its actual needs and may distribute dividends for preferred shares. The remaining balance plus prior years' accumulated undistributed earnings are earnings available for distribution, for which the Company shall appropriate 30% to 100% as earnings distribution subject to the Board of Directors' resolution to propose a distribution plan and to be submitted to the shareholders meeting.

At least 50% of the shareholders' dividends in the above Paragraph shall be paid in cash, and the rest paid by stock dividend. However, the percentage of cash dividend and stock dividend may be adjusted by resolution at a shareholders' meeting.

B. Proposed Distribution of Profits

It is proposed to submit to the Company's annual shareholders' meeting for its approval of distribution of NT\$ 23,733,405,251 cash dividends, which is NT\$ 1.6 per share.

3.1.4 Impact to Business Performance and EPS of Stock Dividend Distribution to Be Approved by Annual Shareholders' Meeting in 2024

According to "Regulations Governing the Publication of Financial Forecasts of Public Companies" and "Standards for Determining Whether a TWSE Listed Company Shall Publish Complete Financial Forecasts," the item is not applicable because there are no publication of 2024 financial forecasts.

3.1.5 Remuneration of employees, directors, and supervisors

A. Employee and director remuneration prescribed by the Company's Articles of Incorporation

According to the Company's Articles of Incorporation, the current year earnings (pre-tax income before deducting employees' and directors' remuneration) of the Company shall first be used to cover the accumulated losses, and the remaining balance shall be appropriated 0.02% to 0.15% as employees' remuneration and not more than 0.5% as directors' remuneration.

B. Basis of estimated remuneration of employees and directors for 2024

The remuneration of employees and directors of the Company in 2024 is based on the profitability of the current year (profit before tax minus the profit before the distribution of employee and directors remuneration). The balance after making up for the accumulated losses shall be allocated in accordance with the provisions of the Articles of Incorporation and considering the distribution of the industry peers and the Company in previous years. If the actual distribution amount is different from the estimated number, it will be treated as the change in accounting estimates and will be adjusted and recorded in the next year.

C. Distribution of remuneration approved by the Board of Directors

On April 22, 2025, the Company's Board of Directors approved a cash distribution of NTD 29,769,390 for employees' remuneration and NTD 166,793,984 for directors' remuneration for 2024. The employees' remuneration is NTD 5,022,268 more than the estimated amount on the account. This was due to the estimation difference and will be adjusted and recorded in 2025. There is no distribution of employee remuneration by company shares.

D. Actual distribution of employees and directors remuneration in the previous year

The remuneration of employees and directors of the Company in 2023 allotted NT\$ 25,347,508 and NT\$ 166,759,926 in accordance with the resolutions of the Board of Directors, the sum of which was NT\$ 933,518 more than the estimated amount on the account, and was due to estimation difference. It has been adjusted and recorded in 2024. The above-mentioned remuneration of employees and directors was paid in cash, and there was no distribution of employee remuneration by company shares.

3.1.6 Share Buyback: None

3.2 Issuance of Corporate Bonds:

Corporate bond category		109-1 unsecured corporate bonds A	109-2 unsecured corporate bonds B
Issuance (handling) status		May 27, 2020	
Denomination		NT\$ 1 million	
Issuance and trading place		Taipei Exchange	
Issue price		At 100% of face value	
Issue size		NT\$ 3.2 billion	NT\$ 1.8 billion
Coupon rate		Fixed rate 0.66%	Fixed rate 0.71%
Maturity		7 years Due May 27, 2027	10 years Due May 27, 2030
Repayment priority		Senior debts	
Guarantor		None	
Trustee		Trust Department of Taipei Fubon Commercial Bank Co., Ltd.	
Underwriter		Mega Securities Co., Ltd.	
Certifying attorney		Chung-Chieh Yu Law Firm; Chung-Chieh Yu, Attorney	
Auditor		PricewaterhouseCoopers, Taiwan; Shu-Mei Chi, CPA	
Method of repayment		Full repayment at maturity date	
Outstanding principal		NT\$ 3.2 billion	NT\$ 1.8 billion
Redemption or prepayment terms		None	
Restrictive clauses		None	
Whether regarded as eligible capital		No	
Rating agency, date of rating, and rating awarded		None	
Other rights	The amount of ordinary shares, global receipts or other securities converted (exchanged or subscribed) up to the publication date of the annual report	None	
	Issuance and conversion (exchange or subscription) terms	None	
Possible dilution of equity and impact on equity of existing shareholders due to subscription or issue terms of issuance, conversion, and exchange of corporate bonds		None	
Custodian of exchanged assets		None	

Capital Overview

Corporate bond category		112-1 unsecured corporate bonds A	112-2 unsecured corporate bonds B	112-3 unsecured corporate bonds C
Issuance (handling) status		August 24 2023		
Denomination		NT\$ 1 million		
Issuance and trading place		Taipei Exchange		
Issue price		At 100% of face value		
Issue size		NT\$ 1.2 billion	NT\$ 6.6 billion	NT\$ 2.2 billion
Coupon rate		Fixed rate 1.50%	Fixed rate 1.60%	Fixed rate 1.64%
Maturity		3 years Due August 24, 2026	5 years Due August 24, 2028	7 years Due August 24, 2030
Repayment priority		Senior debts		
Guarantor		None		
Trustee		Trust Department of Taipei Fubon Commercial Bank Co., Ltd.		
Underwriter		Mega Securities Co., Ltd.		
Certifying attorney		Chung-Chieh Yu Law Firm; Chung-Chieh Yu , Attorney		
Auditor		PricewaterhouseCoopers, Taiwan; Puo-Ju Kuo, CPA		
Method of repayment		Full repayment at maturity date		
Outstanding principal		NT\$ 1.2 billion	NT\$ 6.6 billion	NT\$ 2.2 billion
Redemption or prepayment terms		None		
Restrictive clauses		None		
Whether regarded as eligible capital		No		
Rating agency, date of rating, and rating awarded		None		
Other rights	The amount of ordinary shares, global receipts or other securities converted (exchanged or subscribed) up to the publication date of the annual report	None		
	Issuance and conversion (exchange or subscription) terms	None		
Possible dilution of equity and impact on equity of existing shareholders due to subscription or issue terms of issuance, conversion, and exchange of corporate bonds		None		
Custodian of exchanged assets		None		

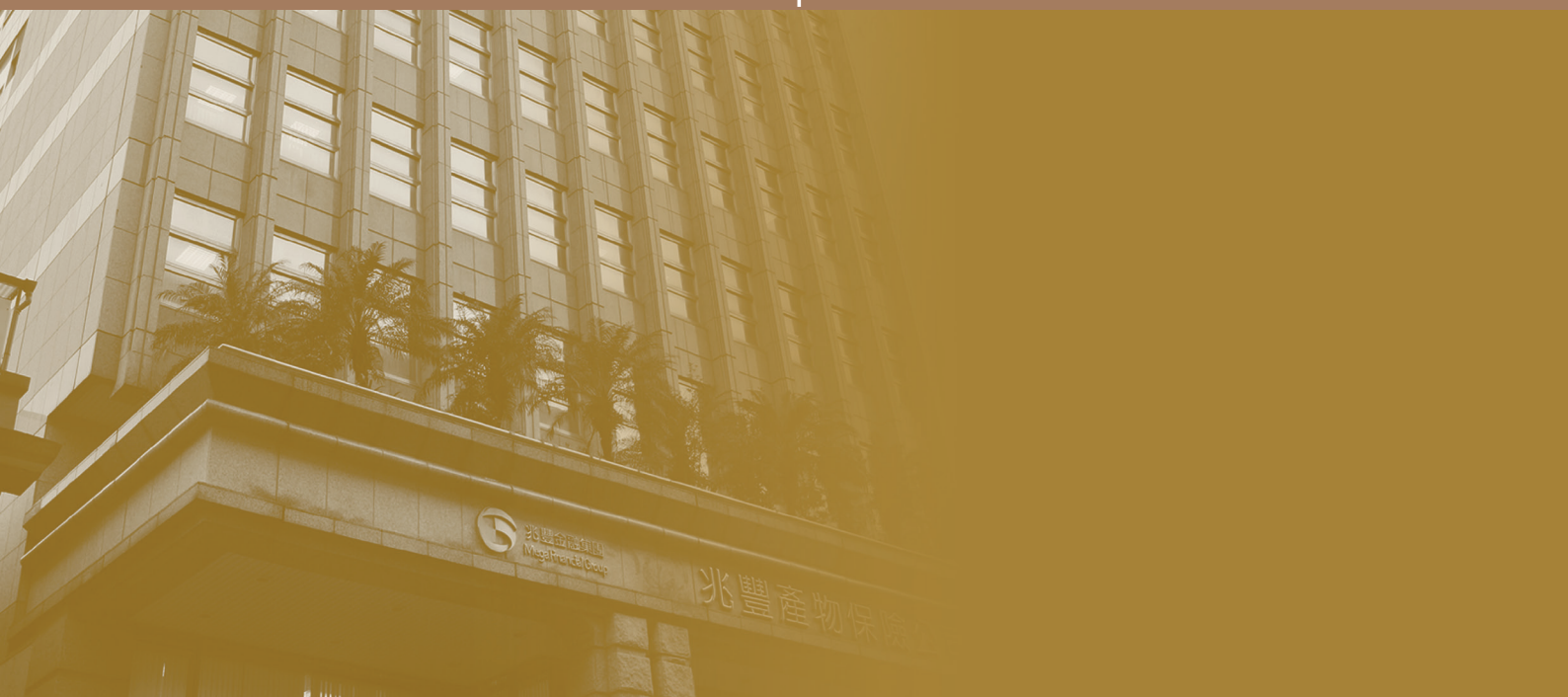
3.3 Preferred Stock, Issuance of Depositary Receipts, Employee Stock Options, New Restricted Employee Shares: None.

3.4 Mergers with or Acquisitions of Other Financial Institutions: None.

3.5 Capital Utilization Plans and Execution Status: None.



Operational Overview



Operational Overview

4.1 Business Overview

The Company has 7 directly owned subsidiaries including Mega International Commercial Bank Co., Ltd., Mega Securities Co., Ltd., Mega Bills Finance Co., Ltd., Chung Kuo Insurance Co., Ltd., Mega International Investment Trust Co., Ltd., Mega Asset Management Co., Ltd. and Mega Venture Capital Co., Ltd. The Company and its subsidiaries' business overview are described as follows.

4.1.1 Business Scope

Mega Financial Holding Co., Ltd.

A. Major business

A financial holding company shall be limited to invest in and manage of specific scope of businesses including financial holding, banking, bills finance, credit card, trust, insurance, securities, futures, and venture capital. The Company may also apply for the investment in banking-related businesses other than those listed or foreign financial institutions, subject to the approval of the competent authority.

B. Revenue Breakdown

Unit: NT\$1,000

Item	Year	2024		2023	
		Amount	%	Amount	%
Investment income from equity investments accounted for by the equity method		33,910,688	99.46	33,981,072	99.75
Other operating revenue		183,843	0.54	83,528	0.25
Total		34,094,531	100.00	34,064,600	100.00

C. New products and services planned for the future: not applicable.

Mega International Commercial Bank Co., Ltd.

A. Major business

- Corporate Finance Services: including various corporate lending, project margin trading, policy loans, syndicated loans, SME loans, sustainable finance loans, overdraft/discount, domestic letter of credit development, guarantee services, accounts receivable financing, underwriting services, and financial advisory
- Consumer Finance Services: including home purchase or renovation loans, personal finance loans, other consumer loans, wealth management and private banking services, specific money trust investments in domestic and foreign securities (funds/bonds), various trusts, custody services, credit card services, and life insurance agency business
- Deposit, Foreign Exchange, and Agency Services: Including various types of deposits, import and export businesses, buying and selling foreign currency notes, domestic and foreign currency exchange businesses, safe deposit box services, agency payment services, agency treasury services, agency securities issuance services, and agency dividend distribution services
- Finance and investment business: handling NT\$/foreign currency fund allocation business, foreign exchange business, securities trading business, direct equity investment business, financial commodity marketing and derivative financial commodity business, securities underwriting business, etc.
- Digital financial services: Handle digital financial services such as general online banking, global financial network, mobile banking APP, telephone banking, online ATM, national bill payment, bank official website, OPEN API, big data, and blockchain confirmation
- Other business approved by the competent authority



B. Revenue Breakdown

Unit: NT\$1,000

Item	Year	2024		2023	
		Amount	%	Amount	%
Net interest revenue		37,247,350	54.29	36,580,393	53.20
Net revenue other than interest		31,361,770	45.71	32,182,112	46.80
Net service fee revenue and commission		9,295,912	13.55	7,437,831	10.82
Gains on financial assets and liabilities at fair value through profit or loss		16,056,571	23.40	19,438,278	28.27
Realized gain on financial assets at fair value through other comprehensive income		2,102,241	3.06	1,929,566	2.81
Benefit / loss arising from derecognition of financial assets measured at amortized cost		194,368	0.28	2	0.00
Foreign exchange gains		2,968,153	4.33	2,435,219	3.54
Impairment losses on assets		33,215	0.05	(66,481)	-0.10
Share of profit of associates and joint ventures accounted for using equity method		266,573	0.39	574,103	0.83
Net other revenue other than interest income		444,737	0.65	433,594	0.63
Net revenue		68,609,120	100.00	68,762,505	100.00

C. New products and services planned for the future

In response to the trend of digital development in finance, Mega Bank has formulated a comprehensive digital, data and field development strategy, deepened the development of AI and big data application scenarios, and expanded the scope of smart financial services by introducing large language models. Mega Bank has used the key middle platforms built by the new core system to accelerate the integration and development of product functions, and through cross-industry alliances and cooperation, the bank has connected information flows and financial flows in an API manner to embed financial services into the partner field. The bank has worked with financial companies and other financial institutions to jointly establish a cross-system identity verification interoperability mechanism, promote a digital trust financial environment, and establish a financial Fast-ID verification transfer platform. The bank has used the Fast-ID verification mechanism to expand the coverage of business application scenarios, optimize the financial service experience, and use a cross-system digital identity verification common mechanism to enhance the security of online services, strengthen the security of various online transactions, and reduce the probability of identity forgery. In response to the revision of the Electronic Signature Act, Mega Bank plans to provide corporate customers with the ability to transmit business application documents and supporting data files on an electronic operating platform with digital certificates, replacing the exchange of paper application documents, expanding corporate application scenarios, and quickly providing customers with more convenient and secure digital financial services.

Mega Securities Co., Ltd.

A. Major business

1. Business activities

- Entrusted with trading securities in the centralized trading market.
- Entrusted with trading securities at the business premises of a securities firm.
- Trade securities in the centralized trading market.
- Trade securities at the business premises of a securities firm.

- e. Underwrite securities.
- f. Agency for stock affairs.
- g. Margin trading and short-selling services.
- h. Entrusted to trade foreign securities.
- i. Auxiliary business for futures trading.
- j. Engage in futures proprietary business.
- k. Trust for nondiscretionary individually managed money.
- l. Trust for nondiscretionary individually managed securities.
- m. Trust securities lending business with nondiscretionary individually managed securities.
- n. Other businesses approved by the competent authority.

B. Revenue Breakdown

Unit: NT\$1,000

Item	Year	2024		2023	
		Amount	%	Amount	%
Brokerage business		5,705,429	67.26	4,099,992	63.13
Underwriting business		792,743	9.35	749,669	11.54
Proprietary trading business		1,747,094	20.60	1,427,903	21.99
Others		237,157	2.80	217,058	3.34
Total revenue		8,482,423	100.00	6,494,622	100.00

C. New products and services planned for the future

The company evaluates and undertakes products in a timely manner in accordance with the opening policies of the competent authorities and the group planning of Mega Holdings; at the same time, it measures business development and customer needs, provides financial management services and products, and continues to build or optimize related system platforms. The company is committed to the balanced development of each product line and diversified product services, and improves operating performance and customer satisfaction by strengthening and upgrading information systems and services.

The new financial products or businesses planned to be developed in 2025 are mainly as follows:

1. In line with the capital market blueprint promoted by the FSC, it is planned to prepare for the establishment of sub-brokerage financing business and lending business of overseas securities in accordance with the progress of the competent authority.
2. In line with the Futures Exchange to promote stock futures products and plan to undertake related business.
3. In line with the Taipei Exchange to open up the issuance of leveraged products (SN3) linked to a single equity object and issue structured products for listing and trading.
4. Negotiate with smart wealth management algorithm technology vendors to plan to apply for "non-discretionary individually managed money trust business", and commence robot smart wealth management business in the form of wealth management trust.
5. Commence industrial/academic cooperation to build quantitative models.



Mega Bills Finance Co., Ltd.

A. Major business

- a. Bills Business: certification, underwriting, brokerage and proprietary trading of short-term bills (including USD-denominated instruments), guarantee or endorsement of commercial paper.
- b. Bonds Business: certification, underwriting, brokerage and proprietary trading of bank debentures, proprietary trading of government and corporate bonds, proprietary trading and investment of fixed income securities and foreign currency denominated bonds.
- c. Equity investment business
- d. Others

B. Revenue Breakdown

Unit: NT\$1,000

Item	Year	2024		2023	
		Amount	%	Amount	%
Bill business		4,854,571	53.49	4,117,332	57.69
Bond business		3,777,713	41.62	2,688,593	37.67
Equity Investments		213,931	2.36	167,107	2.34
Others		230,052	2.53	164,134	2.30
Total revenue		9,076,267	100.00	7,137,166	100.00

C. New products and services planned for the future: None.

Chung Kuo Insurance Co., Ltd.

A. Major business

- a. Direct writing business: Fire insurance, marine cargo insurance, marine hull insurance, automobile insurance, aviation insurance, engineering insurance, liability insurance, credit insurance, bond, accident insurance, health insurance and other property insurance, etc.
- b. Reinsurance assumed

B. Revenue Breakdown

Unit: NT\$1,000

Item	Year	2024		2023	
		Amount	%	Amount	%
Fire insurance premium		2,469,564	20.83	2,193,215	20.79
Cargo insurance premium		361,137	3.05	320,122	3.03
Marine hull insurance premium		845,638	7.13	766,052	7.26
Automobile insurance premium		3,630,484	30.62	3,460,250	32.80
Aviation insurance premium		150,528	1.27	112,458	1.07
Engineering insurance premium		700,563	5.91	452,778	4.29
Accident insurance premium		642,341	5.42	605,470	5.74
Health insurance premium		70,183	0.59	53,433	0.51
Other insurance premium		927,850	7.83	782,211	7.41
Total direct written premium income		9,798,288	82.64	8,745,989	82.90
Premium income from Guam		1,225,853	10.34	1,017,594	9.64
Inward reinsurance premium income		832,754	7.02	786,917	7.46
Total		11,856,895	100.00	10,550,500	100.00

C. New products and services planned for the future

- Additional clause for household comprehensive insurance residential key locks.
- Products related to strikes, riots, public harassment and vandalism.
- Additional clause for temporary storage.
- Additional clause for increased coverage for automobile parts and accessories.
- Additional clause for automobile insurance traffic accident transfer fee.
- Driver's liability insurance (car body, third party, passenger).
- Senior personal injury insurance, ambulance expenses, insurance benefits and other related products.
- Overseas study and work comprehensive insurance.
- New overseas sudden illness and injury medical expense insurance for individuals.
- Warm cancer death insurance.
- Additional clause for new personal overseas travel comprehensive insurance of public transport delay on water or land.
- Additional clause for accommodation insurance for waiting for repatriation during overseas travel.
- Additional clause for Commercial General Liability Insurance

Mega International Investment Trust Co., Ltd.

A. Major business

- Securities investment trust business
- Discretionary investment business
- Other relevant operations approved by the Financial Supervisory Commission

B. Revenue Breakdown

Unit: NT\$1,000

Item \ Year	2024		2023	
	Amount	%	Amount	%
Public issued funds	444,770	98.02	397,080	97.90
Private equity funds	7,975	1.76	7,367	1.82
Discretionary account	1,000	0.22	1,134	0.28
Total	453,745	100.00	405,581	100.00

C. New products and services planned for the future

New public issued funds to be issued in 2025 are as follows:

- ETFs: Discuss with index companies to develop trend-based products, including new active or multi-asset ETFs.
- Multi-asset funds: In pursuit of long-term total investment returns, the funds optimize the investment portfolio through flexible allocation of multiple types of assets, including stock, (non-) investment grade bonds, convertible bonds and, REITs.

Mega Asset Management Co., Ltd.

A. Major business

- Financial institution creditor's right (money) purchase: acquisition, valuation, auction and management services of creditor's right (money), as well as management service of overdue accounts receivable
- Real estate related business: trade, lease, development and sale/lease, brokerage, urban renewal, investment consulting, management consulting, etc.
- Other business related to financial, insurance and real estate industry and business approved by the competent authority

B. Revenue Breakdown

Unit: NT\$1,000

Item \ Year	2024		2023	
	Amount	%	Amount	%
Service income	414,872	97.86	351,655	84.09
Net proceeds from disposal of purchased NPL and Gain on sale of collaterals	1,654	0.39	59,079	14.13
Rental income	7,410	1.75	6,633	1.59
Interest income	20	0.00	799	0.19
Net profits from disposal of investment properties	-	-	-	-
Total	423,956	100.00	418,166	100.00

C. New products and services planned for the future: None.

Mega Venture Capital Co., Ltd.

A. Major business

- Provide capital to investees
- Provide business administration, management and consulting services to investees

B. Revenue Breakdown

Unit: NT\$1,000

Item \ Year	2024		2023	
	Amount	%	Amount	%
Revenue from disposal of long-term securities investment	81,366	51	106,840	37
Dividend income	22,614	14	27,280	9
Financial assets and liabilities at fair value through profit or loss	55,916	35	159,267	54
Total	159,896	100	293,387	100

C. New products and services planned for the future

Mega Management & Consulting Corporation is one of the management consulting companies appointed by the 2023 "Entrusted Investment Management Plan for Strengthening Investment in Small and Medium-sized Enterprises" handled by the Small and Medium Enterprises Division of the Ministry of Economic Affairs. Mega Venture Capital's future investment in small and medium-sized enterprises can be matched with the Ministry of Economic Affairs' small and medium-sized enterprises fund to increase fund utilization. In addition, Mega Venture Capital will cooperate with government policies to set up angel funds to support new industries, provide working capital for the development of new ventures and provide relevant guidance.

4.1.2 Operating Policies in 2025

The Company

1. Secure existing business and diversify source of profits

- (1) Consolidate existing corporate finance businesses and expand the consumer finance management business
- (2) Integrate resources to deepen joint marketing and strengthen cooperation in government-owned entities
- (3) Enhance the business of non-bank subsidiaries and establish a diversified profit structure
- (4) Develop digital transformation financial services and strengthen customer brand recognition

2. Strengthen overseas presence and cultivate customer service

- (1) Strengthen overseas loan business and focus on the region of Europe, the US, and ASEAN, and explore new business opportunities from Taiwan-US supply chain restructuring
- (2) Connect APAC branches to provide total solution and explore business opportunities on local industries

3. Strengthen institutional investor relationship and improve information transparency

- (1) Strengthen investor relationship management and establish a foundation for mutual trust and communication
- (2) Respond to investors' opinions in a timely manner for reference in business decision-making
- (3) Improve investor recognition by holding legal person briefings

4. Monitor political, economic, and industrial changes and reinforce awareness on risk management

- (1) Closely watch the change and innovation of overall industries and get hold of the risk profile of the Group
- (2) Align with the international trend of scientific carbon reduction and strengthen the climate risk management mechanism
- (3) Optimize the data collection and analysis and strengthen risk monitoring and reporting
- (4) Strengthen group internal control mechanism and effectively put into practice

5. Implement laws and regulations to improve information security and strengthen resilient safety transformation

- (1) Implement laws and regulations to improve information security management
- (2) Promote information security governance to reduce risk impact
- (3) Enhance the resilience of information security and strengthen the response capability
- (4) Collaborative digital transformation to ensure concurrent cybersecurity

6. Improve protection against information security risks and optimize the innovation of management services

- (1) Strengthen information security mechanism in order to ensure information security
- (2) Upgrade system security to provide safe and stable web environment
- (3) Introduce automatic management platform to simply process and increase efficiency

7. Enhance Group's awareness of compliance with laws and regulations and implement a culture of compliance with laws and regulations



- (1) Improve regulatory management and continue to implement education and training
- (2) Carry out on-site inspections to effectively verify the results of implementation
- (3) Strengthen the tracking of deficiency improvements and comprehensively enhance the system processes
- (4) Integrate Group resource to forge legal compliance culture

8. Create a friendly workplace and shape employee value

- (1) Implement energy management and promote net zero transformation
- (2) Advocate gender equality and promote gender friendliness
- (3) Implement honest management and enhance employee performance

9. Integrate ESG strategies to maximize the value of sustainability

- (1) Strive for net zero emissions and improve environmental sustainability.
- (2) Promote transformational finance and strengthen sustainable talent.
- (3) Deepen financial inclusion and implement corporate governance

10. Establish corporate brand image and strengthen social influence

- (1) Actively manage media relations and cultivate positive interactions with the media
- (2) Maintain smooth external communication and participate in financial policy discussions
- (3) Actively integrate the group's resources and give full play to its core financial functions
- (4) Coordinate the energy of the group's volunteers and implement corporate social responsibilities

11. Strengthen the Group's financial and taxation control and improve the Group's financial resilience

- (1) Align with the lowest tax burden in the world and fulfill our responsibilities as a global citizen
- (2) Plan for a balanced dividend policy and take into account both shareholders and stability
- (3) Pay attention to global economic trends and improve capital utilization efficiency
- (4) Control the Group's operating expenses and optimize the quality of the Group's expenses

Mega International Commercial Bank Co., Ltd.

- 1. Consolidate the core niche of corporate finance business, adjust customer structure and improve yield.
- 2. Promote diversified consumer finance products that are in line with ESG concepts and enhance digital and customized services.
- 3. Deepen the operation of overseas markets and implement differentiated management of overseas locations.
- 4. Continue to promote digital transformation, develop the financial ecosystem and expand the scope of AI applications.
- 5. Understand market trends, conduct flexible financial operations, and expand investment in the ESG field.
- 6. Implement compliance and internal control mechanisms and establish a responsibility map system.
- 7. Establish an advanced risk control mechanism that complies with regulatory regulations and international standards.
- 8. Implement ESG sustainable financial policies and actively prevent financial fraud to exert positive influence.

Mega Securities Co., Ltd.

1. Improve client structure and increase brokerage market share
2. Develop wealth management and increase recurring income
3. Develop diversified case sources and increase underwriting scale
4. Develop long short strategies and improve operational performance
5. Promote digital transformation and enhance the safety of information and communications
6. Implement the three lines of defense and strengthen corporate management
7. Emphasize employee training and inherit professional skills
8. Utilize Group resources and develop cross selling strengths
9. Combine financial expertise and pursue sustainable development

Mega Bills Finance Co., Ltd.

1. Bill Business

- (1) Continue to focus on the operations and financial standing of customers and keep track of industrial prospects and funds allocation capabilities as they are the criteria for making decisions about loans and credit
- (2) Adjust borrower structure, develop non-real estate client base to expand bill sources and increase bill revenue in order to maintain market share
- (3) Promote responsible credit business and provide financing services for low carbon transformation and green energy industry in accordance with government regulations
- (4) Continue to strive for the lead syndicated loan cases, joint underwriting cases of uninsured commercial bills and contract cases with a term of more than one year. Strive for the purchase and underwriting business of bank transferable certificates of deposit, third-party insured and uninsured bills to expand the source of bonds and the income from bond maintenance.
- (5) Focus on the Central Bank's monetary policy and movements of the financial market to enable flexible adjustment of primary and secondary deal rates; manage bills portfolio and expand the interest margin of bill issuance and trading
- (6) Maintain relationships with financial institutions and expand general corporate customers with stable and low capital costs to improve capital utilization efficiency and reduce capital dispatch costs

2. Bonds Business

- (1) Improve trade performance by timing outright purchases and sales in line with movements and new offerings in the NTD bond market
- (2) Strategically invest in foreign currency bond business by diversifying country and industry risks, aiming to increase overall return and risk management
- (3) Strengthen the development of credit accounts and future customers to undertake secondary transactions of foreign currency bonds, expand the foreign currency funds of domestic financial institutions, establish diversified and stable sources of funds. In addition, flexibly carry out repurchase transactions, currency swaps or buyback transactions to lower funding costs and increase investment returns under the premise of ensuring safe capital scheduling



- (4) Invest in convertible corporate bonds and exchange-traded fixed income assets with good credit rating to increase returns
- (5) Continue to focus on sustainable finance issues and implement responsible investment practices, while maintaining appropriate positions in green bonds under cost-effective considerations
- (6) Manage foreign currency and NT\$ bond positions and risk duration prudently, aiming to balance risk avoidance and increasing return targets. Allocate capital reasonably, maintain efficient fund utilization, and strengthen risk management and improve our institutional system

3. Equity investment business

- (1) Track macroeconomic changes and mainstream industry trends of major countries in the world, give priority to individual stocks with good operating fundamentals, combine technical analysis or popular market topics, and carry out short-term and swing trade simultaneously to enter the market at the right time.
- (2) Identify high-quality stocks in popular industries with good operating conditions, stable dividends and high probability of dividend payouts; diversify investment risks by focusing on both electronics and traditional industries, and invest in stocks at low prices or in batches to increase overall returns.
- (3) Pay attention to the SBT status of investees and implement sustainable financial policies

Chung Kuo Insurance Co., Ltd.

- 1. To promote profit and market position, review and adjust the business structure on a rolling basis, deepen the Group's cross-selling capability, and improve the business penetration rate
- 2. Stabilize large commercial insurance business and actively pursue high-quality personal insurance business. Develop green energy and environmental protection insurance products in line with ESG policies and continue to increase the electronic policy conversion rate
- 3. Deepen the existing channels of business and promote the core insurance business; continue to develop channels and balance channel development
- 4. Adjust asset allocation in a timely manner to improve capital utilization efficiency
- 5. In response to the needs of digitalization, gradually optimize internal and external digital platforms. Continuously optimize internal processes and introduce process automation to improve the company's operational efficiency
- 6. Continue to develop cross-industry alliance partners, cooperate in new media marketing, increase company exposure, and strengthen publicity efforts
- 7. Cooperate with government policies and the parent company's planning to establish various energy-saving and carbon-reduction measures to pursue sustainable development of the company
- 8. Strengthen the company's risk control, implement legal compliance education and training, and strengthen the regulatory change management mechanism
- 9. Enhance the insurance professional capabilities and image of employees, and cultivate and increase all-round and digital talents
- 10. Establish a corporate digital culture, continue to promote information security and personal privacy security certification, and enhance employees' information security awareness

Mega International Investment Trust Co., Ltd.

1. Formulate mainstream investment strategies and develop innovative trend products
2. Improve fund operation performance and strengthen the research team
3. Promote electronic trading and regular fixed-amount investment to expand the scale of asset management
4. Develop discretionary entrustment business and strive for institutional agency opportunities
5. Strengthen the core and cyber security systems to lay the foundation for the Company's FinTech development
6. Continuously publicize legal changes and deficiencies to strengthen employees' legal compliance awareness

Mega Asset Management Co., Ltd.

1. Keep exploring the advance payment business of urban redevelopment and old building rebuild work and look for investment targets suitable for urban redevelopment (old building rebuilds) in the foreclosure market. Wait for opportunities to act as the executor of the urban redevelopment or make capital gains by direct investment
2. Invest in the real estate, moving assets, and rights from foreclosure or from government auction to expand fixed income source and stabilize revenue
3. Participate in the utilization of idle assets of the holding company and other brother companies and strengthen the cooperation with bank and bills brother companies.
4. Actively participate in the bidding of investment real estate, and cooperate with other companies in the collection of existing bad debt cases in a hope to create recovery benefits

Mega Venture Capital Co., Ltd.

1. Capture industry trends and cultivate core industries
2. Strengthen short- and long-term investment advantages and build up channels
3. Strengthen investment in domestic and overseas Taiwan businessmen returning to Taiwan and be listed
4. Strengthen ties with domestic venture capital peers to increase the source of investment cases
5. Strengthen cooperation with Mega Securities and Mega Bank to promote the investment business in line with the ESG policy of Mega Financial Holding
6. Enhance due diligence capabilities to minimize investment losses and pay attention to risk management and post-investment management
7. Achieve the Group's SBT goals through ESG engagement with investment businesses

4.1.3 Industry Overview

A. International and Domestic Financial Environment

International Economic and Financial Environment

According to IMF, the global economic growth rate in 2024 was 3.2%, reflecting the following factors: (1) the overall sound economic performance of the United States, which is the main engine leading global economic growth; (2) the continued cooling of inflation in major countries, which has enabled central banks to gradually cut interest rates and boost the economy; (3) the continued recovery of global trade volume,



which has offset the impact of geopolitical conflicts and China's economic weakness; and (4) the global supply chain shift caused by the US-China conflict, coupled with the booming development of emerging technology industries such as artificial intelligence and electric vehicles, have benefited the economic performance of Asian countries that mainly export semiconductor and electronic product supply chains.

Looking ahead to 2025, as inflation slows in most countries, major international organizations expect global economic growth to remain robust, with the United States and Asian countries remaining the main drivers. However, factors such as the resurgence of trade protectionism caused by the tariff policy of the Trump administration in the United States, the spillover effects of the US-China conflict, the pace of monetary policy adjustments in major countries, the effectiveness of China's economic stimulus policy implementation, geopolitical tensions and abnormal climate causing fluctuations in commodity prices have all increased uncertainty and downside risks in the global economy.

Domestic Economic and Financial Environment

According to the Directorate-General of Budget, Accounting and Statistics, Taiwan's economic growth rate in 2024 was 4.59%. In terms of external demand, the rapid development of emerging technology applications such as global artificial intelligence has led to a significant increase in exports of semiconductors and information and communication products. However, manufacturers have also increased imports of materials and equipment in response to business opportunities such as AI. In addition, imports of service trade have continued to increase significantly as Taiwanese people travel abroad. After offsetting the output and import of goods and services, net foreign demand made a negative contribution of 0.16% to economic growth. In terms of domestic demand, the income effect of steady wage growth and the wealth effect of rising stock markets have boosted private consumption momentum. Driven by the global demand for emerging technology applications, corporate investment has continued to be strong and capital formation has accelerated. Therefore, overall domestic demand has become the main force driving economic growth, contributing 4.76% to economic growth.

With respect to interest rates, the U.S. economy and employment have shown resilience despite continuous easing of inflation, causing the Federal Reserve to postpone the first interest rate cut since March 2020 until September 2024. The Federal Reserve cut interest rates by a total of 1% in 2024, bringing the policy rate down to 4.25%-4.5%. However, considering the uncertainty that Trump's new policies brought to the economic and inflation outlook, the Federal Reserve hinted at its monetary policy meeting in December 2024 that it would be more cautious in deciding the extent and timing of interest rate cuts in the future. The market expected interest rate cuts to be gradual and less in extent in 2025.

Central Bank of Taiwan started an interest rate hike cycle in March 2022, raising the policy rate (rediscount rate) from 1.125% to 1.875% in March 2023 before suspending interest rate increases. In March 2024, considering the effect of the electricity price increase and signs of improvement in the economy, the policy rate was raised by 0.125% to 2.0%. In addition, due to domestic housing market boom since the second half of 2023, banks' credit resources were highly concentrated in the real estate sector. In order to prevent financial risks, Central Bank of Taiwan launched the sixth and seventh selective credit control measures in June and September 2024, expanding the regulated areas from "specific regions" to "the whole country", and further tightening the loan-to-value ratio and grace period. At the same time, it raised the required reserve ratio to recover market funds, and achieved the goal of credit tightening through monetary quantity management, aiming to reduce people's expectations of rising housing prices.

In terms of exchange rates, geopolitical tensions boosted safe-haven demand in 2024. The U.S. economy was stronger than that of developed countries. In addition, the Federal Reserve cut interest rates at a cautious pace. The interest rate gap between the United States and major countries remained high, making the U.S. dollar relatively strong. The U.S. dollar index rose 6.51% throughout the year. At the end of 2024, the New Taiwan dollar exchange rate against the U.S. dollar was 32.781, a 9-year low, and the annual depreciation rate was 6.24%.

Looking ahead to 2025, it is expected that domestic demand will continue to contribute more to Taiwan's economic growth momentum than external demand. In terms of external demand, although affected by the uncertainty of global trade policies, the demand for AI and cloud applications remains strong, and the export growth momentum of related products is expected to be maintained. In terms of domestic demand, semiconductor and server supply chain companies have expanded their production capacity, and with the help of foreign technology giants setting up factories in Taiwan, private investment has been given more momentum for growth. At the same time, the minimum wage, salary increases for military, civil servants and teachers, and basic living expenses have increased, and people's disposable income has increased, helping to maintain private consumption growth. However, the development of geopolitical situation, the implementation schedule and intensity of the new US government policy, and the reorganization of supply chain under trade protectionism all have an impact on our economy and foreign trade.

B. Industry Overview of the Company and its Subsidiary

Financial Holding Company Industry

The after-tax net profit of the 14 listed financial holding companies in 2024 was close to NT\$600 billion, reaching NT\$597.979 billion, a significant increase compared to that in 2023, with an annual growth rate of 63.70%, breaking the previous highest record and setting a new record for the profits of all financial holding companies in a single year. Among them, 8 financial holding companies achieved record profits, and 12 financial holding companies achieved annual profits of more than NT\$20 billion, demonstrating strong profitability. Looking at the main profit sources of subsidiaries, bank accounted for the highest proportion of profits, followed by life insurance and securities. Overall, driven by multiple factors, including the interest rate environment, investment income and fee income in 2024, Taiwan's financial holding industry achieved historic profit growth, demonstrating strong market competitiveness and stable financial performance.

Banking Industry

1. Changes in the international financial situation affecting banks' profit structure The higher global interest rate environment in 2024 was conducive to widening bank deposit spreads. However, it also led to a decline in corporate investment willingness. Moreover, a slowdown in global economic growth also dampened the demand for bank loans. In addition, the increase in the required reserve ratio pushed up banks' funding costs, putting pressure on overall profits.
2. Digital financial development reshaping operating models of banks In September 2024, the number of bank branches in Taiwan was 3,385, lower than the previous number of more than 3,400. The number of applications and approvals were also the lowest in recent years, reflecting the widespread of fintech and digital channel services, which accelerated digital transformation of traditional banks. The entry of internet-only banks has intensified market competition, forcing existing banks to continue to invest in digital service upgrades. The functions of physical branches have been gradually replaced by online services, reflecting changes in consumer behavior patterns. It is required for banks to seek the best balance between physical and digital channels.



3. Geopolitical risks exacerbating global economic uncertainty The ongoing war between Ukraine and Russia, coupled with the tension in the Middle East, has not only affected international crude oil prices and shipping costs, but also posed challenges to the global supply chain. At the same time, the increasing frequency of extreme weather has caused fluctuations in food prices. These factors have added uncertainty to inflationary pressure, making it more difficult to predict the monetary policy direction of central banks around the world, thereby affecting the credit quality and investment operation strategies of banks.

Securities industry

1. Taiwan's financial markets witnessed a strong performance, with the weighted index of Taiwan's stocks hitting a historic closing high. The number of listed companies and average daily trading value also saw record highs in recent years. The number of listed companies reached 1,869 at the end of 2024, an increase of 122 from three years ago (the end of 2021). The total market value of listed stocks reached NT\$73.9 trillion, setting a new high in market value at the end of the year. Although foreign investors oversold a total of NT\$682.5 billion in Taiwan stocks in 2024, the second highest in history, they also remitted approximately NT\$1.22 trillion at the same time. Active remittance of funds for operations at the right time demonstrated foreign investors' confidence in the future performance of the Taiwan stock market. In 2024, the average daily volume of Taiwan stocks amounted to NT\$524.7 billion, an increase of NT\$165.7 billion (or 46.16%) from NT\$359 billion in the previous year. The average market financing balance amounted to NT\$402.6 billion, an increase of NT\$131.6 billion (or 48.56%) from NT\$271 billion in the previous year. The Directorate General of Budget, Accounting and Statistics, Executive Yuan predicted that Taiwan's economic growth rate in 2025 will be 3.29%, a decrease of 0.98% from 4.27% in 2024; Taiwan's economic growth, though cooling, will remain robust.
2. Trading of Taiwan's stock market remained active with an expanding investor base. Young groups and small investors continued to join the market. In 2024, the total number of accounts opened soared to 13.22 million, and the number of new accounts opened reached a record high of 703,800. Among which, there was an annual increase of 120,000 accounts among the 20 to 30-year-old group, accounting for 13% of the number of accounts opened. The number of accounts opened by people under the age of 19 increased by more than 100,000 year-on-year, accounting for 4.5%, which indicated a significant increase in young people's interest in stock market investment, as well as a significant increase in parents' willingness of stock investing for their children. Taiwan's stock market has entered a new generation of investment. AI boom across the world and the initiation of interest rate cuts of the U.S. have accelerated and motivated investors to invest in overseas stocks and bonds through sub-brokerages. Statistics showed that the total sub-brokerage transaction volume in 2024 reached NT\$7.8 trillion, a record high and an increase of 75% year-on-year. Among them, sub-brokerage overseas stocks amounted to NT\$3.88 trillion, up 86% year-on-year; ETF amounted to NT\$2.33 trillion, up 66% year-on-year; sub-brokerage overseas bonds amounted to NT\$1.15 trillion, a year-on-year growth of 61%.
3. There was an obvious trend of younger investors participating in the stock market, and the proportion of electronic transactions reached more than 80%. Securities firms have successively launched new trading apps, and digital innovation is the key to success in industry operations. Furthermore, income from traditional brokerage business is susceptible to the ups and downs of the Taiwan stock market. Securities

firms are less affected by market fluctuations for the development of general wealth management business, such as regular fixed amount and regular fixed stock businesses, aiming to accumulate the balance of customers' assets under management and increase fee income.

4. In addition, the securities regulatory authorities and relevant units have gradually relaxed their business scope. Under the policy of activating domestic financial market, the authorities have assisted the development of the securities industry in a pragmatic manner, leading to optimistic outlook of the securities industry. The competent authorities are actively planning to promote the Asian Asset Management Center. For example, in December 2024, the authorities announced amendments to the Regulations Governing Securities Investment Trust Funds, and opened up the issuance of active ETFs and passive multi-asset ETFs. The Taipei Exchange implemented the new over-the-counter trading system to provide investors with more diversified and flexible investment options as well as meet investors' diversified needs of asset allocation. At the same time, in order to improve the service functions of the domestic securities industry, the Securities Association continues to promote securities firms to issue structured products for listing and foreign currency-denominated structured products, optimize sub-account functions for customers of securities firms, and propose to relax the regulations on securities firms' wealth management business, in an attempt to assist securities firms in improving operational efficiency and expanding service capacity.

Bills Finance Industry

1. There are 8 dedicated bills finance companies in Taiwan, and three of which are subsidiaries of financial holding company. Besides, there are 38 banks and 4 security companies which also run bills business. At the end of 2024, commercial papers outstanding of the whole market reached NT\$3.2726 trillion, an increase of approximately 9.05% from NT\$3.0009 trillion at the end of 2023.
2. In 2024, total bond market trading volume was NT\$14.8057 trillion, an increase of 15.57% from NT\$12.8114 trillion in 2023.

Non-Life Insurance Industry

1. At the end of December 2024, there were a total of 19 property and casualty insurance companies in Taiwan, including 14 domestic companies and 5 foreign companies. Taiwan's property and casualty insurance market has always been dominated by domestic insurance companies. With the support of the vast number of marketing channels, the insurance premiums of the domestic insurance industry accounted for 97.4% of the industry's total premium income in 2024. The market share of foreign non-life insurance companies' branches in Taiwan accounts for only about 2.6%.
2. In 2024, The overall signed premium income of the domestic property insurance market continued to grow. Engineering insurance secured the highest growth rate due to the offshore wind power business. In terms of the business proportion of each insurance type, the highest proportion of premium income in the overall market in 2024 was automobile insurance, with a business proportion of 49.88%, followed by fire insurance (including natural disaster insurance) with 16.84%, and other insurance with 12.34%, making it the top three major insurance companies.
3. As far as the property insurance market is concerned, the development of both operations and investment is still affected by domestic politics, economic conditions, consumer markets, liberalization of property insurance rates, and weakness in the international reinsurance market. It is expected that the market will become more competitive in terms of products or rates.



Securities Investment Trust Industry

As of the end of December 2024, there were a total of 38 domestic investment trust companies, managing a total of 1,054 mutual funds with a business scale of NT\$9.60 trillion; managing a total of 71 private equity funds with a business scale of NT\$29.1 billion; and managing a total of 639 discretionary contracts with a business scale of NT\$3.29 trillion.

Asset Management Industry

Since the Financial Supervisory Commission (FSC) imposed strict restrictions on the sale of non-performing loans (NPLs) by domestic banks in 2013, NPLs sold by domestic banks are limited to NPL of syndicated loans, dramatically cutting the supply of NPL cases. Accordingly, asset management companies are facing survival challenges. Although the Financial Supervisory Commission has added the exceptions for financial institutions to sell NPLs in 2015, the benefits of these exceptions are still quite limited.

In order to promote urban renewal policies, the FSC revised the "Operation Principles for Financial Holding (Banks) Investing Asset Management Companies" in 2015. Asset management companies may assist in creditor's rights consolidation and advance payment business, with a limit of 7 times the net worth. The principles were subsequently amended on December 29, 2017 and May 24, 2019, with the most recent amendment on October 5, 2023. In addition to the business of advance payment, injection of funds and purchase of real estate, asset management companies are allowed to be engaged in consultation of urban renewal or old buildings reconstruction, management consulting services, and serve as a party to negotiate capital contribution with the implementor in government-led urban renewal projects to assist in the promotion of urban renewal policies, with the goal of improving the quality of the living environment of the people, increasing the value of social resources, and expediting social and economic development, resulting in a multi-win situation.

Venture Capital Industry

Since its introduction in 1984, Taiwan's venture capital industry has undergone more than 40 years of operation and development. An average of 31.6% of listed companies in Taiwan have received venture capital funding, with the rate in the high-tech sector reaching as high as 50%. According to the data provided by the Taiwan Venture Capital Association, as of the end of December 2024, there were a total of 334 domestic venture capital firms, an increase of 31 firms compared to 2023, indicating that the domestic venture capital environment is more active than before.

4.1.4 Research and Development

Mega Financial Holding Company

A. Research & Development Expenses and Achievements in Past Two Years

1. The Company's R&D expenses incurred in 2023 and 2024 were NT\$7,134 thousand and NT\$8,044 thousand, respectively, mainly for project consulting, establishment and services as well as staff training.
2. The achievements of R&D are as follows:
 - (1) Evaluation of the feasibility of merger with or acquisition of other domestic or foreign financial institutions.

- (2) Establishment of a group environmental sustainability management platform and optimization of environment-related data management systems.
- (3) Measurement on distribution of collaterals from subsidiaries under the AR6 SSP5-8.5, SSP1-2.6 scenarios of high climate risk.
- (4) Follow ISSB's recommendations to introduce IFRS S2 climate-related disclosures in the TCFD report.
- (5) PCAF carbon inventory computerization.
- (6) Passed the new version of ISO 27001:2022 certification, aligning with international information security management systems

B. Future R&D Projects

1. Evaluation of the feasibility of merger with or acquisition of other domestic or foreign financial institutions.
2. Introduction of IFRS sustainable disclosure standards and establishment of a sustainable information management mechanism.
3. Continued development of financial and risk reporting system.
4. Conduct natural environment dependency and impact analysis for operating sites, investment and financing customers and suppliers.
5. Set up climate and nature related indicators and targets.
6. Implement SBT carbon reduction targets.
7. Scenario analysis of the natural environment. Follow ISSB's recommendations to introduce IFRS S2 climate-related disclosures in the TCFD report.
8. Continue to optimize the information system and network architecture, reinforce cyber security protection capability, implement ISO 27001 information security management systems, and maintain the effectiveness of certification.
9. Expected R&D expense in 2025 (including employee training and professional services) will be NT\$25,545 thousand..

Mega International Commercial Bank Co., Ltd.

A. Research & Development Expenses and Achievements in Past Two Years

1. The Bank's R&D expenses incurred in 2023 and 2024 are NT\$928,113 and NT\$838,453, respectively, mainly for purchase of professional publications, electronic data base, and publishing of Mega Bank Monthly.
2. The achievements of R&D are as follows:
 - (1) The Bank published the Mega Bank Monthly, which includes monographs and articles covering the latest international and domestic economic and financial news and is made public periodically on the bank's website.
 - (2) The Bank periodically and non-periodically provide research reports about international and domestic economic and financial development.

B. Future R&D Projects

1. Continue to pay attention to the development of domestic and international economic and financial situations and industry trends, and submit relevant research reports in a timely manner for reference by various units in decision-making and business expansion, or publish them on the websites of bank subsidiary for external viewing.



2. Formulate a comprehensive digital, data and field development strategy, carry out in-depth development of AI and big data application scenarios, expand the scope of smart financial services, strengthen overall risk control efficiency, and improve the bank's overall operational and management efficiency.
3. Work with financial companies and other financial institutions to jointly establish a cross-system identity verification mechanism, promote a digital trust financial environment, and establish a financial Fast-ID verification transfer platform to reduce the probability of identity fraud and enhance the security of online transactions.
4. Expected R&D expense in 2025 will be NT\$1,186,202.

Mega Securities Company

A. Research & Development Expenses and Achievements in the Past Two Years

1. The Company's new products were planned by respective business units and executed through upgrade or adjustment of hardware or software by the IT Department, thus no R&D expenses were incurred.
2. The achievements of R&D are as follows:
 - (1) In line with the pace of business scope opened by the competent authority, the company will evaluate introduction of new business together with related system and management mechanism.
 - In line with the improvement of the intraday odd-lot trading system by the competent authority, the matching interval of intraday odd-lot trading was shortened from 1 minute to 5 seconds on December 2, 2024, to optimize transaction opportunities and efficiency.
 - (2) In line with the overall planning of the financial holding group to promote the Financial 3.0 policy, and implement the development of e-commerce.
 - Provided eOpen online account opening service with Mega Bank's "Financial Fast-ID" identity verification and account binding services.
 - Cooperated with Mega Holdings Group to plan the "Data Governance and Application" project.
 - (3) Continue to build or enhance the functions of various information systems.
 - (4) New financial products or new businesses.
 - Established an "ESG Investment Section" on the wealth management website of the company. Through indicators that are different from traditional analysis such as the environmental, social, and governance aspects of sustainable development, it is convenient for investors to incorporate ESG into investment decision-making in order to seek better long-term risk management and investment performance.
 - The Taiwan Futures Exchange launched a customized contract trading platform on January 22, 2024, providing market participants with a channel to apply for customized contract listings. Mega Futures is the first operator in the futures market to apply for a customized Mini-Taiwan Index Futures contract.

B. Future R&D Projects

1. Cooperate with the competent authorities to relax business schedules, evaluate business start-ups, and build relevant systems and management mechanisms.

- In line with the competent authorities to add new businesses, and plan for the reorganization/reconstruction of account structures, such as sub-accounts and non-restricted use accounts.
 - In line with policies to open and establish a sub-brokerage credit trading system.
 - Continue to cooperate with Mega Bank to provide customers with the application scenario planning of the Fast IDentity Online (Financial Fast-ID) using mobile devices.
 - In line with the financial holding company's 2024 data governance project to clarify the definitions of valid accounts and dormant accounts, and adjust the storage quality of uploaded data.
2. Continue to build or enhance the functions of various information systems.
 3. Add new financial products or new businesses.
 - In line with the capital market blueprint promoted by the FSC, it is planned to prepare for the establishment of sub-brokerage financing business and lending business of overseas securities in accordance with the progress of the competent authority.
 - In line with the Futures Exchange to promote stock futures products and plan to undertake related business.
 - In line with the Taipei Exchange to open up the issuance of leveraged products (SN3) linked to a single equity object and issue structured products for listing and trading.

Mega Bills Finance Co., Ltd.

A. Research & Development Expenses and Achievements in the Past Two Years

The company's R&D expenses incurred in 2023 and 2024 are NT\$1,844 thousand and NT\$1,801 thousand, respectively, mainly for employee training. The achievements of R&D are as follows:

1. In 2023
 - (1) Upgraded the core system mainframe integration system to improve operational efficiency and facilitate digital development.
 - (2) Introduced the "Financial Report Identification System" and used OCR technology to convert paper financial report text into digital data and transfer it to the credit investigation system.
 - (3) Planned to construct a E-loan credit investigation process management system to provide effective management of the credit investigation process, enabling the relevant personnel to quickly review the cases and keep abreast of the latest processing situation, thereby enhancing operating efficiency and saving paper.
 - (4) Optimized the online learning platform system to enhance learning functions and benefits.
 - (5) Established a legal and regulatory system to collect external laws and track internal regulations, reducing human errors and improving efficiency.
 - (6) Continuously improved ESG-related systems to support green industries and promote sustainable social development.
2. In 2024
 - (1) Revised the department performance appraisal system to promote business growth and development.
 - (2) Introduced the "Financial Report Identification System" and used OCR technology to convert paper financial report text into digital data and transfer it to the credit investigation system of Mega Bills.



- (3) Established the first stage of the E-loan credit investigation management system to provide effective credit investigation management, and continued the second stage of establishment to build a complete credit investigation process.
- (4) Built a human resources management platform to improve administrative efficiency, reduce paper use and save storage space.
- (5) Continuously improved ESG-related systems to support green industries and promote sustainable social development.
- (6) Continued to optimize the operational risk self-assessment system and strengthened various business risk management mechanisms.
- (7) Strengthened the implementation and transaction monitoring of anti-money laundering and counter terrorism financing operations.
- (8) Established a legal and regulatory system to collect external laws and track internal regulations, reducing human errors and improving efficiency.
- (9) Integrated case information of regular customer examinations into the internal application system to instantly capture customers' risk status and achieve consistency in risk information disclosure.

B. Future R&D Projects

1. Continue to develop the E-loan credit investigation management system to fully leverage on the systematic process control function and enhance business efficiency.
2. Integrate the joint marketing notification mechanism to inquire the reasons for unsuccessful referrals, avoid manual statistical errors, and improve tracking efficiency.
3. Establish a paperless application and approval system for short-distance transportation fees, improve work efficiency, and reduce the probability of manual keying and errors through system approval.
4. Optimize the bills and bonds management system to enable each business unit to inspect the maturity of its positions in a timely manner, improve the stability of capital deployment, and provide deployment strategies and decision-making support through visual charts.
5. The R&D expenses in 2025 are estimated at NT\$1,800 thousand.

Chung Kuo Insurance Co., Ltd.

A. Research & Development Expenses and Achievements in Past Two Years

The company's R&D expenses incurred in 2023 and 2024 are NT\$6,918 thousand and NT\$9,498 thousand, respectively. The R&D achievements are as follows:

1. Property Insurance Claims Blockchain

Chung Kuo Insurance and the Non-Life Insurance Association joined hands with all non-life insurance peers to develop an information sharing platform for auto insurance claims by using blockchain technology to synchronize information and promptly collect data to construct queries, tracking and calculation mechanisms in order to improve claims handling efficiency, reduce human errors and streamline operating procedures. This platform was launched in July 2024 in line with the Non-Life Insurance Association and peers. Relevant functions include "compulsory insurance inter-company allocation cases", "compulsory insurance crossconfirmation", "compulsory insurance liability sharing cases" and "discretionary insurance inter-company reimbursement cases". After the launch, an average of about 1,200 cases had been processed each month, saving about 4 man-days per month.

2. Introduction of financial FIDO

Cooperated with Financial Holding to introduce financial FIDO (Financial Fast Identity Online) to enable users who bind mobile devices and biometrics to conduct secure identify verification. It is mainly used for identity verification before registration, login and insurance purchase of online members, and is a verification method with higher security than the OTP (One Time Password) mechanism.

3. Process automation

Since the introduction of process automation (RPA) in 2021, it has assisted the company in completing a number of routine and regular operations, including "daily online banking details download", "fleet business quotation" and "data logging of pandemic insurance claim cases", etc. Other application scenarios will continue to be introduced in the future, such as "auto insurance renewal policy printing", "renewal case risk list verification" and "insurance system stability testing", etc.

4. Compliance platform

The smart compliance system construction project was initiated in April 2024. It is expected that the system will track the revision schedule of internal regulations and reduce human errors. At the same time, the online operations of compliance self-assessment will reduce paper printing and physical space storage. The system development was completed in December 2024 and is in the testing stage for completion in the first quarter of 2025.

5. AI query for auto insurance manufacturer codes

Develop an AI application that enables the program to automatically search for information online and match the manufacturer code corresponding to the license plate number by providing the license plate number, thereby saving the time of manual inquiry and the pain point of difficult identification. The program is under development and testing and is expected to be launched in the second quarter of 2025.

B. Future R&D Projects

The development in 2025 will integrate internal and external needs and resources and optimize and improve pain points in the operation process to improve internal operational efficiency and enhance customer experience. The estimated R&D expenses for the year 2025 is NT\$6,800 thousand.

Mega International Investment Trust Co., Ltd.

A. Research & Development Expenses and Achievements in Past Two Years

1. Research and development expenses

The company's R&D expenses incurred in 2023 and 2024 are NT\$11,587 thousand and NT\$15,082 thousand, respectively. The R&D expenses are for offering of new mutual funds, subscription of China's financial information services (Wind), Bloomberg database, Refinitiv and SysJust.

2. Research and development results in the last two years

New funds issued: Mega Taiwan Industrial Leader Stock Deposits Equal Weight ETF Fund, Mega Japan Advantage Multi-Asset Fund, Mega Taiwan ESG Sustainable High Dividend Equal Weight ETF Fund, Mega Global Bond ETF Strategy Income Portfolio Fund, Mega Income and Growth Multi-Asset Fund, Mega Taiwan IT Growth and High Dividend Equal Weight ETF, Mega 20 plus Year US Business ETF, and Mega ESG Taiwan-U.S. Sustainable Double Profits Multi-Asset Fund.



B. Future R&D Projects

The company will issue two to three funds each year to increase the breadth of its products. Small investment and internet transaction platform will also be promoted. The R&D expenses for the year 2025 is estimated at NT\$29,516 thousand.

Mega Asset Management Co., Ltd.

A. Research & Development Expenses and Achievements in Past Two Years

The company's R&D expenses incurred in 2023 and 2024 are NT\$1,732 thousand and NT\$1,124 thousand, respectively, mainly used to strengthen, enhance functionality and manage security of information systems in business, finance and management aspects, in order to make operations more efficient and flexible.

B. Future R&D Projects

In response to the development of asset services business for asset management companies, the company continues to carry out hardware replacement and renewal of information equipment, system maintenance, information security protection and digital development. The R&D expenses for the year 2025 is estimated at NT\$1,207 thousand.

Mega Venture Capital Co., Ltd.

A. Research & Development Expenses and Achievements in the Past Two Years

The company's R&D expenses incurred in 2023 and 2024 are NT\$479 thousand and NT\$323 thousand, respectively, mainly for venture information system, upgrade and maintenance of information software and hardware, and employee training. In addition, the research on venture capital business is handled by the Investment Department and there are no additional research and development expenses.

B. Future R&D Projects

The company will plan to upgrade and maintain venture capital information management system and various information software and hardware. The R&D expenses for the year 2025 is estimated at NT\$1,016 thousand.

4.1.5 Long-term and Short-term Business Development Plans

Mega Financial Holding Company

A. Short-Term Business Development Plans

For facilitating sustainability of the Group, establishes a competitive edge in core businesses, integrating as well as developing operations of subsidiaries, and strengthening resources sharing, the Company has set up short-term business development plans and Group's long-term development strategies. In line with the Group's long-term development strategies, all subsidiaries are required to formulate execution plans as a guide for the operations of all subsidiaries. A description of the short-term business development plans is the same as 2025 operating policies as shown on page 90 of this annual report.

B. Long-Term Business Development Plans

The Company's long-term development strategies will be achieved through enhancement of niche operations and development of the Group's competitive advantage. For internal strategies, the overlapping operations of subsidiaries will be continuously integrated. In terms of external strategies, suitable acquisition targets for expansion of business domain will be evaluated. In addition, the international operations will be strengthened. The Group's long-term plan encompasses the Group vision, medium- and long-term development strategies, and operational objectives as specified below:

1. Group Vision: To become an Asia regional financial group

2. Medium- and long-term development strategy:

(1) Finance and business:

- Scale up capital assets to boost the market status of Mega Financial Holdings group
- Strengthen overseas businesses and identify opportunities to relocated Taiwanese businesses
- Consolidate competitive advantages in corporate banking and foreign exchange and deepen the cross-selling of the Group
- Develop consumer banking and wealth management services to enrich the Group's active customer base
- Expand non-bank core businesses and diversify the Group's revenue sources

(2) Internal procedure:

- Increase corporate governance standards and pursue the Group's sustainable development
- Deepen sustainable financial practices and implement environmental and social commitments
- Improve the Group's management efficiency to optimize business operations and increase return
- Reinforce the risk control of the Group and implement internal and external legal compliance
- Protect the Group's intellectual properties and increase investment of digitalization and IT

(3) Learning and growth:

- Motivate employees to improve their professionalism and promote talent empowerment and development
- Establish digital mindset within the Group and deepen the Group's sustainable culture

Mega International Commercial Bank Co., Ltd.

A. Short-term Business Development Plans

Wealth management and insurance business

1. Continue to recruit financial specialist through multiple channels to enrich the team that serves high-end customer groups and increase production capacity. Invest resources in talent cultivation, increase the number of CFP certificate holders, and demonstrate the image of financial management professional services.
2. Continue to conduct financial-friendly training for financial specialist, and provide customers with investment knowledge through digital platforms to implement consumer protection and fair treatment of customers, and strengthen the professional image of investment advisors.
3. Continue to optimize the digitization of investment and financial products, use digital services to improve service efficiency and customer convenience, and improve customer satisfaction, while implementing the net-zero carbon reduction and global ESG sustainability.



4. Make good use of digital media and platforms to promote products and services, and strive for wealth management awards to build brand trust and popularity.
5. Comply with financial trends and regulations and provide diversified and market-oriented wealth management products to meet the needs of customers at all levels; promote the Asian Asset Management Center project in accordance with government guidelines, plan for the establishment of a private banking base in the southern region, and strengthen customer relationships and market expansion.
6. Promote a wide range of insurance products as an agent, strengthen education and training, and enhance insurance marketing expertise to meet customers' insurance protection needs. Implement relevant regulations on policy acceptance and salesperson management and optimize regulatory processes to protect the rights and interests of customers and improve operational efficiency. Continue to promote Mobile Insurance 2.0, optimize the insurance agency system functions and application process, and strengthen risk control in line with financial inspection requirements.

Credit business

1. Continuously diversify the client structure, expand credit business for small and medium-sized enterprises, and cover large, medium, and small enterprises in order to achieve balanced development of enterprise lending, maintain credit asset quality, and expand interest spreads and boost profits by improving lending structure.
2. Consolidate the advantages of syndicated loan business, track business opportunities of existing lead cases through e-tracking, strive to upgrade from participating banks to lead banks, and focus on green energy financing, project planning, LBOs, mergers and acquisitions, and OBU loans as key types of syndicated loan business.
3. Maintain existing OBU customer relationships and develop new customers, cooperate with overseas credit insurance to reduce operating risks, and jointly cooperate with domestic and overseas branches to strive for OBU syndicated loan and OBU cash flow business opportunities to boost the profitability of OBU and overseas business.
4. Collaborate with high-quality central suppliers to establish an E-finance supply chain financing platform, develop business opportunities for upstream and downstream small and medium-sized enterprise customers of large corporate banking clients, by using FinTech and big data analysis to strengthen product planning for small and medium-sized enterprises, optimize online submission functions, simplify underwriting procedures, and improve the efficiency of small and medium-sized enterprise credit approvals.
5. Practice sustainable finance, develop ESG-linked loans, and reduce loan interest rates by linking them to ESG-related indicators. Make full use of government resources to promote loans for the six core industries and seize opportunities for low-carbon transformation.
6. Promote products and services in line with ESG concepts to practice the spirit of inclusive finance; provide customized personal loan services to continue to expand the scale of consumer finance credit business; promote the digital transformation of consumer finance business processes, expand business volume, and enhance customer experience and operational efficiency.
7. Cultivate an international business marketing team to track key industry trends and overseas investments by Taiwanese companies, target important niche markets such as the New Southbound Policy and US investments, develop expansion plans, and allocate project quotas. Carry out marketing actively through project teams.

Finance and financial market business

1. Pay attention to the direction of monetary policies in various countries, keep abreast of the fluctuations in interest and exchange rates, and the pulse of the international stock and bond markets. Flexibly adjust positions in stocks, bonds, and other assets to improve financial performance and increase investment returns.
2. Actively invest in ESG-related areas such as bonds and stocks, comply with the reference guidelines for the recognition of sustainable economic activities, and implement investment evaluation and pre- and post-investment management mechanisms based on ESG principles to leverage the influence of institutional investors.
3. Continue to strengthen cross-departmental marketing, actively strive for spot and forward exchange rates, FXSWAP and other product quotations for corporate finance customers, and seek TMU business opportunities to expand customer base, increase revenue, and increase market share in foreign currency deposits.

Trust Business

1. Provide various trusts that meet the public's needs for retirement care and property protection, including retirement, asset inheritance and employee welfare trusts, in order to achieve the goal of ESG inclusive finance in accordance with the FSC's trust business development strategy.
2. In line with the government's policies on promoting urban renewal/unsafe and old buildings reconstruction, major public construction and a complete housing market, continue to secure real estate trust-related businesses with the resources of the financial holding group and collaborative credit business development.
3. Deepen strategic cooperation with corporate entities such as investment trusts, securities firms, life insurance companies, and venture capital with resources from the Group, actively optimize custodian systems, and cultivate custodian professionals to expand the market share of the custodian business.
4. In line with the development trend of the financial investment market, to provide high-quality trust financial products and platforms to continue to enhance digital trust services.

B. Long-term Business Development Plans

Wealth management and insurance business

1. Implement the spirit of RBA and refine and optimize various inspection and monitoring procedures for the financial management business.
2. Continue to cultivate high-end wealth management talents and enhance the ability to research and design financial products.
3. Continue to hold ESG financial management forums and sustainable finance courses to promote ESG concepts. In addition to pursuing business interests, we encourage and educate investors and the general public to use financial management to respond to and participate in the sustainable management of enterprises, the environment and the society.
4. Strengthen Taiwan's private banking business, carry out comprehensive deployment and deepen local services for high-net-worth customers through distinctive operations and professional teams; provide complete private banking services and products, optimize platforms and procedure to enhance customer experience.
5. Continue to promote the digitization and paperless operation of insurance and various financial services.



Credit business

1. Maintain the dominant position in the syndicated loan market, continue to develop international business opportunities, expand overseas service bases with development potential in a timely manner, and combine the rich experience of domestic and overseas business units in assisting Taiwanese businesses to expand overseas business to strengthen the competitiveness of international finance and credit business.
2. Comprehensively explore green energy business opportunities, establish a green energy database and train a green energy financing professional team, and become a green energy professional credit bank.
3. Strengthen the cooperation mechanism between domestic business units and foreign business units, jointly improve operational efficiency with professional services, and actively explore new business opportunities in domestic and foreign markets.
4. Strengthen the development of financial technology, develop online financing services, and use systematic analysis methods to find and screen potential high-quality customer groups.
5. Implement cross-selling and joint-selling mechanisms for the Mega Holdings Group and business units, cultivate all-round marketing talents, deepen marketing touchpoints, and use corporate banking business to drive deposit, foreign exchange, TMU, consumer finance, and wealth management business opportunities, as to enhance the overall revenue and competitiveness of the Group.
6. Integrate marketing with the vision of green finance to guide customers to pay attention to sustainable development issues and implement environmentally friendly and energy-saving carbon reduction lifestyles to practice ESG principles.

Finance and financial market business

1. In response to the government's policy of developing green industries, issue perpetual financial bonds to support the green lending business of enterprises and practice corporate social responsibility.
2. Continue to invest in green bonds, sustainable development bonds and other sustainable bonds to fulfill corporate social responsibility and enhance the corporate image of the financial holding group.
3. Strengthen the product research and development capabilities, while optimizing the operation process, strongly support the effective promotion of TMU business, and enhance the competitiveness of serving customers.

Trust Business

1. Leverage the Group's resources and cross-industry alliances to build a comprehensive trust that meets people's needs in all aspects of life and property management, and achieve the goal of sustainable trust finance in response to an aging society and policy directions.
2. In line with the trend of digital banking development, continuously optimize trust product operations, strengthen the education and training of trust business throughout the bank, and cultivate professional talent to improve the competitiveness of the trust business.
3. Combine the resources of the financial group and corporate finance business development strategies to establish a one-stop service real estate trust professional team in accordance with policies such as urban renewal/unsafe and old buildings reconstruction, and major public construction.
4. In line with the wealth management business strategies of the bank subsidiary to provide a complete portfolio of non-discretionary money trust products, optimize online wealth management functions for customers, and jointly create the best non-discretionary money trust financial services.

5. In line with the purpose of supporting industries and accelerating industry innovation and value-add, provide comprehensive investment management and trust services to strengthen the company's entrusted position in the National Development Fund's venture capital project.

Mega Securities Co., Ltd.

A. Short-term Business Development Plans

1. Improve client structure and increase brokerage market share
2. Develop wealth management and increase recurring income
3. Develop diversified case sources and increase underwriting scale
4. Develop long short strategies and improve operational performance
5. Promote digital transformation and enhance the safety of information and communications
6. Implement the three lines of defense and strengthen corporate management
7. Emphasize employee training and inherit professional skills
8. Utilize Group resources and develop cross selling strengths
9. Combine financial expertise and pursue sustainable development.

B. Long-term Business Development Plans

1. Finance and business:
 - Strengthen the efficiency of capital utilization and increase the Group's share of profit-making share.
 - Identify opportunities to relocate Taiwanese businesses. and understand the demand for overseas Taiwanese businesses to return and be listed in Taiwan.
 - Strengthen the efficiency of Group co-selling, develop corporate wholesale business and increase the share of securities counter.
 - Develop financial management business and increase the number of effective customers.
2. Internal procedures:
 - Improve corporate governance standards and pursue sustainable development.
 - Improve the company's operating efficiency, optimize operations and increase returns.
 - Strengthen risk control mechanisms and implement compliance with internal and external laws and regulations.
 - Strengthen the company's information security and increase investment in cybersecurity protection.
3. Learning and growth:
 - Motivate and enhance employee value, train and increase employee capabilities.
 - Establish a digital culture within the company and encourage employees to be innovative.

Mega Bills Finance Co., Ltd.

A. Short-term Business Development Plans

1. Watch closely client's operation and financial, industry prospects, and capital management for credit approval reference.
2. Adjust the structure of credit customers, develop low carbon transformation, green, and non-real estate business, actively strive for the underwriting business of bank transferable certificates of deposit, other guaranteed and without guaranteed notes with a certain interest rate spread, and strive to host or participate in syndicated loan business and jointly underwrite.



3. Watch financial situation to manage primary/secondary interest rate and manage bill transaction, in order to increase interest margin of CP issuance and trade to maintain market leading position.
4. Pay close attention to international political and economic, exchange rate and interest rate trends, and flexibly adjust bond positions denominated in New Taiwan dollar and foreign currencies; actively expand low-interest funding sources and strengthen funds allocation capabilities.
5. Actively participate in the CB auction market and expand the CBs and convertible bond asset swaps (CBAS) with better credit quality to increase operating returns.
6. Invest in high-yield equity products with good credit ratings and favorable dividends, and continue to purchase corporate bonds with relatively high yields and good credit ratings.
7. Continue to optimize ESG risk assessment systems, fulfill governance responsibilities, support green financial products, pay attention to the SBT status of investees, and conduct engagement to assist customers in low-carbon transformation.
8. Continue to introduce green electricity, strengthen green circular procurement, and carry out energy conservation and carbon reduction.
9. Continuously improve operational efficiency, strengthen information security protection measures and employee security education and training, to reduce information security threats.
10. Rationally allocate capital, improve the efficiency of fund utilization, regularly track and review the implementation of various risk management objectives, and strengthen the risk management system.
11. Continue to optimize the AML system, implement compliance systems and management, conduct regular education and training, and strengthen employees' awareness of compliance to prevent operational malpractices.

B. Long-term Business Development Plans

1. Expand asset scale and increase business income.
2. Consolidate the advantages of corporate finance and deepen the group's cross-selling.
3. Improve corporate governance standards and pursue sustainable development.
4. Improve operating efficiency, optimize operations and increase remuneration.
5. Strengthen risk control and implement compliance with internal and external laws.
6. Protect intellectual property and strengthen investment in digital information.
7. Incentivize and enhance employee value and cultivate and increase digital talents.
8. Establish a digital culture and encourage R&D and innovation.

Chung Kuo Insurance Co., Ltd.

A. Short-term Business Development Plans

1. Reinforce risk management and implement compliance and audit system inside and outside of the company.
2. Implement corporate governance and develop a sustainable environment to guide the Company towards sustainable and stable development.
3. With the goal of improving profitability and market position, we will strengthen our analytical capabilities and conduct ongoing reviews and adjustments to our business structure.
4. Consolidate large-scale commercial insurance business and expand small and medium-sized commercial insurance business.
5. Actively strive for high-quality personal business, promote core insurance business, and increase retained premiums.

6. Deepen the Group's cross-selling capabilities and increase business penetration.
7. Continue to develop channels, increase business sources and balance the development of channels.
8. Continue to develop cross-industry alliance partners and cooperate in new media marketing to promote network operations in order to secure reputation, customers and profits.
9. Introduce process automation to reduce a large amount of routine and manual on-machine operations, and provide real-time assistance to front-end operations in order to improve work efficiency.
10. Adjust asset allocation in a timely manner to improve the efficiency of fund utilization.
11. Cultivate all-round talents and establish a talent reserve database.

B. Long-term Business Development Plans

1. Finance and business:
 - Enhance the company's market position and deepen joint marketing effectiveness.
 - Establish commercial insurance business and expand personal insurance business.
 - Deeply expand indicator channels and strengthen integrated marketing planning.
 - Integrated internal and external digital platforms and strengthen cross-industry cooperation alliances.
 - Adjust asset allocation and improve the capital efficiency.
2. Internal procedures:
 - Increase corporate governance standards and pursue sustainable development at the company level.
 - Improve business efficiency and invest in digital information.
 - Reinforce the risk control of the company and implement compliance inside and outside of the company.
3. Learning and growth:
 - Motivate increased employee value and foster more digital talents.
 - Establish a digital culture in the company and enhance information security awareness.

Mega International Investment Trust Co., Ltd.

A. Short-term Business Development Plans

1. Formulate mainstream investment strategies and develop innovative products in line with the trends in response to the market environment.
2. Take into account the balanced development of active and conservative products, and stabilize the scale of operating assets under management and profit growth.
3. Steadily expand the full discretionary business and appeal for long-term stable absolute returns.
4. Expand banking and securities sales channels, and deepen cooperation through the strategic cooperation model of strong funds.
5. Invest in digital media and audio-visual promotion to develop the younger generation customers and expand the customer base.
6. Continue to carry out information system replacement to lay the foundation for the Company's FinTech development.

B. Long-term Business Development Plans

1. Search for strategic sales partners to promote products in long term.
2. Continuously enhance the research team's professional capabilities in researching new products and global markets.

3. Steadily develop the discretionary business, seek long-term stable returns, and secure the government fund discretionary operation business.
4. Explore the blue ocean market and cooperate with foreign asset management and investment consulting companies to provide more diverse investment options.
5. Implement promotion and training on new laws and regulations and deficiencies in the industry to strengthen employees' legal compliance awareness.
6. Encourage employees to participate in external training to develop diverse learning areas and new skills.

Mega Asset Management Co., Ltd.

A. Short-term Business Development Plans

1. Follow the operating principles promulgated by the FSC, assist in the consolidation of debts and advance payments for reconstruction of real estate that poses public safety concerns, such as dilapidated buildings and sea sand houses, on an entrusted basis or in accordance with the Urban Renewal Ordinance and Dangerous Old Reconstruction Ordinance, and collect service income to create stable profit for the company.
2. Continue to invest in the real estate from foreclosure or from government auction, and prioritize real estate with fixed rental yields, with a view to leasing them out as soon as possible after obtaining ownership in order to generate more income. Sell real estate which has been held for years for capital gains.

B. Long-term Business Development Plans

1. For real estate targets with development potential, bid in an entrusted manner to receive service fees, or acquire and dispose of in a timely manner to create profits.
2. Plan a relatively suitable and beneficial development method for the acquired land and real estate, and also wait for opportunities to serve as implementers of urban renewal or reconstruction and inject funds to increase long-term profit momentum.

Mega Venture Capital Co., Ltd.

A. Short-term Business Development Plans

1. Participate in capital increase before listing, bidding auctions, enquiry and purchase of convertible corporate bonds, selecting high-quality cases in the emerging market to participate in investment, or repurchasing shares of the original investment company in the listed (over-the-counter) market to realize capital gains and earn stable investment returns.
2. Due to the rapid changes in the industry, in addition to the technology industry, cooperate with the government's six core strategic industries to strengthen efforts in areas including information and digital industry, cyber security excellence industry, Taiwan precision health industry, renewable electricity and renewable energy industry, national defense and strategy industry and strategic stockpile industry. In addition, in line with the Group's policies, introduce an ESG assessment mechanism to the process of selecting high-quality investment targets in the future.
3. Cope with government funds to strengthen investment in small and medium-sized enterprises, strategic manufacturing business, strategic service business, etc to improve enterprise productivity and industrial added value.

4. Provide funds to support the startup industry in accordance with government policies, provide working capital for startup development and provide related counseling.

B. Long-term Business Development Plans

1. Invest in companies which are in the early stage or growth stage and extensively build its investment portfolios. Fully grasp investees' financial, business, and operation management, assist in the development of the investees and fulfill corporate social responsibility.
2. Increase profit to contribute more to the Group.
3. Optimize portfolio and increase capital use efficiency.

4.2 Cross Selling Synergies

In 2024, our subsidiary companies achieved a total of NT\$1.555 billion in cross-industry and joint sales with other subsidiaries, an increase of 12.63% compared to 2023, achieving 117.84% of the internal target. The main items are described as follows:

1. In 2024, 7,421 Mega Bank credit cards were applied through the channels of other subsidiaries, and 10.02% and 6.79% of credit cards were issued and outstanding through cross selling, respectively. Securities delivery deposits reached NT\$30.8 billion, an increase of 0.17% from 2023. Joint marketing benefits in 2024 was NT\$344 million, an increase of 3.01% from NT\$334 million in 2023.
2. As of the end of 2024, Mega Securities has set up 95 securities counters in branches of Mega Bank compared to the 75 branches at the end of 2018. The proportion of securities brokerage undertaken through the channels accounted for 8.09% in 2024, up from 7.31% in 2023. The cross-selling benefits of Mega Securities from domestic introduced by other subsidiaries increased by 37.34% to NT\$113 million from NT\$82 million in 2023.
3. Because of interest rate hikes of the central bank, in 2024, Mega Bills Finance Company acted as an underwriter for a total of NT\$74.355 billion of commercial papers guaranteed by Mega International Commercial Bank, down 10.81% from NT\$83.366 billion in 2023.
4. In 2024, Chung Kuo Insurance Company reported insurance premium revenues of NT\$959 million through cross selling by other subsidiaries, up 17.96% from the NT\$813 million in 2023. The premium revenues from cross selling as a percentage of domestic written premiums rose to 9.78% in 2024 from 9.30% in 2023.
5. In 2024, average outstanding amount of mutual funds managed by Mega International Investment Trust Company (MIIT) through cross-selling by other subsidiaries reached NT\$34.049 billion, a 2.01% increase from the NT\$33.378 billion in 2023. Because of increased volatility in financial markets and rise in the risk awareness of investors, the company's fund sales and average fund balance ratios decreased from 26.16% and 41.62% in 2023, respectively, to 18.57% and 41.18% in 2023. The total benefits of cross selling decreased by 7.53% to NT\$127 million from NT\$137 million in 2023.

4.3 Market Overview

As a financial holding company, the Company's business is limited to investment in, and management of, its invested enterprise(s). Most of the Company's revenues are investment revenues derived from its subsidiaries. Market condition of subsidiary's industry is set forth as follows:



4.3.1 Banking Industry

A. Regions where the main products (services) are sold (provided)

Main products	Regions
Corporate Finance Services	<ul style="list-style-type: none"> • There are 108 domestic branches in total, with Taiwan as the main operating area. In addition, we also actively participate in international syndicated loan cases to meet the cross-border financing needs of Taiwanese business. • There are 39 overseas branches in total, located in the United States, Panama, Canada, Europe (France, Britain, the Netherlands), Australia, China, Japan and Southeast Asian countries, providing financing services.
Consumer Finance Services	<ul style="list-style-type: none"> • With Taiwan as the main operating area, it covers consumer loans, credit cards and wealth management businesses. • Some overseas branches provide personal mortgage services.
Overseas Operations	<ul style="list-style-type: none"> • All 108 domestic branches provide deposit and remittance services. • 34 of the 39 overseas branches provide deposit and remittance services.

B. Future Market Supply and Demand

1. In recent years, there are still many physical banks despite some consolidation among domestic financial institutions. In addition, due to rapid technology advancement, the application scenarios of mobile payments are becoming more diverse, with booming development of digital financial services such as internet-only banks and electronic payments. The industry as a whole is highly competitive, both online and offline.
2. Although external demand was affected by international political and economic developments, domestic private investment and consumption remained robust, and overall financial demand continued to grow moderately.
3. In response to the global trade changes brought about by Trump's new policies, the adjustment of corporate supply chain layout has become more diverse based on regional and industrial characteristics, resulting in new credit needs
4. In order to curb the speculative trend in the housing market, Taiwan's central bank will adopt an overall prudent policy and strengthen selective credit control. The proportion of real estate loans in the banking industry's total loans will decline. Residential loans and construction projects are expected to be more conservative. Commercial real estate will be supported by the demand for factory establishment by domestic and foreign high-tech manufacturers and will be relatively less affected.
5. The government is attracting investment to Taiwan to develop "high-asset wealth management business" and Taiwan will enter a "super-aged society". Issues such as medical needs, asset preservation, and inheritance planning will drive retirement financial management business opportunities. In addition, the younger generation's preference for digital transactions and online investments will also drive online financial management business opportunities.

C. Business targets

Item	2025 targets
Average outstanding of deposits (in million NTD)	3,041,554
Average outstanding of loans (in million NTD)	2,302,528
Foreign exchange business undertaken (in million USD)	779,770

D. Positive and Negative Factors Influencing Banks' Future Operations

Positive Factors

1. The intensification of trade and technology conflicts between the U.S. and China, the continued decentralization of supply chains of domestic enterprises to India, ASEAN, and other countries, coupled with Trump's "America First" policy, will increase the willingness of global enterprise and overseas Taiwanese businesses to invest in the U.S., which will facilitate the expansion of overseas cross-border financing, foreign exchange, and hedging business.
2. In response to the uncertainty of Trump's policies, central banks at home and abroad will become more prudent in cutting interest rates, and the deposit spreads will stay high, contributing to the net interest spread income of banks.
3. Domestically, the promotion of urban renewal will drive the development of related real estate industries. With the global wave of AI digitalization and green transformation, companies will increase related capital expenditure, thereby extending financing needs and improving returns from loans.
4. The U.S. Dollar interest rate remains at a relatively high level, which will increase the willingness of companies and individuals to purchase U.S. Dollar-denominated wealth management products. Coupled with the demand for asset allocation in the era of aging and declining birth rates, this will boost the growth of banks' foreign exchange and wealth management fee income.
5. The widespread use of electronic payments and the recovery of overseas travel will be conducive to an increase in credit card fee income.

Negative Factors

1. The uncertainty of Trump's new policies and geopolitical risks will lead to rising debt financing costs for governments and private sectors, which may affect debt sustainability and be detrimental to the stable development of the global economy. This will in turn exacerbate financial market volatility and increase difficulty in financial operations of banks.
2. Central banks at home and abroad will be cautious in cutting interest rates, with relatively tight market liquidity, putting pressure on the growth momentum of banks' net interest income.
3. The intensified conflict between the U.S. and China will exert an impact on the deployment of the supply chain. At the same time, due to China's weak economy and overcapacity, companies with a high proportion of revenue from China should prevent credit-related risks.
4. The central bank's housing market control measures will make the customers tend to speed up repayments or reduce their willingness to apply for loans, which in turn will affect the demand for loans.
5. Higher base period and increased volatility in the capital markets will affect growth momentum from foreign exchange transactions and fee income.

4.3.2 Securities Industry

A. Regions where the main products (services) are sold (provided)

Mega Securities' businesses include securities brokerage, proprietary trading, underwriting of, bonds, derivatives, stock registry services, and futures introducing brokerage, etc. through its business units in north, central and south Taiwan. Its customers include domestic and foreign institutions and general investors. There are 43 business units in north, central, and south Taiwan.



B. Future Market Supply and Demand

1. On the supply side, in order to enhance the competitiveness of the Taiwan stock market and develop it into an Asian Asset Management Center, the Taiwan Stock Exchange and the Taipei Exchange have jointly established a capital market service team to plan to improve market efficiency, such as actively promoting high-quality domestic and foreign companies to list in Taiwan, expanding the product scope of the sustainability bond market, etc., which will drive capital inflow. The government will continue to relax legal restrictions to increase the richness and diversity of securities firms' business. It is expected that the competent authorities will continue to improve the issuance and trading system in the future to activate the domestic capital market. The association will actively strive for securities firms to improve their services for customers to invest in overseas securities, implement sub-brokerage foreign currency financing business, be engaged in foreign securities lending business, reset the exercise price of warrant products, open up the listing of structured products, and invest in unlisted companies. These liberalization and relaxation policies and sound industry development policies aim to assist securities firms in overcoming the prevalent price-cutting competition in the market and develop a differentiated business model. The development of the securities industry will become increasingly sound and stable.
2. In terms of demand, the total number of accounts opened and the number of new accounts opened in 2024 both hit historical highs. In addition, there was an obvious trend of younger investment groups and diversified wealth management products. The demand of young groups for wealth management products has become more diverse and extensive. With the rise of electronic transactions, many investors have become accustomed to using digital platforms for investment and wealth management. Securities firms are required to continuously optimize digital services, provide convenient trading platforms and personalized wealth management products, and maintain market competitiveness.
3. Looking to the future, with the guidance and assistance of the competent authorities, the securities industry still has considerable room for growth. The company will continue to improve its product innovation capabilities and competitiveness to create a win-win-win situation for customers, securities firms and the overall market.

C. Business targets

Item	2025 targets
Brokerage market share	3%

D. Positive and Negative Factors Influencing Future Operations

Positive Factors

1. The regulatory authority supports the securities industry and continues to open up financial products and services by relaxing regulations, which will facilitate business development and increase profit opportunities.
2. Trading volume is driven by the volatility of Taiwan's stock market, and it is expected to be maintained by the active participation of Taiwanese nationals in the stock market.
3. The popularization of investment concepts among investors is conducive to the development and sales of diversified products, increasing revenue from wealth management services.

4. Young people and petty bourgeoisie actively participate in the stock market, injecting momentum and becoming the main direction for developing potential customers in the future.
5. The brand of Mega Holdings Group appeals to outstanding talents. Combining our brand with the resources of Mega Holdings, the synergy of cross selling is created, thus helping the company to bolster its competitiveness.
6. Employee stability and long-term cultivated clients help the company to be able to provide various kinds of products and services to diversify revenue source.
7. The company's businesses have achieved a balanced development and established a certain market position, which enable us to undertake more new businesses.
8. The Company has been deeply engaged in ESG and actively promoted strategies such as "treating customers fairly", "due diligence governance" and "ethical management". It has won a number of honors and recognitions and has become a leader in international sustainable enterprises.

Negative Factors

1. In order to comply with the relevant regulations of the competent authorities on sustainable development, information security, corporate governance and anti-money laundering, management and operating costs will increase year by year.
2. Brokerage, underwriting, and proprietary business are highly connected to global financial and political situations and the economy. Brokerage fee income and investment gain are also deeply affected by market trading volume, resulting in unstable overall profitability of the company.
3. Price-cutting competition for homogeneous services in the securities industry is not conducive to stabilizing fee income.
4. The customer structure is concentrated with a high proportion of medium-sized accounts, and performance is easily affected by the ups and downs of the Taiwan stock market.
5. The proportion of trading volume of foreign investor is increasing, and local securities brokers lack the advantage of developing foreign customers.
6. The diversification of financial products and expansion of business scope have increased requirements and costs relating to compliance and business risk management.

4.3.3 Bills Finance Industry

A. Regions where the main products (services) are sold (provided)

Aside from the head office in Taipei, Mega Bills Finance Company has 8 branches in Taiwan which are engaged in credit business, bills and bonds business.

B. Future Market Supply and Demand

(1) Bills market

In 2024, the secondary market bill selling rate continued to rise due to the continuation of the interest rate hike cycle, and the overall bill interest spread continued to narrow. However, the primary market CP2 underwriting amount of the entire ticket industry in 2024 was NT\$15.440339 trillion, an increase of NT\$2.130443 trillion (16.01%) from 2023. The primary market CP2 underwriting amount of Mega Bills was NT\$4.768271 trillion, with a market share of 30.88%; in 2024, the total secondary market transaction volume of the bills secondary industry was NT\$41.851734 trillion, and the secondary market transaction volume of Mega Bills was NT\$12.21613 trillion, with a market share of 28.72%. The performance of various bills business is stable and maintains the first place in the bills industry.

Looking ahead to 2025, the momentum of economic growth will remain stable, but the corporate credit risks between industries will vary greatly. In order to maintain the overall credit business asset quality and credit risk control, differentiated pricing and credit limit control strategies will be adopted based on the outlook of individual industries. Regarding credit positions, it is expected that increased volatility of capital investment positions in 2025 will affect the net worth and capital adequacy ratio, and the room for growth of credit business will remain challenging. As for spreads, it is estimated that the central bank will continue to adopt a tightening monetary policy, and the company will continue to face the impact of bidding by financial institutions. The overall bills spreads will still face challenges.

(2) Bonds market

In September 2024, the U.S. Federal Reserve initiated interest rate cuts, totaling 1% in the second half of the year. However, the U.S. economy and labor market remained stable, and inflation did not cool as expected. Coupled with the expected negative impact of Trump's policy uncertainty, U.S. bond yields rebounded after the cut with significant fluctuations. Due to favorable economic outlook, gradual easing of inflation and cooling housing market, Central Bank of Taiwan will maintain its current monetary policy. The demand for bond replenishment in the overall bond market will still exist, and the NTD bond yield will fluctuate within a range.

Looking ahead, given the high uncertainty of Trump's policies and the sharp fluctuations in U.S. bond yields, the company will take into account the FED's monetary policy and fluctuations in U.S. bond yields, supplement foreign currency bonds upon their maturity, adjust the structure, and conduct flexible buying and selling. In addition, the Federal Reserve cut interest rates by 1% in 2024. The effect of lower funding costs will be evident in 2025, and negative bond spreads will gradually improve. The company will continue to control capital costs in the future. Central Bank of Taiwan will maintain its current monetary policy. For Taiwan dollar bonds, the company will continue to seek targets with relatively good credit risks and yields in an active manner in order to increase overall returns.

(3) Equity investment business

In 2024, the TAIEX rose for two consecutive years following 2023, setting a record for the whole year and ranking second in the world. The momentum of the rise mainly came from AI stocks. Looking forward to 2025, with the advent of the Trump 2.0 era, concerns about U.S. inflation will reappear, and the uncertainty of U.S.-China trade relations and global financial markets will increase. The development of AI-related applications and its upstream and downstream supply chains will still be the focus of transactions. Under the high growth base in 2024, it is expected that the growth rate of technology stocks may be under pressure this year. We will diversify investment risks under the premise of giving equal importance to various industries in order to obtain stable returns.

C. Business targets

Units: NT\$ million

Item	2025 targets
Underwriting and purchasing of bills	4,714,686
Underwriting amount of commercial paper issued for funding purpose (CP2)	4,553,503
Trading volume of bills	11,433,379
Trading volume of bonds	3,547,811
Repo outstanding balance of bills and bonds	253,312
Average outstanding balance of guaranteed issues of commercial paper	190,000

D. Positive and Negative Factors Influencing Future Operations

Positive Factors

1. The Federal Reserve is expected to reduce the number of interest rate cuts. However, the effect of the interest rate cuts should be fully reflected in 2025, resulting in a decrease in the costs of foreign currency funds and a continuous improvement of negative bond spreads.
2. With the development of fintech, internal operations continue to be optimized to enhance organizational efficiency.
3. The abundant resources of the Mega Holdings Group allow for highly integrated marketing of products and services, which is beneficial for business expansion.
4. As competent authorities issue ESG-related policies, sustainable finance can be combined with credit and investment businesses to further diversify market risks.

Negative Factors

1. In a financial market where financing channels are increasingly diversified, banks strive for domestic loan business at low interest rate and compete for non-guarantee CP underwriting business, hindering the business expansion of bills companies.
2. Central Bank of Taiwan continues to implement selective credit controls, further limiting the flow of funds into the real estate industry. In addition, the implementation of the new Equalization of Land Rights Act and the seventh credit controls may lead to downward risks in the real estate industry and affect new business development.
3. Resilient U.S. economy and labor market, Trump's policies and global economic and inflation uncertainties due to increased international political risks will affect the pace of the Federal Reserve's decision on interest rate cuts.

4.3.4 Non-life Insurance Industry

A. Regions where the main products (services) are sold (provided)

Chung Kuo Insurance Company provides domestic non-life insurance service in Taiwan and Guan, supplemented with inward reinsurance. Head office resides in Taipei, and the company has 29 domestic branches and one overseas representative.

B. Future Market Supply and Demand

- (1) For the property and casualty insurance market, despite the slowdown in economic activities, the "General Description on Taiwan 2050 Net-Zero Emission Pathway and Strategy" will provide a net-zero trajectory and action path, promote technology, research and innovation in key areas, guide the green transformation of the industries, and provide other business opportunities, such as green energy industry insurance (engineering insurance, property insurance and liability insurance) and electric vehicle exclusive insurance. Taiwan will soon become a super aged society, stimulating the demand for the development of suitable insurance products for this group of people.
- (2) In addition to being affected by domestic government economic policies and industrial factors, international reinsurers have become more cautious in underwriting and reinsurance rates due to losses in property insurance claims as a result of natural disasters caused by global climate change or rising

liability insurance claims due to economic factors. However, it has also caused the domestic insurance industry to reduce the price-cutting competition in the past for large-scale commercial insurance that relies on reinsurance support. There have been instances of slow rate increases and even significant premium increases for business with poor loss experience.

C. Business targets

Unit: NT\$ thousand

Item	2025 targets
Insurance premiums	11,652,105
Reinsurance premiums	638,800
Total	12,290,905

D. Positive and Negative Factors Influencing Future Operations

Positive Factors

1. The government's implementation of public construction and infrastructure projects, such as offshore wind power, solar photovoltaic, and railway construction (e.g., High Speed Rail, Taiwan Railway, and Taipei MRT) projects, is conducive to expediting the growth of the property insurance market.
2. Public accident liability insurance, information security insurance, agricultural insurance, product liability insurance, directors and supervisors liability insurance, etc. are all types of insurance that the government has spared no effort to promote in recent years
3. Taiwan's nuclear energy policy is to promote the "2025 Nuclear-Free Homeland Project" by finding alternative energy sources, improving power generation efficiency, saving energy, adjusting industrial structure, and liberalizing the electricity industry.
4. After the pandemic, there has been an explosive growth in overseas tourism, which is conducive to the promotion of travel insurance (comprehensive) insurance and overseas acute illness insurance.
5. Taiwan will enter a super aged society by 2025, which will facilitate the development and promotion of insurance products for senior citizens, injuries, and disabilities.
6. In recent years, the pandemic and the emergence of digital technology have accelerated the use of online insurance sales models, and digital and social media have increased business opportunities.

Negative Factors

1. Natural disasters and major incidents around the world have occurred frequently in recent years, and catastrophe risk losses continue to affect the performance of international reinsurance companies, resulting in an increased cost of catastrophe reinsurance and relative increase in risk retention.
2. Due to the impact of the war between Ukraine and Russia, the reinsurance premium quotes for cyber insurance, banking comprehensive insurance, and directors and supervisor's liability insurance have increased, which will affect the willingness of enterprises to purchase insurance.
3. Geopolitical tensions and regional economic uncertainties remain.
4. Auto insurance has been affected by the increasing public awareness of claims, price inflation and wage increase year by year, resulting in a significant increase in the average payout.
5. Due to the implementation of the principle of indemnity for the hospitalization expense insurance products, consumers are expected to first choose insurance products that are guaranteed to be renewed by the life insurance industry.

4.3.5 Securities Investment Trust Industry

A. Regions where the main products (services) are sold (provided)

In addition to the Taipei head office, Mega International Investment Trust Company has no domestic or overseas branches. For customers in central and south Taiwan, the company will appoint dedicated person to provide service if necessary.

B. Future Market Supply and Demand

1. In 2024, the scale of the domestic fund market continued to witness a significant growth, with the growth scale reaching NT\$2.86 trillion or 29.83%, representing a growth rate of nearly 30%. Among them, the scale of ETFs increased by NT\$2.53 trillion, accounting for nearly 90% (88%) of the overall market growth, showing that ETF products have become the mainstream investment of people in Taiwan. There is also a trend of decreasing variance among ETFs. In order to avoid excessive homogeneous products in the market and to build an Asian Asset Management Center with Taiwanese characteristics, applications for active and multi-asset ETFs will be opened from 2025 onwards, hoping to activate and improve the development of the domestic ETF market and promote greater diversity in financial products.
2. In view of the continuous occurrence of online fraud cases in recent years and disputes over chaotic sales by KOLs, the FSC will focus on fraud prevention, information and communications security, protection of the rights and interests of financial consumers (such as protection of personal data and the rights and interests of the physically and mentally disabled) and corporate governance as the key points of financial inspections to assist financial institutions in actively strengthening self-management and improving corporate due diligence governance. Therefore, it is necessary for companies to improve their network information security, anti-money laundering and counter terrorism financing, self-discipline management of marketing and publicity, and real-name system for advertising, in order to strengthen service and protection for consumers, implement compliance system, and establish ethical business management.

C. Business targets

Units: NT\$ million

Item	2025 targets
Public funds under management	107,500
Private placement funds under management	7,401
Discretionary account	5,292

D. Positive and Negative Factors Influencing Future Operations

Positive Factors

1. The laws and regulations gradually relax types of fund products and investment restrictions, and external institutions are entrusted to review products, increasing new product development and investment opportunities of investment trust companies.
2. The FSC continues to promote relevant laws and regulations, including fraud prevention, information security, financial consumer rights protection, and self-regulation of business operations, etc., to urge industry players to improve corporate governance culture, establish a friendly environment, and enhance customer relations.



3. Fintech applications are becoming more and more extensive, helping to improve the efficiency and quality of financial services.
4. Utilize close cooperation resources of other brother companies within the Group to develop new products in response to customer needs and investment opportunities, so as to give full play to the synergy of the Group.

Negative Factors

1. Illegal activities related to electronic fraud or money laundering will continue to evolve due to the rapid advancement of digital technology. In addition to strengthening internal training, investment control procedures and cyber security management, the investment trust company will also maintain close contact with investors, implement real-name system for advertising, fully disclose product information and promote relevant preventive measures, so as to improve corporate governance, treat customers fairly, and reduce fraud and other illegal actions.
2. In recent years, the management scale of the investment trust market has increased rapidly. The growth scale of the top six investment trust companies accounts for 80% of the overall market growth, with the growth scale exceeding NT\$100 billion. In particular, the top three companies have all reached NT\$500 billion, which shows a trend of big companies getting bigger in the market. The larger the fund size, the higher the brand visibility, which complements the rapid investment of capital in the market. Therefore, investment trust companies must continuously issue products in line with new trends and steadily improve operating performance of funds in order to gain the favor of market investors, gradually increase brand awareness, and increase the management scale and market share of funds.

4.3.6 Assets Management Industry

A. Regions where the main products (services) are sold (provided)

Operations of Mega Asset Management is mainly in Taiwan.

B. Future Market Supply and Demand

1. The asset quality of Taiwanese banks has improved and the NPL ratio is low. Thus, the source of suitable investments or auction cases is few, causing fierce market competition.
2. The government is promoting urban renewal and old building rebuilt policies. The real estate companies develop aggressively and integrate suitable targets for urban renewal or old building rebuilt. Due to the large number of old buildings that are eligible for urban renewal (according to statistics from the Ministry of Interior, in the third quarter of 2024, there were more than 5.15 million old houses in the country that were over 30 years old). The asset management companies will follow the "Operation Principles for Financial Holding (Banks) Investing Asset Management Companies" to do prepayment business. There is a prospect in the future.

C. Business targets

Units: NT\$ million

Item	2025 targets
Average balance of advances in asset service business	13,697
Average balance of investment properties	893

D. Positive and Negative Factors Influencing Future Operations

Positive Factors

1. Related regulations (Urban Renewal Act and Old and Dangerous Buildings Improvement Act) have been revised successively toward beneficial direction for urban renewal, and local governments have also accelerated the review or increased the floor area ratio incentives to increase the willingness of builders and the public to participate in urban renewal or old and dangerous buildings reconstruction and efficiency of integration.
2. The population density in Taipei and New Taipei City is high, and most of the houses are old buildings. The urban renewal and old and dangerous buildings reconstruction in response to living safety are conducive to business development.

Negative Factors

1. In recent years, domestic peers have actively entered the urban renewal and old and dangerous buildings advance payment business, which has resulted in more intense competition in the market.
2. The balance of issuance of non-guaranteed commercial promissory notes is limited to three times the net worth. In addition to unfavorable capital deployment, financial costs also increase, and profits decline due to compression of interest spreads.

4.3.7 Venture Capital Industry

A. Regions where the main products (services) are sold (provided)

Mega Venture Capital Company mainly invests in Taiwan, with some foreign investments.

B. Future Market Supply and Demand

1. Most Taiwanese enterprises are small and medium-sized. They are relatively insufficient in scale and R&D. It is difficult to obtain brand advantages and establish an international image. More efforts are also required in investments.
2. In addition, there are many venture capital companies in this small domestic market, and domestic economic development has been maturing. With the above and the increasing uncertainty of the global financial market, it is necessary to expand tentacles in the future to look for suitable targets to invest in, especially investing in Taiwanese companies in demand-driven industries in Asia.

C. Business targets

Units: NT\$ million

Item	2025 targets
long-term investment amount	150
Stock selling income	323

D. Positive and Negative Factors Influencing Future Operations



Positive Factors

1. The effective integration of the Group's resource is conducive to exploration of investment case and assistance in corporate reconstruction.
2. Taiwanese enterprises are heading towards economic transformation, emphasizing technological innovation and cultural creativity for future development, which is good for the company to expand industrial portfolios and increase investment diversification.
3. Mega Management & Consulting Co., Ltd. has set up for years with experienced team. Also, the co-work with Group subsidiaries is beneficial for business growth.

Negative Factors

1. In the past, venture capital companies in Taiwan were overly focused on technology industries, creating concentration risk. With the upgrade of traditional industries' techniques, rise of AI, 5G, and bio-tech industry, venture capital companies can diversify investments and reduce concentration risk.
2. Risks such as global inflation, geopolitical conflicts, and the new U.S. government's tariff policies have caused high uncertainty in global economic development. In the face of these changes, related domestic industries must remain cautious, and investment still involves risks.

4.4 Human Resources

Unit: Number of person

Item \ Year		2023	2024	Current year as of Mar. 31, 2025
Number of Employees	Mega FHC	83	93	92
	Mega Int'l Commercial Bank	6,894	7,002	6,927
	Mega Bills Finance	216	220	218
	Mega Securities	1,520	1,536	1,519
	Chung Kuo Insurance	865	864	881
	Mega Int'l Investment Trust	97	97	95
	Mega Asset Management	27	26	26
	Total	9,702	9,838	9,758
Average Age	Mega FHC	44.45	44.91	45.29
	Mega Int'l Commercial Bank	41.02	41.22	41.30
	Mega Bills Finance	44.32	44.46	44.58
	Mega Securities	46.64	46.60	47.00
	Chung Kuo Insurance	42.60	42.90	42.90
	Mega Int'l Investment Trust	43.84	44.10	44.23
	Mega Asset Management	48.00	49.00	49.00
	Total	44.45	44.91	45.29
Average Years of Services	Mega FHC	8.71	8.64	8.97
	Mega Int'l Commercial Bank	13.65	13.73	13.79
	Mega Bills Finance	14.24	14.34	14.47
	Mega Securities	13.33	13.40	13.50
	Chung Kuo Insurance	11.90	12.10	12.10
	Mega Int'l Investment Trust	7.16	8.16	8.18
	Mega Asset Management	10.92	11.44	12.44
	Total	11.90	12.10	12.10

Operational Overview

Academic background

Item \ Year		2023	2024	Current year as of Mar. 31, 2025
Doctoral Degree	Mega FHC	2.41%	2.15%	2.17%
	Mega Int'l Commercial Bank	0.07%	0.09%	0.09%
	Mega Bills Finance	0.00%	0.00%	0.00%
	Mega Securities	0.13%	0.13%	0.13%
	Chung Kuo Insurance	0.23%	0.23%	0.23%
	Mega Int'l Investment Trust	0.00%	0.00%	0.00%
	Mega Asset Management	0.00%	0.00%	0.00%
Master's Degree	Mega FHC	50.61%	52.68%	53.26%
	Mega Int'l Commercial Bank	27.40%	27.68%	28.05%
	Mega Bills Finance	57.41%	55.46%	55.50%
	Mega Securities	12.83%	13.09%	12.77%
	Chung Kuo Insurance	13.41%	13.89%	13.74%
	Mega Int'l Investment Trust	37.11%	36.08%	33.68%
	Mega Asset Management	29.63%	30.77%	30.77%
Bachelor's Degree	Mega FHC	44.58%	43.01%	42.39%
	Mega Int'l Commercial Bank	70.47%	70.28%	70.00%
	Mega Bills Finance	42.13%	44.09%	44.04%
	Mega Securities	74.80%	74.74%	74.98%
	Chung Kuo Insurance	80.81%	81.37%	80.70%
	Mega Int'l Investment Trust	62.89%	63.92%	66.32%
	Mega Asset Management	70.37%	69.23%	69.23%
High School	Mega FHC	1.20%	1.08%	1.09%
	Mega Int'l Commercial Bank	1.94%	1.84%	1.75%
	Mega Bills Finance	0.46%	0.45%	0.46%
	Mega Securities	12.24%	12.04%	12.12%
	Chung Kuo Insurance	5.55%	4.51%	5.33%
	Mega Int'l Investment Trust	0.00%	0.00%	0.00%
	Mega Asset Management	0.00%	0.00%	0.00%
Below high school	Mega FHC	1.20%	1.08%	1.09%
	Mega Int'l Commercial Bank	0.12%	0.11%	0.11%
	Mega Bills Finance	0.00%	0.00%	0.00%
	Mega Securities	0.00%	0.00%	0.00%
	Chung Kuo Insurance	0.00%	0.00%	0.00%
	Mega Int'l Investment Trust	0.00%	0.00%	0.00%
	Mega Asset Management	0.00%	0.00%	0.00%



Professional Certificates Held by Employees

Unit: Number of person

Item	Year	2023	2024	Current year as of Mar. 31, 2025
Trust personnel		6,190	6,350	6,302
Bank internal controller		4,823	4,925	4,887
Junior credit personnel		2,496	2,564	2,558
Advanced credit personnel		67	65	62
Junior foreign exchange personnel		3,822	3,956	3,950
Bills finance personnel		396	407	408
Bond personnel		259	248	250
Stock affairs personnel		202	198	199
Life insurance representative		6,268	6,389	6,354
Life insurance broker		1	6	6
Life insurance agent		12	13	13
Investment-linked insurance sales agent		2,216	2,213	2,199
Non-life insurance broker		10	11	11
Non-life insurance agent		13	16	16
Non-life insurance representative		4,463	4,566	4,566
Non-life insurance assessor		130	78	78
Non-life insurance claim adjuster		103	55	55
Securities specialist		2,415	2,496	2,484
Senior securities specialist		2,709	2,764	2,760
Securities margin trading specialist		380	390	389
Securities investment specialist		1,703	1,730	1,727
Securities analyst		109	115	113
Futures commission specialist		123	117	115
Futures brokerage specialist		2,117	2,155	2,159
Futures analyst		15	17	17
Certified public accountant (Domestic)		37	41	40
Certified public accountant (Foreign)		6	6	6
Professional and Technical Personnel Examinations -Attorney		29	33	36
Financial Risk Manager (FRM)		44	46	46
Certified financial planning personnel		1,943	1,923	1,910
Certified financial planner (CFP)		172	184	186
CFA(level1)		65	63	61
CFA(Level2)		22	22	20
CFA(Level3)		8	10	9
Certified internal auditor		12	12	12
Actuary (Domestic)		3	2	2
Actuary (Foreign)		0	0	1
CAMS		2,985	2,909	2,882
CAMS (English edition)		135	134	134
CFSA		2	1	1
CISA		4	5	5
Anti-Money Laundering and Countering Terrorism Financing Specialist		1,131	1,215	1,214
Basic Test on the FinTech Knowledge		1,024	1,170	1,193
Basic Test on Sustainable Development		7	138	1,548
Certification Test for Eldercare Financial Planning Consultant		156	370	371



4.5 Corporate Responsibility and Ethical Conduct

A. Contribution to social welfare and academic culture

The company adheres to the concept of “taking from society and giving back to society” and actively participates in various social welfare undertakings. It also organizes and sponsors various education, sports, charity and other activities to maintain good relations with the local community and effectively enhance the corporate image. In the future, it will continue to invest resources to organize or donate to various charity activities. The following are the major projects in which the Group participated in 2024:

1. Mega Financial Holdings

- (1) Sports: Sponsor the Ministry of Finance’s 2024 Unified Invoice Cup Road Race.
- (2) Arts and Culture: Sponsor the National Day fireworks display in Yunlin and the National Day Gala.
- (3) Charity: Held the North Central China Charity Fair at Yangmingshan Datun Nature Park, Gonglaoping Hiking Trail and Shoushan National Nature Park Mountain cleaning activities were carried out simultaneously in the three southern areas.

2. Mega Charity Foundation

- (1) Education: Donate to the National Taiwan University Poor Hope Scholarship.
- (2) Sports: Donated to the Disabled Baseball and Softball Association’s 10th Export Cup Multi-ethnic Baseball Tournament in 2024.
- (3) Arts and Culture: Sponsored the Taiwan Love Hope Children’s Care and Development Association and the VASA Dong Paiwan Youth Song Troupe to participate in the Taipei 101 Dreams Flying High Concert Event.
- (4) Public Welfare: Donate to Miaoli County Government for micro-insurance for disadvantaged families.

3. Mega Bank

- (1) Education: Organize the bank’s real-life teaching scenario project Zhaoliang Xinguang Fengle rural activities.
- (2) Sports: Sponsored the 2024 Republic of China Breakdance National Team Selection Points Competition - Kaohsiung Station.
- (3) Arts and Culture: Sponsor the Chinese Culture Association to produce the “We are 2024” New Year’s Eve program.
- (4) Charity: Donate to the Wild Bay Wildlife Conservation Association.

4. Mega Bank Educational Foundation

- (1) Education: Sponsored the Paper Windmill Educational Foundation’s Youth Anti-Drug Drama Project campus tour.
- (2) Sports: Hosted the Mega Baseball Dream Star Mentoring Day event, where Chinese Professional Baseball League Uni-Lions stars mentored rural children Baseball tips for baseball team players.
- (3) Arts and Culture: Sponsored the Chinese Culture Association’s 10-year tour of Yoshitomo Nara’s “A Wet Day”.
- (4) Charity: Invite disadvantaged children from the Family Welfare Foundation to participate in the Mega Family Day Children’s Playground event.



5. Mega Securities

- (1) Education: Conduct financial management and financial fraud prevention seminars at various colleges and universities.
- (2) Arts and Culture: Sponsor the 2024 East Coast Land Art Festival organized by the Tourism Administration of the Ministry of Transportation and Communications.
- (3) Charity: Donate to the Taiwan Foundation for the Prevention of Blindness to run eye care education and vision care programs in remote areas.

6. Mega Bills

- (1) Education: Donate computer peripherals and related equipment to the ASUS Education Foundation for use by children in remote areas or underprivileged children.
- (2) Charity: Organizing charity blood donation activities for the group's subsidiaries.

7. Chung Kuo Insurance

- (1) Education: Donate to the Financial Services Education Public Welfare Fund of the Taiwan Financial Services Association.
- (2) Sports: Sponsor the 2024 Taipei Ultra Marathon event organized by the Ultra Marathon Association of the Republic of China.
- (3) Public welfare: sponsoring micro-insurance costs for disadvantaged groups.

8. Mega Securities Investment Trust

- (1) Education: Conduct financial fraud prevention and career development seminars at colleges and universities and the Securities Foundation.
- (2) Charity: Donating New Year's Eve meals to disadvantaged groups during the Lunar New Year.

9. Mega Asset Management

- (1) Charity: Provide volunteer services for Helping the Down Syndrome Foundation.

B. Promotion of sustainable development (Please refer to page 56 of the annual report)

Mega Financial Holdings manages environmental issues such as climate action, green operations, sustainable procurement and natural ecology through the Environmental Sustainability Group under the Sustainability Committee. In June 2024, the Group passed the Science-Based Targets (SBT) reviewed by SBTi, set a target of reducing the Group's Scope 1 and Scope 2 emissions by 42% in 2030 compared to the base year, all operating locations at home and abroad have passed the ISO 14064 greenhouse gas inventory third-party verification, and purchased hybrid vehicles to account for 80% of the total number of official vehicles purchased that year. Through practical actions, the impact of operating activities on the environment is reduced. Every year, the Group regularly conducts a "Sustainability Self-Assessment Questionnaire Survey" for key suppliers, supplier ESG communication meetings and ESG environmental sustainability series lectures, and works with value chain partners to move towards sustainable development in response to the Paris Agreement and the government's "2050 Net Zero Emissions" goal.

C. Continuing operations and creating shareholder value

The Company adheres to the principle of prudent operation, complies with relevant laws and regulations of the competent authorities and social responsibility standards, establishes a good corporate governance system and corporate organizational culture, and creates maximum value for shareholders.

D. Ethical behavior

To help the directors, managers, and employees of respective companies within the Group understand the ethical behavioral standards of the Group and precisely follow them, there are regulations such as the “Principles for Ethical Management”, “Procedures for Ethical Management and Guidelines for Conduct”, “Procedures for Material Information Management and Disclosure”, “Code of Ethical Conduct”, and “Employee Code of Conduct” available at the Company and respective subsidiaries that directors, managers, and employees must precisely follow. They cover the prohibition against bribery, accepting bribery, providing unlawful political contributions, engaging in inappropriate charity donations or sponsorships, offering or accepting unreasonable gifts, receptions, and other illegitimate benefits; creating a fair employment environment; preventing against insider trading; and protecting the workplace and the health and safety of staff, among others. In addition, the Company and respective subsidiaries define their own rigid accounting, internal control, and audit systems to protect against dishonest behavior and have a reporting system in place to encourage reporting of unlawful and dishonest behaviors internally and externally. Meanwhile, related operating procedures are evaluated periodically for compliance. As of the end of 2024, the Company had never had transactions with any party with a history of dishonest behaviors. The Company has accepted a total of 12 reports in 2024, 3 cases are under investigation, and the remaining cases were not established after investigation; the subsidiaries received 17 reports, 1 case is under investigation, and 5 cases were established after investigation, of which 3 cases included employees of the bank subsidiary leaking internal bank information via email, leaking customer card information, and non-compliant transfer procedures to the warehouse; the other 2 cases involved employees of the securities subsidiary soliciting business and managers replacing shareholders’ meeting souvenirs. Both companies have strengthened training education for their employees, and depending on the individual case, refer matters to the personnel evaluation committee for deliberation and appropriate action.

4.6 Employee Average Welfare of Non-Supervisor Employees

Unit: Persons ; NT\$ thousand

	2023	2024	Difference
Number of non-supervisor employees	7,902	8,102	200
Non-supervisor employees' annual average salary	1,562	1,705	143
Non-supervisor employees' annual median salary	1,304	1,446	142

Note: Non-supervisor employees means those who are not managerial persons.

4.7 Information Equipment

4.7.1 Major information system hardware, deployment of software and maintenance

- Both IBM and CISCO(UCS) are core hardware vendors of Mega Group’s computer systems. And the major operating systems are UNIX, Microsoft Windows and those dedicated OS running on IBM Mainframe, IBM AS/400. With adopting CISCO as the network system, we have established Group’s communication net-work which is linked by specific lines.



2. DB2, Oracle, SQL Server, and IBM etc. are main database systems. Weblogic and WebSphere provide the web application platforms.
3. Respective hardware systems are maintained by dedicated personnel under the maintenance agreements with outsourcing business. And core equipment is insured.

4.7.2 Group information system to be developed or purchased

1. Mega International Commercial Bank Co., Ltd.

In order to ensure the stability and safety of business operations, in 2025 the company will continue to strengthen digital service capabilities, optimize application system architecture, operational processes, strengthen information security, infrastructure and system stability, and plan to implement the following projects:

- (1) BTT system webization project.
- (2) Generative AI introduction project.
- (3) AML self-built project.
- (4) AWS cloud landing zone and infrastructure construction project.
- (5) Web e-Loan improvement and rewriting project.
- (6) Personnel system - assessment, promotion, retirement and pension improvement projects.
- (7) Overseas local domestic declaration information compilation platform project.
- (8) Second container platform pilot project.
- (9) Data warehouse query system rewriting project.
- (10) The second phase of the data center construction project.
- (11) DMZ network micro-segmentation architecture construction project.
- (12) A project to establish public file backup for personal computers within the industry.
- (13) Import and build a project using the web threat behavior analysis tool.
- (14) Citrix process automation project.
- (15) Project to improve the e-mail filtering and communication record system.
- (16) The first phase of Exchange email cloud migration: M365 infrastructure enhancement and overseas email cloud migration project.
- (17) Batch management platform construction project for FIS system.
- (18) IBM mainframe single-machine parallel processing construction project.
- (19) IBM mainframe development and testing environment cloud deployment project.
- (20) Mainframe base code construction TKE workstation improvement project.
- (21) Project to optimize the public Internet connection architecture.
- (22) Credit card system backup architecture optimization and IBM middleware version upgrade project.
- (23) Core data preservation project.
- (24) Information Security Information and Event Management (SIEM) system optimization project.
- (25) Project to establish SWIFT low-orbit satellite service in a third location overseas.

2. Mega Securities Co., Ltd.

- (1) Establish the StarWave quotation system.
- (2) Certificate host EoL replacement.
- (3) Backup system expansion.
- (4) Replace network equipment that is about to reach EoL.
- (5) Establish AI human resources management.
- (6) Establish company software development and coding AI assistant.
- (7) Establish a corporate data governance mechanism.
- (8) Establish an endpoint protection system.
- (9) Procurement of information security related equipment.

3. Mega Bills Finance Co., Ltd.

- (1) Strengthen information security equipment and operations.
- (2) Replace internal and external network firewall equipment.
- (3) Replace the file servers and NETAPP disks in the head office, branch office and offsite backup center.
- (4) Replace the company's personal computers.
- (5) Replace the routers that connect the inter-bank remittance system.

4. Chung Kuo Insurance Co., Ltd.

- (1) Construction of new fire and marine insurance core systems.
- (2) Update of general ledger financial system.
- (3) CI/CD system integration and construction.
- (4) Firewall updates and replacements.
- (5) Introduction of zero-trust network architecture.

5. Mega International Investment Trust Co., Ltd.

- (1) New version of investment management and fund accounting project.
- (2) New version of fund operation system project.
- (3) New version of the online trading system project.
- (4) Robotic Process Automation (RPA) projects.
- (5) Online approval system.
- (6) Artificial intelligence customer service system.

6. Mega Asset Management Co., Ltd.

In addition to routinely replacing old system equipment, we will continue to strengthen information security, improve equipment and services in the future to achieve the goal of uninterrupted business operations.

7. Mega Venture Capital Co., Ltd.

Replace personal computers and upgrade the functions of venture capital management information system.

4.7.3 Emergency backup and security protection measures

In order to be able to quickly restore all key operational information to an acceptable level after an accident, the Company continues to perform technical and management-related inspections, improve its software and hardware equipment resources and improve operating procedures. In addition, remote host backup and remote data backup mechanisms for important systems are in place. System recovery rehearsals take place periodically to ensure validity of the restoration mechanism, to minimize the risk of possible system interruptions as a result of unwarned natural disasters and manned negligence, and to keep the data intact.

A. Emergency backup

- (1) Data backup and offsite storage: Important data are kept in magnetic tapes or backed up in other types of media periodically and stored in a safe place. Some of them will also be stored in a separate copy in a third place in order to prevent against simultaneous destruction of equipment and data during major catastrophes.
- (2) Real-time support system: For important information facilities, equipment, or servers, at least one set of the same system or an auxiliary system will be set up additionally as real-time support upon system abnormalities in order to fulfill the goal of non-interrupted services.
- (3) Internet Access Backup: In order to prevent against service interruption as a result of network anomaly, the connection of important networks will be backed up by multiple lines or multiple routers, or networks provided by different fixed network operators will be adopted in order to enhance the backup capability. In order to address the condition where it is impossible to come into office for work due to disease out-breaks, the secure and encrypted remote access backup solution based on VPN is also available at some branches for use in an emergency.
- (4) System offsite backup: In order to prevent against extended suspension of operation due to major catastrophes, for key systems required for current daily operations, the necessary software and hardware are also configured at a different site. This enables the systems to be recovered within a short period of time during major catastrophes so that the duration of suspension of operation may be minimized.

B. Security Protection Measures

- (1) Physical protection: All important information equipment is placed in a controlled area with access control, surveillance cameras, and control staff in order to control access of staff and objects. For the sake of maintaining a safe environment, there are environment monitoring facilities to detect abnormal incidents in real time (such as fires, abnormal electricity and abnormal temperatures, among others) and activate protective measures and notify related staff in order to avoid damage to the equipment.
- (2) Protection of network safety: There are security measures such as the firewall, invasion detection, communication encryption, and separating networks with different purposes.
- (3) Equipment access control: There is necessary access control in place that is reflective of the varied importance of respective equipment or facilities. The basic account number/password mechanism, for example, is available to prevent access by unauthorized staff. The password used each time differs and is not available for repeated use in order to prevent against theft of the password. In addition, a software or hardware certificate is used in order to verify the actual identity of the staff or equipment.

- (4) Protection against viruses and malware: All information operating servers and personal computers are in-installed with anti-virus and invasion-proof software. Centralized management is also available for some of the said servers and computers. Therefore, monitors are able to discover invasion incidents and manage them or prevent against them adequately in the first moment.

4.8 Information Security Management

A. Information Security Risk Management Framework and Policies

Mega Financial Holding Co., Ltd.

To oversee the Group's information development and information security management matters and reduce information security risks, Mega Holdings has established the Information Security Policy and Guidelines for Information Security Management Operations. Information and Digital Business Meetings as well as Information Security Meetings for the Group are held pursuant to applicable regulations.

Mega Financial Holdings, in accordance with Article 9-1 of the Financial Supervisory Commission's "Regulations Governing Establishment of Internal Control Systems by Public Companies", has appointed a Deputy General Manager to concurrently serve as the Chief Information Security Officer(CISO), who is responsible for the overall promotion of Group information security policies and Groups' resources allocation. A dedicated information security unit with a total of 5 Information Security manager and personnel to be responsible for the formulation and maintenance of the company's information security policies, and the establishment of an overall information security protection mechanism and emergency response plan.

The Information and Digital Business Meetings for the group are convened by the director of Mega Financial Holdings (who is also the President of the Company) and attended by the President of each subsidiary. These meetings are held at least once every six months (twice in 2024) and may be convened at any time as needed for business purposes. Issues concerning the information security of all subsidiaries, new types of information technologies, digital development, and information security incidents are discussed and reviewed during the meetings. There is a dedicated unit in charge of executing or coordinating meeting-related resolutions. Important issues or resolutions are reported to higher levels of risk management organization (the Board of Directors, Risk Management Committee).

In order to establish a solid foundation for Mega Group's cybersecurity, a "Group Information Security Meeting" is held quarterly (4 times this year), with the Chief Information Security Officer of Mega Financial Holdings as the convener, and the Information Security officers and Information Security Managers of each subsidiary or their designated representatives participating in the meeting to coordinate the Group's information security management matters and each company's information security policies to promote coordination and resource allocation, enhance decision-making capabilities on information security issues, and supervise each subsidiary to complete information-security-related regulations, strengthen system protection, establish a financial security joint defense system, enhance the organization's information security response and protection capabilities, and reduce risks.

Regarding the management of information security risks, the Company has established an information security policy as the basis for the Company and its subsidiaries to implement various information security measures.

This policy will be reviewed at least once a year, or re-evaluated when significant changes occur, to comply with the latest developments in relevant laws, technology, organization, and operations.

Mega International Commercial Bank Co., Ltd.

According to Article 38-1 of the “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries” of the FSC, Mega Bank appointed the Deputy General Manager serves as the Chief Information Security Officer (CISO), who is responsible for the overall promotion of information security policies and resource allocation. A dedicated information security unit was set up to formulate and maintain the bank’s information security policy, establish an overall information security protection mechanism and emergency response plan, and submit the previous year’s overall information security implementation status to the board of directors in the first quarter of 2024.

To coordinate information security management matters, the bank holds an “Information Security Response Meeting” every six months (twice in 2024), inviting cross-departmental representatives to attend. The CISO serves as the convener and is responsible for deliberating on information security strategies and budgets, reviewing audit department reports on the implementation of standards in various units, and conducting comprehensive reviews and evaluations to establish information security protection mechanisms and related emergency response plans to support the bank’s operational needs.

Mega Bank established an “Information Security Policy” to enhance information security and network security management, establish a secure and trustworthy operation environment, ensure data, system, equipment, and network security, and protect customer interests. The policy provides a basis for the implementation of various information security measures. Furthermore, a Fundamental Guide to Cyber Security Protection for Mega Bank has been established as well to ensure that the company’s information communication systems consistently provide basic security protection as required by the supervisory authority.

Mega Securities Co., Ltd.

In accordance with Article 36-2 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets, the company has appointed a chief information security officer, set up an inter-departmental Information Security Working Group, and established an information security policy, which is reviewed regularly every year. Any amendments to the policy are approved by the Board of Directors beforehand. Every year, the company’s information security implementation status is incorporated in its Statement on Internal Control System, which is then presented to the Board of Directors.

The company has developed an information security policy and relevant management regulations in accordance with TWSE’s regulations regarding the Establishment of Cyber Security Inspection Mechanism for Securities Firms. The information security policy is disclosed on the company’s website and is reviewed regularly every year. Any amendments to the policy are approved by the Board of Directors beforehand.

Mega Bills Finance Co., Ltd.

The Board of Directors supervises how the company manages and operates its cyber security. The company has established an inter-departmental Information Security Working Group, with the president or a president appointed vice president acting as the convener to review and monitor the implementation status and examine the company’s cyber security policy. In compliance with the internal control policy, the company has appointed its Vice President to be the chief information security officer who oversees matters pertaining to the implementation of information security policies and resource allocation. The head of our IT Department concurrently serves as the head of the unit in charge of information security and appoints a person to handle information security matters, including the formulation, planning, monitoring, and implementation of bylaws related to cyber security.

Every year, the company produces a Key Information Security Task Plan and a Report on the Overall Implementation of Information Security. The plan and report are first provided to the Information Security Working Group for discussion, then approved by the President, and finally incorporated in the Statement on Internal Control System, which is then presented to the Board of Directors.

To effectively manage cyber security and ensure data, system, equipment, and network security, the company has developed an Information Security Policy and Terms and Conditions for Information Security Management, among other policies and regulations, in accordance with the Code of Practice for Information Security Protection by Bills Financing Companies and Mega Financial Holding's Information Security Policy.

Chung Kuo Insurance Co., Ltd.

The company has set up a dedicated unit in charge of information security in accordance with Article 6-1 of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises, and appointed dedicated managerial officer and employees to handle information security matters, including planning, monitoring, and executing information security management operations. The unit in charge of information security provides reports on internal and external information security risks, as well as improvement matters as requested by regulatory authorities and recommended by external auditors.

The company follows the information security policy of Mega Financial Holdings and the management principles listed in the international information security management system to establish an information security management system that meets international standards. In accordance with the requirements of the competent authorities and ISO27001, relevant procedures and specifications are established, an "Information Security Policy" is established, and an Information Security Management Committee is set up. Information Security Management Review Meetings are held every six months to review information security and various ISMS management operations, and to review the revision of relevant policies and procedures, as well as the requirements of various competent authorities and improvements based on external audit opinions.

Every year, the unit submits information risk assessment reports to the Information Security Management Committee. These reports are used as the basis to formulate risk treatment plans. Also, the unit reports domestic and foreign security risks and the requirements of the competent authorities and the external audit opinions to the Information Security Management Committee every six months. The unit also provides the Board of Directors with annual reports detailing the status of information security in the previous year and external information security evaluations.

Mega International Investment Trust Co., Ltd.

An information security organization is established in accordance with the "Securities Investment Trust Enterprise and Securities Investment Consulting Enterprise Information Security Internal Control System", with the general manager as the overall person in charge. The head of IT supervises information security and appoints another person to handle information security matters. A periodically information security meeting with all department heads of the company is held to report on the implementation of information security work, information security risk assessment, future information security development, and information security policy review.

At the beginning of each year, the implementation of the company's information security in the previous year is reported to the Board of Directors and be disclosed on the Market Observation Post System within three months after the end of each fiscal year.

The "Information Security Policy" is established based on the information security management principles listed in the Information Security Policy of Mega Financial Holdings Co., Ltd.



Mega Asset Management Co., Ltd.

Information security operations are supervised by the company's Vice President or higher position. A senior IT technician concurrently serves as the Chief Information Security Officer. Meetings may be held at any time to coordinate and address major information security issues.

The company develops its information security policy in accordance with Mega Holdings' Information Security Policy to effectively manage cyber security to assure the safety of data, system, equipment, and internet network.

The company examines its information security policy irregularly each year to amend relevant regulation in time.

B. Information Security Management Measures

Mega Financial Holding Co., Ltd.

The Company has established an information security management system and obtained the ISO27001 international information security certification (valid from September 19, 2022 to September 19, 2025) in 2022.

The Company obtained the new version of ISO27001:2022 certification in September 2024, and through the operation of mechanisms such as information security governance, legal compliance, risk control and audit review, combined with the use of technology, comprehensively improved information security protection capabilities. The Company and its subsidiaries have completed relevant cybersecurity regulations, strengthened system protection, and conducted more in-depth and extensive cybersecurity defense to respond to financial security threats brought about by digital transformation and emerging technologies. The Company has also established a cybersecurity joint defense system (CSIRT) to conduct cybersecurity joint defense with its subsidiaries. We have also actively sought to establish joint defense partnerships with external parties. The Financial Holdings and its subsidiaries have joined the Financial Security Information Sharing and Analysis Center (F-ISAC) and the Taiwan Computer Network Crisis Response and Coordination Center (TWCERT) to enhance the organization's cybersecurity response and protection capabilities. We have also signed an information security cooperation memorandum with the Investigation Bureau of the Ministry of Justice, through the co-work between the public and private sectors, to strengthen the overall organizational resilience and strive to pursue absolute protection of customer rights and financial stability. Regarding the changes in online threats and risks brought about by technological development, the Company continues to review and confirm the appropriateness of relevant regulations and measures, establish a complete network and computer security protection system, and establish a source code scanning and detection mechanism; in order to strengthen information security and monitoring defense, the Company has established a SOC (Information Security Control Center) to detect, report and handle information security risk incidents early through 7x24 continuous monitoring. The Company has introduced active detection services for counterfeit websites, and commission professional information security vendors to perform penetration tests and conduct system vulnerability scanning and patching, social engineering drills, and information security education and training every year. We conduct information security incident reporting and response drills for network attacks every year, and hold continuous operation drills every six months to ensure the appropriateness and effectiveness of information security and network risk control. The Company conducts a DDoS (Distributed Denial-Of-Service) traffic cleaning service mechanism via Chunghwa Telecom, and has introduced DDoS active defense services and conducted DoS attack defense drills to respond to DDoS network attacks.

Also, to ensure the information asset of the Company is soundly protected, it continues to implement and enhance the information security management system to ensure the confidentiality, availability and integrity of information assets. For the maintenance and development work need to be done by third-party service providers (Firms or consulting companies), the Company has communicated with the third-party service providers regarding the safety requirement and rules, make clear responsibility scope with the outsiders, confirm the outside employees fully understand and willing to obey. Also, all the contract and non-disclosure agreement ask the party need to honor the non-disclosure obligation and web safety rule.

Mega International Commercial Bank Co., Ltd.

1. In order to standardize and internationalize the information security system and incorporate it into the bank's internal culture, the information security management system was introduced in 2015 and obtained the ISO27001:2022 international information security certification (valid from July 15, 2024 to July 15, 2027). Since then, it has passed the verification every year in accordance with the requirements of international organizations. In order to test the security environment's resilience and risk status, the bank regularly commission professional security vendors to perform penetration testing and various information security assessments and tests each year. The bank also conducts its own penetration testing of overseas branches' external networks and external service websites.
2. To promptly assess and grasp various risks (information technology risks, operational risks, money laundering prevention risks, etc.) in response to changes in the financial environment, legal regulations, etc., the risk-based internal audit system (RBIA) regularly monitors risk indicators. It also handles information security incident notifications and response drills for cyber attacks.
3. To ensure that employees stay more vigilant against phishing attacks which will compromise the company's cyber security and lead to data leakage, Mega Bank regularly organizes social engineering rehearsals that are aimed at reinforcing the concept of information security and reducing information security risks associated with fishing emails.
4. By following its Information Systems Security Assessment Plans for Computer Systems, the Bank checks its computer IT systems and equipment and reviews relevant information security control measures. Potential security threats and vulnerabilities identified are addressed by strengthening cyber security operations within the scope of projects and upgrading the defense capabilities of cyber security systems.
5. In order to evaluate the Bank's vertical defense capability and key asset protection capability, the "Red Teaming" was used as the core to extend the "Information Security Attack and Defense Drill (Red Team vs. Blue Team)" project, in which the blue team information security vendors developed information security incident response playbook (IR Playbook) and acted as defense consultants, and then the red team information security professional team carried out the actual tests to enhance the Bank's ability to respond to a new type of attack model by means of the attack and defense drill, in order to reduce the impact of the security incident on the Bank, and to verify the effectiveness of the system control measures.
6. In response to the endless stream of hacking incidents, an information security monitoring center has been established. Through the establishment of reporting and response processes and event correlation analysis technology, coupled with 7x24 continuous monitoring, information security risk incidents are discovered, reported and handled early. Active detection of fake website services and DDoS active defense services are introduced to respond to DDoS network attacks.

7. To ensure the bank's sustainable operation and reputation, the bank has continuously insured "E-commerce and Information Security Liability Insurance (Information Security Insurance)" in 2024. The insurance period is from December 1, 2024 to December 1, 2025, with a coverage of US\$5 million. The insurance coverage covers all overseas branches of the bank. A cybersecurity risk assessment (CAT) has also been completed for the head office and branches in the United States.

Mega Securities Co., Ltd.

1. The company's core system has imported information security management system and obtained SGS ISO 27001 certification. Third-party re-certification is organized every year to keep the certificates valid. (valid from July 12, 2023 to Oct. 31, 2025).
2. The operation continuous management system has been introduced to the core system, which obtained SGS ISO 22301 certification in 2023 (validity period from December 28, 2023 to December 27, 2026). Third-party (BSI) re-certification is organized every year to keep the certificates valid.
3. Vulnerability scanning and penetration tests are conducted on systems and web pages every six months.
4. An IT company is engaged every year to perform third-party laboratory testing on mobile applications so as to fortify the information security of the company's apps.
5. Signed a DDoS traffic cleaning service mechanism with Chunghwa Telecom, introduced DDoS active defense services, and conducted denial of service attack defense drills to respond to DDoS network attacks at any time.
6. Establish IDS/IPS (intrusion detection and prevention system) and SOC (information security monitoring center) to enhance information security monitoring and defense.
7. The company installs source code testing software and third-party management programs.
8. The company enhances employees' awareness on information security by regularly holding email social engineering rehearsals, organizing information security training programs for all employees, and promoting information security related issues.

Mega Bills Finance Co., Ltd.

1. The company strategically develops annual information security work plans and organizes employee training regularly to ensure business continuity and raise information security awareness. The work plans provide the focuses of implementation and emergency response procedures to maintain normal system operations.
2. Relevant measures include:
 - (1) Strengthen information system protection to prevent hacker intrusion.
 - (2) Introduce DDoS active defense services and traffic cleaning service mechanisms, and regularly handle blocking service attacks to defense drills to respond to DDoS network attacks by hackers.
 - (3) Strengthen website security protection, set up website anti-tampering function and open minimum permissions.
 - (4) Strengthen personal data protection and prevent data leakage.
 - (5) Strengthen endpoint protection, install anti-virus systems, and update virus codes in a timely manner.
 - (6) Active detection of counterfeit websites and APP services has been introduced to strengthen information security monitoring and defense.
 - (7) Regularly maintain and replace internal and external network firewalls and operational network equipment switches and other equipment, and implement patching.
3. Update information security weaknesses and endpoint security control equipment to reduce information security risks. Penetration testing, vulnerability scanning, and social engineering drills are carried out twice every year.

Chung Kuo Insurance Co., Ltd.

1. According to the Directions for Insurance Enterprises Engaging in Online Insurance, the company introduced the relevant operation procedures of the information security management system and obtained the international standard certification of the information security management system (ISO27001:2013, valid from June 12, 2023 to October 31, 2025) and the privacy information management system (ISO27701:2019, valid from June 12, 2023 to October 31, 2025). The company conducts third-party re-examination every year and continues to maintain the validity of the certificate.
2. Information meetings and information security maintenance meetings are convened every three months, and information asset risk assessments are performed every year. Internal ISMS Audit is conducted semi-annually. The company's information security management committee convenes a meeting every six months to review information security matters and various ISMS operations.
3. The company implements ISMS and continues to strengthen information security management to ensure the confidentiality, availability and integrity of information assets. Prioritize and strengthen the security management and control of each network gateway, centralize the track records of each information security gateway and server track records for report analysis and alerts, and outsource SOC for 24-hour information security monitoring.
4. The company conducts quarterly information security and maintenance meeting discussions and conducts annual ongoing operations/information security/personal information incident drills.
5. Conduct vulnerability scans and penetration tests every six months and continue to track and patch.
6. A backup computer room has been built and backup and off-site transmission are carried out regularly. Off-site backup drills for information application systems are conducted every year.
7. We have introduced a mechanism to detect and remove fake websites and proactive DDoS defense services, and have conducted drills to defend against denial of service attacks.
8. Conduct social engineering email drills and cybersecurity education and training twice a year. All employees must complete at least 3 hours of cybersecurity education courses each year, and cybersecurity specialists must complete at least 15 hours of professional cybersecurity courses each year.
9. The company continues to purchase "E-commerce and Information Security Liability Insurance" every year. The insurance period covers the entire year and the insured amount is NT\$30 million to ensure sustainable operations and reputation.

Mega International Investment Trust Co., Ltd.

1. According to the "Template of Information Security Internal Control System for Securities Investment Trust and Consulting Enterprises", the company formulated the "Information Security Internal Control System" and related management points.
2. Conduct disaster recovery drills, information security drills and denial of service attack defense drills every year.
3. All employees receive social engineering drills and information security education and training on a regular basis, and information security supervisors and information security personnel attend professional information security courses every year.
4. All information systems are equipped with anti-virus software and their updates are checked regularly.
5. Set up network firewalls and application firewalls, regularly review the rules and assess whether they comply with information security regulations.
6. Set up Chunghwa Telecom's traffic cleaning and DDoS active defense services and other denial of service attack defense mechanisms, and conduct denial of service attack defense drills.

7. Conduct regular information and communication system vulnerability scans and correct system vulnerabilities based on the results.
8. Regularly conduct penetration checks and system vulnerability corrections on the Internet service system, and introduce fake website detection services to strengthen the security of external service systems.
9. Establish 7x24 information and communications security threat detection management (SOC) services and entrust trusted information and communications security professional vendors to proactively detect and reduce potential information and communications security risks.
10. Set up an application firewall to strengthen the security protection of external service information systems, and continuously maintain various information and communication security equipment to keep them in the latest update status.

Mega Asset Management Co., Ltd.

1. The company regularly conducts drills on ongoing operations, information security, and personal information incidents every year.
2. The company strengthens personal data protection and prevent data leakage.
3. The company conducts host vulnerability scanning and penetration testing regularly, and improves server host protection capabilities.
4. The company conducts social engineering drills and conducts information security education and training regularly to enhance colleagues' information security awareness.
5. In response to the development of information technology, the company continues to review potential risks and loopholes in the information infrastructure, and strengthen and improve it in a timely manner.
6. The company has introduced a mechanism to detect and remove fake websites and proactive DDoS defense services, and have conducted defense drills against denial of service attacks.

C. Cyber Security Incidents

In September 2024, the websites of the Company, Mega Securities, Mega Bills and Mega Funds suffered a DDoS attack. The Group activated the relevant defense mechanism and resume normal operations immediately. The incident did not cause any loss to the Group and customers, nor result in any information leakage. The relevant competent authorities have been notified in accordance with regulations, and no related penalties or deferrals were imposed. The other companies did not experience any major information security incidents in 2024.

The Company and its subsidiaries have subsequently introduced DDoS active defense services and continued to strengthen network monitoring.

4.9 Labor Relations

A. Labor-management negotiations and its implementation

4.9.1 Work Environments, Protection of Employee's Safety and Employee's Benefits

The Company not only insures its staff for labor insurance, national health insurance, and group insurance but has also established an Employee Welfare Committee in charge of employee welfare. The Company's employee welfare measures include marriage and funeral subsidies, baby-deliver subsidies, retirement

consolation, consolation payments for injuries, diseases, or hospital stays, scholarship, festival gifts, culture and recreation activities. Also, the Company sets up an employee shareholding trust and compensate employees participating in shareholding trusts NT\$1,000 monthly. The measures to protect the working environment and personal safety include implementing visitor registration control and daily cleaning of the office environment by a dedicated person; monthly regular inspections of fire hydrants, fire extinguishers and other fire-fighting equipment, annual commissioning of qualified fire companies to report the maintenance status of various facilities and obtain review and approval from the competent authority; holding employee fire drills every six months; regular mosquito control and disinfection of the building's public areas every three months, regular disinfection and cleaning of the entire building (including indoor and public areas) every six months, and regular safety and health education training for employees and health checks, so that employees are happy to work in a good working environment and give feedback to the company.

4.9.2 Pension Scheme

To enable retirees to lead a stable life, staff retirement policies have been formulated in accordance with the Labor Standards Act and work rules and regulations. Staff pension contributions are paid on a monthly basis and a Supervisory Committee of Workers' Retirement Funds has been established. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. In line with the new labor pension system implemented in force since July 1, 2005, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The new labor pension system applies to employees who select the new system or have joined the Company after July 1, 2005. After retirement at the age of 60 or above, monthly pension or lump sum pension can be claimed.

4.9.3 Employee Training

As for staff education and on-the-job training organized by the group, a subsidy system for the acquisition of licenses has been established, and personnel are dispatched to training organizations to attend training programs every year. The Company also organizes its own training programs such as training for newly inducted staff, professional training, language and computer training.

The training expense of the Company and its subsidiaries amounted to NT\$ 86,195 thousand in 2024, accounting for 0.37%, 0.24% and 0.10% of the Company's consolidated employee welfare expenses, operating expenses and profit, respectively. The total number of training hours was 612,562.7.

4.9.4 Employee's Behavior and Ethical Principles

The Company has formulated work rules and a service code such as "Ethical Operation Principle," "Ethical Behavior Principle," "Internal Material Information Process Principle," "Moral Behavior Principle," and "Employee Code of Conduct" to rule employee's behaviors. It is clearly stated that all laws should be obeyed when doing the job, conflicts should be avoided, unethical behavior is not allowed, intelligent property right should be obeyed, confidentiality should be kept, discrimination is not allowed, illegal political contribution is prohibited, and insider trade is prohibited. The punishment not obeying the above is also clearly stated. The relevant rules are announced in the Company's internal website and promoted during employee training.



4.9.5 Other labor-management negotiations

- (1) The Company entered into a collective bargaining agreement with the labor unions of Mega Financial Holdings Group. There is a total of 20 articles in the agreement, which have been reached after 23 meetings between the two parties. The agreement was submitted to and passed at the 31st meeting of the 7th Board of Directors of the Company on December 22, 2020, and was formally signed on February 26, 2021 to date. This agreement is valid for three years, and should be renewed or a new agreement should be entered into three months prior to the expiration date. Before a new agreement is entered into, the original agreement should continue to be valid. The content of the agreement is determined based on the “Taipei City Collective Bargaining Agreement Example” published by the Department of Labor, Taipei City Government.
- (2) The Company is in the process of negotiating a collective bargaining agreement with the corporate labor union of Mega Financial Holdings and has not yet signed an agreement.
- (3) The subsidiary Mega Bank entered into a collective bargaining agreement with its labor union. There is a total of 38 articles in the agreement, which have been reached after 14 meetings between the two parties. The agreement was submitted to and passed at the 42nd meeting of the 11th Board of Directors of the Company on December 28, 2005 of Mega Bank, and was signed by International Commercial Bank of China and Taipei City International Commercial Bank of China Industrial Labor Union. In addition, Mega Bank passed the amendment to the collective bargaining agreement at the 49th meeting of the 11th Board of Directors on June 22, 2006. The main amendments included part of the text in the general provisions and the revision to the definition of preferential deposit interest rates for pensions. The two parties signed the amended agreement on June 22, 2006 to date. This agreement is valid for three years, and should be renewed or a new agreement should be entered into three months prior to the expiration date. Before a new agreement is submitted to the supervisor, the original agreement should continue to be valid. Those who retire in accordance with the retirement provisions of this agreement should be provided with deposit interest rates for pensions that are better than those stipulated in the Labor Standards Act in order to take care of the retirement life of the employees.
- (4) The subsidiary Mega Securities has signed a collective agreement with its trade union, which consists of 56 articles and was reached after 14 meetings between the two parties. It has also signed a collective agreement with labor union of Mega Financial Holdings Group, which consists of 32 articles and was reached after 23 meetings between the two parties. The collective agreement between Mega Securities and the two labor unions was submitted to the 40th meeting of the 12th Board of Directors on January 16, 2025 and approved.

The contract is valid for three years. Both parties should negotiate to renew the contract or sign a new contract three months before the expiration date. The original contract will remain valid before the new contract is submitted to the competent authority. In order to enhance the professional knowledge and skills of its employees and improve work efficiency, Mega Securities negotiates with the labor union and provides a certain amount of subsidies to carry out labor education.

B. Loss on labor-management disputes:

1. Till the date of publishing this annual report, there is no loss or potential loss due to labor-management disputes for the Company.
2. The Company’s subsidiary which suffered a loss due to labor-management disputes.

Company	Mega Securities Co., Ltd.
Date	2024.4.24
Letter No.	Yunlin County Government Letter No. 1133413147
Regulation violated	Labor Law Article 26
Labor-management disputes	Employers withhold workers' wages in advance as compensation
Loss incurred	Fine of NT\$90,000.
Respond measures	1.The company has cancelled the error account fund allocation system and returned the error account fund to the colleagues. 2.The company actively optimizes the personnel management system to ensure the correctness of operations and build a high-quality and good working environment to safeguard labor rights and interests.

4.10 Important Contracts

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Important contract that has impacts on shareholders' and depositors' rights	Mega International Commercial Bank (MICB) and New York State Department of Financial Services (NYDFS)	Signed on August 19, 2016 Ending date of the contract: to be designated by NYDFS	NYDFS conducted an examination of the New York Branch of Mega International Commercial Bank in January to March of 2015 and provided its Report of Examination in February 2016. NYDFS signed a consent order with MICB under New York Banking Law §§ 39 and 44. In addition to paying a penalty to NYDFS in the amount of US\$180,000,000, MICB and its New York Branch shall engage a Compliance Consultant and Independent Monitor of NYDFS's choosing, to consult about, and oversee/review the improvements of deficiencies in the New York Branch's AML compliance function. (The contract between the bank and the consultant matured at the end of 2019)	None
Important contract that has impacts on shareholders' and depositors' right	Mega International Commercial Bank, Federal the Board of Governors of the Federal Reserve System (FRB) and Illinois Department of Financial and Professional Regulation (IDFPR)	Signed on January 17, 2018 Ending date of the contract: to be designated by FRB and IDFPR	According to the Report of Examination of 2016, the New York, Chicago, and Silicon Valley branches had deficiencies in AML. Mega Bank signed a Cease and Desist Order with FRB and IDFPR on January 17, 2018. In addition to paying a penalty in the amount of US\$29,000,000, Mega Bank should submit an improvement plan and engage an independent third party to engage an independent third party to conduct a review and lookback investigation of the New York Branch's U.S. dollar clearing transaction activity from January 1, 2015 to June 30, 2015.	None
Securities Investment Advisory Contract	Mega Securities Co. Ltd. Mega International Investment Services Co., Ltd.	The contract is valid from November 1, 2024 to April 30, 2025.	Appoint Mega International Investment Services Co., Ltd. to provide investment consulting services.	None

Review of Financial Conditions, Operating Results, and Risk Management



Review of Financial Conditions, Operating Results, and Risk Management

5.1 Analysis of Financial Status

Unit: NT\$1,000

Item	Year	2024.12.31	2023.12.31	Difference	
				Amount	%
Cash and cash equivalents, due from the Central Bank and call loans to banks		702,122,469	691,446,009	10,676,460	1.54
Financial assets at fair value through profit or loss		248,660,022	228,463,860	20,196,162	8.84
Financial assets at fair value through other comprehensive income		580,413,345	557,265,509	23,147,836	4.15
Investments in debt instruments at amortized cost, net		649,383,986	616,356,587	33,027,399	5.36
Securities purchased under resell agreements		7,032,081	5,444,959	1,587,122	29.15
Receivables, net (Note 1)		117,592,363	92,724,481	24,867,882	26.82
Current tax assets (Note 2)		2,558,187	15,357	2,542,830	16,558.12
Loans discounted, net		2,294,640,812	2,133,342,011	161,298,801	7.56
Reinsurance contract assets, net		14,846,172	13,846,853	999,319	7.22
Investments accounted for using equity method		5,408,372	5,774,751	(366,379)	(6.34)
Other financial assets, net		6,235,154	6,347,532	(112,378)	(1.77)
Investment property, net		2,070,487	2,023,611	46,876	2.32
Property and equipment, net		22,227,252	22,044,685	182,567	0.83
Right-of-use assets, net		1,985,283	2,072,607	(87,324)	(4.21)
Intangible assets, net		1,522,902	1,410,325	112,577	7.98
Deferred income tax assets		6,627,546	7,222,920	(595,374)	(8.24)
Other assets, net		8,280,316	8,963,136	(682,820)	(7.62)
Total assets		4,671,606,749	4,394,765,193	276,841,556	6.30
Deposits from the Central Bank and banks		557,004,765	634,098,237	(77,093,472)	(12.16)
Due to the Central Bank and banks		2,655,613	2,870,805	(215,192)	(7.50)
Financial liabilities at fair value through profit or loss		26,637,926	25,587,296	1,050,630	4.11
Securities sold under repurchase agreements		300,343,788	282,478,905	17,864,883	6.32
Commercial paper issued, net		37,437,809	40,385,793	(2,947,984)	(7.30)
Payables		93,627,240	97,890,226	(4,262,986)	(4.35)
Current income tax liabilities (Note 3)		8,421,828	10,532,725	(2,110,897)	(20.04)
Deposits and remittances		3,152,660,552	2,853,818,393	298,842,159	10.47
Bonds payable (Note 4)		43,700,000	30,500,000	13,200,000	43.28
Other borrowings (Note 5)		9,101,108	11,947,112	(2,846,004)	(23.82)
Provisions		30,112,679	29,133,623	979,056	3.36
Other financial liabilities		23,070,614	24,483,927	(1,413,313)	(5.77)
Lease liabilities		2,056,289	2,134,168	(77,879)	(3.65)
Deferred income tax liabilities		2,203,014	2,767,687	(564,673)	(20.40)
Other liabilities (Note 6)		18,529,638	10,325,208	8,204,430	79.46
Total liabilities		4,307,562,863	4,058,954,105	248,608,758	6.12
Equity attributable to owners of parent		364,043,886	335,811,088	28,232,798	8.41
Common stock		148,333,783	141,904,776	6,429,007	4.53
Capital surplus		76,840,889	68,502,384	8,338,505	12.17
Retained earnings		137,586,961	122,260,989	15,325,972	12.54
Other equity interest		1,282,253	3,142,939	(1,860,686)	(59.20)
Total Equity		364,043,886	335,811,088	28,232,798	8.41



Change analysis:

- 1.The increase in receivables, net was mainly due to the increase in securities receivables and loans.
- 2.The increase in current tax assets was mainly due to the increase in income tax refund receivable.
- 3.The decrease in current income tax liabilities was mainly due to the decrease in income tax payable.
- 4.The increase in bonds payable was mainly due to the increase in financial bond payable.
- 5.The decrease in other borrowings was mainly due to the decrease in secured loan.
- 6.The increase in other liabilities was mainly due to the increase in deposits received.

5.2 Analysis of Financial Performance

Unit: NT\$1,000

Item	2024	2023	Difference	%
Interest income	130,126,801	117,567,630	12,559,171	10.68
Less: interest expense	(93,332,874)	(81,506,053)	11,826,821	14.51
Net interest revenue	36,793,927	36,061,577	732,350	2.03
Net revenue other than interest	46,691,204	41,260,317	5,430,887	13.16
Net revenue	83,485,131	77,321,894	6,163,237	7.97
Bad debts expense, commitment and guarantee liability provision	(7,692,005)	(9,114,934)	(1,422,929)	(15.61)
Net change in provisions for insurance liabilities (Note 1)	(453,908)	2,339,213	2,793,121	119.40
Operating expenses	(36,247,405)	(33,498,208)	2,749,197	8.21
Profit from continuing operations before tax	39,091,813	37,047,965	2,043,848	5.52
Income tax expense	(4,325,927)	(3,800,988)	524,939	13.81
Profit for the year	34,765,886	33,246,977	1,518,909	4.57
Total other comprehensive income (after tax)	4,621,808	18,340,489	(13,718,681)	(74.80)
Total comprehensive income (Note 2)	39,387,694	51,587,466	(12,199,772)	(23.65)
Profit attributable to owners of parent	34,765,886	33,246,977	1,518,909	4.57
Comprehensive income attributable to owners of parent	39,387,694	51,587,466	(12,199,772)	(23.65)

Change analysis:

- 1.The increase in net change of the provision for insurance liabilities was mainly due to a significant decrease in pandemic prevention insurance claims as a result of the expiry of all pandemic prevention policies in July 2023, and the gradual transfer of provided pandemic prevention insurance reserves to paid claims.
- 2.The decrease in total comprehensive income for the period was mainly due to the increase in bond yields, the realization of the disposal of part of the equity holdings, and the turning from profit to loss of the valuations of bonds and stocks.

5.3 Analysis of Cash Flow

5.3.1 Cash Flow Analysis for 2024

Unit: %

Item \ Year	2024	2023	%
Cash flow ratio	Note	2.36	NA
Cash flow adequacy ratio	185.83	248.61	(25.25)
Cash flow coverage ratio	Note	Note	NA

Note: Due to the net outflow of cash from operating and investment activities, disclosure is not provided.

Change Analysis:

The decrease in the cash flow ratio was mainly due to the decrease in net cash inflow from operating activities.

5.3.2 Cash Flow Analysis for the coming year

Unit: NT\$1,000

Cash and cash equivalents at beginning of the year (1)	Estimated net cash flow from operating activities in current period (2)	Estimated cash outflow in current period (3)	Estimated cash surplus (deficit) (1)+(2)-(3)	Remedy cash deficit	
				Investment plans	Financing plans
103,947,126	(29,828,283)	(69,767,587)	143,886,430	None	None

5.4 Influences from Major Capital Expenditures: None.

5.5 Investment Strategies in the Past Year and Investment Plan for the Coming Year

5.5.1 Investment Policies in 2024

- Expand the Group's operation network through merger and acquisition and enlarging the economic scale
- Banking sector: We target at state-owned or private banks specializing in consumer banking which is complementary to our business.
- Securities sector: We aim at increasing our market share of securities brokerage over 5% and entering top 5 securities brokers in Taiwan.
- Life insurance sector: We evaluate domestic life insurance companies as merger/acquisition target to expand the Group's business scope.
- From where Mega Financial Holdings stands, it may continuously study domestic and global financial environment, development of merger and acquisition, and directions for the Group's future development. The study findings are used as reference for investment policies.

5.5.2 Review of Investment Performance and Improvement plans

Mega International Commercial Bank Co., Ltd.

The bank reported a profit in 2024 of NT\$ 28,369,519 thousand, an decrease of 8.56% from NT\$31,024,594 thousand in 2023, mainly due to the decrease in average US Dollar liquidity and swap points, which led to a decrease in FX SWAP operation profits. In addition, some holdings recorded poor performance in 2024, resulting in a decrease in profit from stock operations. The company plans to issue long-term subordinated bonds and adjust dividend payments in 2025 to strengthen capital adequacy and expand the capacity of risk-weighted asset (RWA). It will focus on core businesses such as deposits, loans and wealth management, actively develop "dual wings of profitability" and expand recurring earnings. The company will also pursue steady profitability by de-capitalizing surplus funds other than loans. On the premise of balancing risks and rewards, it will boost the growth momentum of core businesses and mitigate the risks of overall profits due to fluctuations in the financial market.



Mega Securities Co., Ltd.

The profit in 2024 amounted to NT\$2,550,019 thousand, an increase of 27.33% from the profit in 2023 of NT\$2,002,610 thousand. This was mainly due to the appropriate allocation in proprietary position and the 28.47% surge in the domestic stock market, which has increased financial operation profits. In addition, the average daily trading volume is NT\$524.7 billion in 2024, an increase of NT\$165.7 billion compared with 2023, resulting in increased brokerage fees.

Mega Bills Finance Co., Ltd.

The profit in 2024 amounted to NT\$2,205,965 thousand, an increase of 14.88% from the profit in 2023 of NT\$1,920,230 thousand. This was mainly due to and the expanding in average balance and spreads of bond, resulting in an increase in gains from the disposal of bonds. For bond and equity investment business in 2025, flexible adjustments will be made for NTD/foreign currency bond portfolios. Diversified and stable funds will be expanded to maximize the benefits of bond investment.

Chung Kuo Insurance Co., Ltd.

The profit in 2024 amounted to NT\$412,014 thousand, a recovery from the loss of NT\$1,466,874 thousand in 2023. This was mainly due to the self-retention ratio in 2024 decreased by 27.5% compared with 2023, and the loss recognition of NT\$2.482 billion for pandemic insurance in 2023.

Mega Assets Management Co., Ltd.

The profit in 2024 amounted to NT\$167,112 thousand, a decrease of 13.15% from the profit of NT\$192,417 thousand in 2023. This was mainly due to the central bank raise interest rate in 2024, resulting in rising the average yield. However, the bull market in housing and stock led to a tightening of market funds, resulting in a simultaneous increase in the average cost of borrowing. In addition, the company acquired allocation from the court to inject surpluses in 2023. In 2025, the company will not only continue to actively develop various businesses to enhance operational momentum, but also dispose of its investment real estate to maximize profitability. It will also pay close attention to changes in the financial market and negotiate for preferential interest (fee) rates to reduce finance costs on the premise of maintaining liquidity security.

Mega Venture Capital Co., Ltd.

The profit in 2024 amounted to NT\$113,423 thousand, a decrease of 48.23% from the profit in 2023 of NT\$219,074 thousand. This was mainly due to the decrease in the evaluation revenue. The company will appropriately dispose the investment business of shareholdings depending on that operation and share price to realize profit.

Mega International Investment Trust Co., Ltd.

The profit in 2024 amounted to NT\$92,016 thousand, a decrease of 1.21% from the profit of NT\$93,146 thousand in 2023. This was mainly due to the increase in fund management fee income, sales and promotion

expenses as the four new funds were established in 2024. In addition, the employees increased compared with 2023, resulting in the profit in 2024 was slightly lower than that in 2023. The company planned to issue multiple new funds in 2025 and make a profit by expanding the size of the fund.

Taipei Financial Center Corporation

The profit in 2024 was NT\$2,567,015 thousand, an increase of NT\$351,381 thousand (a growth of 15.86%) from the profit in 2023 of NT\$2,215,634 thousand. This was mainly due to the impact of the increase in the number of visitors, expanding the younger customer, and the growth in jewelry sales, resulting in the operating profit increased by NT\$431,830 thousand compared with the same period.

Taiwan Depository & Clearing Corporation

The profit in 2024 was NT\$7,932,217 thousand, an increase of NT\$2,448,907 thousand (a growth of 44.66%) from the profit in 2023 of NT\$5,483,310 thousand. This was mainly due to the increase in trading volume of Taiwan stock market, which led to an increase in securities-related service income of NT\$3,207,660 thousand over the same period, resulting in an increase in operating profit of NT\$2,960,987 thousand.

5.5.3 Investment Plans for 2025

- Continuing to evaluate and explore opportunities for merging with financial institutions that are complementary to our operations and can enhance synergy within the Group.
- Evaluate the feasibility of going into overseas financial markets.

5.6 Risk Management

5.6.1 Risk Management Structure and Policy

A. Risk Management Structure

Mega Financial Holding Co., Ltd.

As the highest authority for the Group's risk management, the Board of Directors of the Company takes ultimate responsibility for the Group's risk management mechanism and its effective operation. The Company's "Risk Management Committee" is presided over by its chairman and is responsible for reviewing on the group's risk management policies, and supervising and providing guidance on the group's risk management mechanism. The Risk Management Department is responsible for compiling, weighing, analyzing, monitoring and reporting the risks throughout the group. The Compliance Department takes charge of planning, managing and executing the compliance practice. The Auditing Office takes charge of evaluating the effectiveness of internal control systems, the efficiency of the Group's operations, risk management and checking the compliance practice, and timely provides advice.

Subsidiaries

As the highest authority for the risk management of each company, the Board of Directors of each subsidiary takes ultimate responsibility for establishing its risk management system and ensuring its effective operation.

Mega International Commercial Bank Co., Ltd.

Under the Board of Directors is the Risk Management Committee, which helps the Board supervise the operations of the risk management system. There are several other committees and other managing units that are responsible for reinforcing compliance and effective legal compliance, reviewing and controlling risks associated with loans, investments, transactions, wealth management and asset/liability allocation among other operations. The Risk Management Department, the Compliance Department, the Information Security Department, and Anti-Money Laundering and Financial Crime Compliance Department, reflective of their responsibilities, supervising the establishment of the risk control mechanism, monitoring and reporting risks, and reinforcing the effectiveness of internal control.

Mega Bills Finance Co., Ltd.

The Risk Management Committee takes the responsibility to review business risk management reports, the allocation of business risk and the deployment of risk assets, business risk management objectives and implementation scenarios, and other risk management issues. The Risk Control Department is responsible for enacting the risk management-related regulations, enforcing the plans under the risk management mechanism pursuant to the New Basel Capital Accord, organizing the risk management objectives and reviewing the enforcement results, controlling the Company's capital adequacy, summarizing risk controls and reporting the risk controls, and reviewing credit papers.

Mega Securities Co., Ltd.

Mega Securities Co., Ltd. set up the Risk Management Committee in charge of risk management policy planning, monitoring performance, managing overall risk limits and risk limits for each department, and reviewing regulations approved by the Board of Directors. Risk Management Office is in charge of management related to market risks, credit risks and operational risks. The Compliance Committee ensures that external regulations are internalized in a timely manner and strengthens the implementation of various education and training programs for compliance. Legal Compliance Office is in charge of matters related to compliance risks.

Other subsidiaries

Chung Kuo Insurance Co., Ltd. set up the Risk Management Committee in charge of the overall risk management, and its Risk Management Office is in charge of implementation of risk management. Mega Assets Management Co., Ltd. has a Risk Management Committee in charge of various risk management, while Mega International Investment Trust Co., Ltd. set up the Risk Management Department in charge of risk management. Mega Venture Capital Co., Ltd. have designated a dedicated unit to monitor and management various risk.

B. Risk Management Policy

The risk management policies of the Company and its subsidiaries are established reflective of their business and are sufficient to identify, supervise and control risks. The policies emphasize systematic prevention, reduction and response to foreseeable operational risks, and enrich the capital in order to address unforeseeable risks and to ensure that operating risks are controlled within a tolerable range. At the mean time to insure Capital Adequacy Ratio and reach the goal of reasonable risk and return.

5.6.2 Methods of Risk Assessment and Quantification of Risk Exposure

A. Strategies and procedures

Mega Financial Holding Co., Ltd.

The Company and its subsidiaries, through a defined risk management organization and management framework, complete risk management regulations and internal operating control procedures, effectively enforce the group's risk management policies. Respective dedicated units of the Company take responsibilities for supervising the integrity of the risk management framework and the implementation of risk management policies. Respective business units are responsible for identifying, evaluating and controlling possible risks according to their operating procedures and the internal control process, which form the first line of defense in risk management. Risk management and legal compliance units, on the other hand, are responsible for establishing applicable risk management specifications, periodically reviewing and monitoring effectiveness, conducting stress tests, responding to incidents and reporting to the management, which are the second line of defense. The audit unit ensures that the risk management mechanism is solid and consolidated and hence is the third line of defense.

The Company has established regulations for monitoring respective risks throughout the group in accordance with the "Risk Management Policy and Operating Guidelines" approved by the Board of Directors. Respective subsidiaries have also established the risk management objectives, monitoring indicators, risk limits and applicable rules reflective of their business features so that they can detect business, asset & liability risk and periodically report the management status to the Company's Risk Management Committee and the Board of Directors. The Company, on the other hand, reports the group's risk management status to the Board of Directors periodically, so that the Board of Directors understands the various risks undertaken inside the institution and how they are controlled.

According to the "Risk Management Policy and Guidelines," the Company has established respective regulations governing credit risk, market risk, operational risk, liquidity risk, capital adequacy, asset quality and others to be jointly complied with throughout the group. Risks are categorized according to their nature, source and grade. The risk profiles of the group and respective subsidiaries are evaluated in all respects by means of diversified tools. Appropriate measures are adopted to keep the risk indicators within the approved limits. Pre-warning indicator, alert and incident reporting mechanisms are established and the improvement status are followed up. The Company also reported the implementation of the annual monitoring indicators to the Audit Committee composed of independent directors for investigation.



(1) Credit risk

The Company uniformly defines operations, target exposures and statistical methods with respect to credit risk management, which applies to all subsidiaries within the group; the subsidiaries will then periodically upload operational data to the Company. The Risk Management Department periodically monitors the extent of concentration of respective credit exposures throughout the group for out-of-limit levels, if any, and reports to the Company's Risk Management Committee and Board of Directors the group's credit risk profile.

(2) Market risk

The Company has established a market risk management system by means of self-development along with outsourcing. With transaction data of financial instruments uploaded on a daily basis from respective subsidiaries, Value at risk (VAR, (1D, 99%)) for the next day is to be estimated with the historical simulation method. In addition, market price evaluation of respective subsidiaries' financial product transactions is monitored on a daily basis to see if they are within the range of estimated losses and issuance of warning can be processed appropriately. In order to reinforce management over interest rate risk, the DV01 model is adopted to evaluate the gains and losses in the ratings of interest rate commodities as a result of variation in the yield to maturity. For non-trading book's interest rate sensitive assets and liabilities, the possible effects of the interest rate sensitivity gap to the net interest income and expenditure are evaluated.

(3) Operational risk

The Company has established on its own an internal operational risk loss database for the whole group. Following the eight major types of business and seven major types of loss events as advised in the Basel Accord, detailed operations within the group are defined and jointly categorized. Respective subsidiaries are demanded to upload loss events with respect to the operational risk and punishments by the competent authority in a custom format periodically into the database to facilitate the analysis of loss event patterns and the concentration and correlation among respective types of business. In addition, to reinforce the awareness of risk among subsidiaries and to facilitate improvement of the operating procedure, operational risk self-assessments are specified and organized centrally by the Company.

(4) Liquidity risk

The Company and its subsidiaries have exclusive departments to take charge of managing the daily capital liquidity. According to respective gap limits approved by the Board of Directors, they monitor liquidity risk indicators, perform capital allocation transactions, report capital liquidity status from time to time, and periodically review the limits. Subsidiaries periodically upload capital in-flow and out-flow profiles to the Company so that the management can keep track of the capital gap status of each subsidiary.

In response to the expansion of overseas business in the future, we will continue to improve its risk management features and scope of coverage for quantified information.

Mega International Commercial Bank Co., Ltd.

(1) Credit risk

In response to the implementation of New Basel Capital Accord, the internal rating system linked to the probability of default (PD) is introduced to predict customer's PD and loss given default etc. with quantitative analysis tools so as to enhance the management efficacy of credit risk. In addition, a defined different authorization limits are in place to streamline the processes and enhance operational efficiency. Before granting credits and making investment, the bank does perform credit investigation and case reviews, among others. Follow-up review and tracing will be carried out periodically after undertaking. Irregular and emergent incidents are required to report to the management within a given timeframe according to the reporting mechanism.

(2) Market risk

Market risk positions and tolerable losses throughout the bank are being monitored according to the risk management goals and risk limits approved by the Board of Directors. In order to ensure profits and to minimize operating risk, each transaction is required to follow the limits and stop-loss rules. If a transaction reaches the stop-loss limit, stop-loss shall be enforced immediately. If not, it has to be reported to the senior management for approval and reported to the Risk Management Committee and the Board of Directors. The positions of various financial instruments are summarized and analyzed daily, with evaluation gains/loss and sensitive risk factors. Outstanding balances, losses and gains, and market value evaluations of securities investments and derivatives transactions are compiled periodically and reported to the (Managing) Board of Directors.

(3) Operational risk

Training on the laws, regulations and business is reinforced. An effective control framework and internal control procedures for each level are established. Measures such as self-inspections, internal and external audit and supervision are taken to help minimize operational risk-associated losses. There is an operational risk events reporting system in place. By reporting in real time and discussing the cause, improvement measures may be stipulated to prevent loss events from happening again. In addition, an operational risk self-assessment system is in place to help identify and evaluate the extent of operational risk exposure, to reinforce risk management awareness and to improve the current control mechanism. With key indicators for operational risk, the bank monitors potential risks and adequately adopts appropriate management measures. Risk identification and assessment, legitimacy analysis and planning of the information operating system are conducted prior to launch of new products or business and official opening of new overseas operating sites. New products or new businesses need to be submitted to the related meetings for review.



(4) Liquidity risk

The liquidity risk is being monitored according to the risk management targets and limits approved by the Board of Directors. Stress test is carried out periodically, and the results are reported to the Asset & Liability Management Committee and the Board of Directors to ensure that the bank's liquid funds are sufficient to address the increase in assets or to fulfill obligations upon maturity. The intra-day liquidity positions and risks of domestic units' NTD and foreign currencies are controlled on a daily basis, and the liquidity reserve is maintained as required to ensure adequate liquidity. Overseas branches (including subsidiaries) shall follow the regulations of this parent country and the local competent authority to maintain sufficient liquidity.

(5) Securitization risk

Securitization needs to be approved by the Loan Committee, Investment Committee and/or (Managing) Board of Directors. After the application submitted by the trustee is approved by the competent authority, the related securitization contracts are entered and beneficiary securities are issued followed by post risk management.

Mega Bills Finance Co., Ltd.

(1) Credit risk

In addition to defining the credit limit ratio by industry sector and specific guarantee conditions, and credit risk limit, the company defines the risk concentration ratio based on customers (including the same person and the same business group), industry, and country. An alert standard and control mechanism are in place to preventing excessive risk concentration.

(2) Market risk

The "Market Risk Management Guidelines" are stipulated to control adverse movement resulted from market price. Based on domestic and foreign economic data, its used to measure economic status, predict interest rate, and draft up operating strategies. The measures include daily monitor risk management objectives including the relevant position limit, loss limit, and sensitivity limit of bills, bonds, equities, and derivatives; daily conduct bills and bonds position sensitivity analysis and monthly validation of derivatives and equities transaction valuation.

(3) Operational risk

For the establishment of a sound operational risk management framework, internal control and management measures of operational risk and objectively are formulated. It stipulates operational risk identification, assessment, measurement, communication, and monitoring the management processes of implementing countermeasures; establish risk management information framework for systematic control of individual loss event frequency, severity, and related information; establish emergency response and

business continuity plans; ensure the resumption of operations promptly during an emergency or disaster; and maintain business operations normally.

(4) Liquidity risk

Monitor daily the Company's cash flow deficit limits of each term and appropriately avoid capital liquidity risk; establish a capital emergency response management mechanism, activate an emergency response mechanism promptly upon the occurrence of a liquidity crunch, soaring interest rates or unexpected financial events causing serious impacts on liquidity risk.

Mega Securities Co., Ltd.

(1) Credit risk

Regularly review the credit status of counterparties and investment positions in accordance with credit supervision and management regulations. Measures of various credits enhancement (including collateral) are also periodically evaluated and monitored.

(2) Market risk

Annual loss limit of security plus financial derivatives transactions, and value at risk of equity securities acquired through proprietary trading and underwriting plus fix income securities (VaR 99%, 1 day) are allocated according to risk limit of each department or product line and other quantitative indicators, which shall not exceed a certain percentage of net worth of the company and be decided by the meeting of relevant business units chaired by the President. The result shall be reported the Risk Management Committee for approval.

(3) Operational risk

Conduct self-assessment of operational risks every year to reflect and resolve the practical operations of each department with an effective control and risk self-assessment mechanism to achieve risk control, offset, transfer and avoidance.

(4) Liquidity risk

To meet funding requirement and ensure payment capability, enforcement rules is enacted to manage cash flow gap, to maintain appropriate liquidity, and to control the ratio within the specified range.

(5) Other risk

The Rule and Regulation Compiling System is maintained periodically and from time to time to update in line with the amendment to the laws and regulations of the competent authority and the impact thereof on the Company and businesses is followed up. The channel for legal consultation, coordination, and communication is enhanced and compliance training shall be organized.

Chung Kuo Insurance Co., Ltd.

(1) Credit risk

Before conducting a transaction, the company shall check the credit rating of counterparty, issuers, guarantee institutions and reinsurers, which shall reach a certain level. The legitimacy of the transaction, credit level quota management, and credit monitoring after transaction is assured. Credit exposure limits are set up for single transaction, a same person, same affiliates, a same business group and those in the US and China to avoid excessive concentration.

(2) Market risk

In terms of risk factors such as change of market interest rate, foreign exchange rate, and equity price, investment assets with market risk are evaluated. According to risk of financial product, operational models including investment principle, positions limit, concentration limit, and stop loss mechanism are set up. Value at risk (VaR) is adopted to measure possible maximum loss in a specific period and confidence levels.

(3) Operational risk

Various operational procedures and business rules such as internal control system, legal compliance system, legal compliance manual, internal operation manual, separate authorization are set up to avoid occurrence of operational risk or reduce loss. Information of direct and indirect loss caused by mal-operation of internal operation process, personnel and system or external event are collected, recorded and analyzed. The database for loss from operational risk is constructed and regular self-evaluation of operational risk is conducted to identify potential operational risk and proper management procedures for operational risk are developed.

(4) Insurance risk

According to the risk features, loss experience and policy objectives of the company, underwriting and claim principles are set up to effectively maintain business quality and reduce potential risk. A reinsurance risk management plan is developed, and a maximum retained line for each risk unit is set up based on the factors such as company's risk tolerance, predictable probable maximum loss of each kind of insurance, and possible accumulated risk quota. Catastrophe Reinsurance is properly arranged to control risk of self-retained insurance.

Mega International Investment Trust Co., Ltd.

(1) Credit risk

Follow the authority's relevant regulation on this industry and the company's internal control systems to evaluate the counterparty's credit level before the transaction is done and confirm the legitimacy. Regularly review the credit status of counterparties and investment targets, continuously control credit risks, and regularly evaluate various credit enhancement measures.

(2) Market risk

Determine the scope of use of self-owned funds, the investment limit of investment targets, and the approved level of investment. Reviewing the investment target's loss/profit and setting up stop loss point. For those targets that reach the goals, a review in risk management meeting is conducted.

(3) Operational risk

Reviewing operational risk loss events periodically and setting up risk database and operational risk self-evaluation system. Each department follow the internal control system to conduct self-review periodically. Internal and external auditor will audit randomly. Setting up important event risk management mechanism to make sure a quick response if important random event or disaster happens.

(4) Liquidity risk

Considering the concentration of investment portion and market transaction volume, to conduct stock market liquidity risk management. Evaluating and monitoring each currency's short term need and setting up fund liquidity management mechanism and fund emergency coping plan to lower liquidity risk from fund scheduling needs.

Mega Assets Management Co., Ltd.

(1) Credit risk

Setting up fund using rules and asset investment management rules and periodically summarizing credit risk exposures and asset evaluation categories to monitor overall credit risk portion, concentration, control status of each limits, and the change of asset quality. Periodical reports to the financial holding parent and board of directors are conducted.

(2) Market risk

Making interest rate sensitivity reports to evaluate interest rate risk. To cope with borrowing interest rate change, the internal return has been added in borrowing cost. Setting up "asset evaluation loss reserve and disposition principles" and "Notices for asset fair value evaluation" as the asset fair value evaluation and categorization base for those assets purchased but not yet disposed.

(3) Operational risk

For each risk, business management rules, and important random event crisis management, relevant principles and operation procedures has been set to follow and control.

(4) Liquidity risk

Weekly cash liquidity gap report has been provided. Also, the report needs to be uploaded to financial holding parent via cash liquidity information management system on/before 10th of each month. Liquidity management rules and liquidity gap limit management have been set.



Mega Venture Capital Co., Ltd.

The company has formulated investment operation and evaluation procedures according to relevant laws and regulations, and entrust the management with Mega Management & Consulting Co., Ltd. In addition, the company has formulated internal risk management rules, setting both qualitative and quantitative annual risk management goals in accordance with the “Risk Management Policies and Operating Guidelines” and conduct relevant review on a periodic basis.

B. Organization of risk management

Mega International Commercial Bank Co., Ltd.

The Board of Directors is the highest risk oversight unit and is responsible for approving risk management strategies, organizations, objectives, important regulations and various risk limits.

(1) Credit risk

The Loan Committee and the Investment Committee, respectively, take charge of reviewing credit and investment cases, related policies, and the implementation status this regard. The Problem Loan and Bad Debt Collection Committee manages the problem loans and debt collection, and reviews related policies of non-performing loans. Each unit in charge of credit risk at the Head Office and performs risk management procedures such as identification, measurement, monitoring and reporting reflective of their duties. It also formulates business management regulations and continuously improves the risk management. The Risk Management Department coordinates and supervises the various units in creating the credit risk management mechanism, develops tool such as internal rating system and periodically submits the Risk Management Report to the Board of Directors and the Company.

(2) Market risk

The Risk Management Department is responsible for creating a market risk management mechanism and stipulating the related internal regulations. It summarizes and analyzes data such as positions, evaluation gains and losses, sensitive risk factors analysis and stress tests of various financial products regularly and reports to the top management, the Board of Directors and the Company.

(3) Operational risk

Related units at the Head Office manage business-related operational risks, and formulates business-related goals, regulations, and operational rules. The Risk Management Department formulates operational risk management policies and objectives, supervises the implementation of objectives, establishes operational risk management mechanisms and urges all units to report operational risk exposures. The Auditing Department of the Board of Directors regularly checks the effectiveness of the operational risk management mechanism of each unit, as well as supervising and tracking improvements of operational deficiencies.

(4) Liquidity risk

The Treasury Department manages the daily liquidity risks. The Risk Management Department Review of Financial Conditions, Operating Results, and Risk Management periodically reports the monitoring status of liquidity risk to the Capital Review Committee, the Assets & Liabilities Management Committee, the Risk Management Committee and the (Managing) Board of Directors.

(5) Securitization risk

The target assets, securitization structure and risk positions of securitization are approved by the (Managing) Board of Directors, while the type, line of credit, investment of the asset pool, and target creditor's rights created by the founding institution are reviewed by the Investment Committee and Loan Committee. The Risk Management Department and the Credit Control Department are responsible for asset securitization handled in accordance with the applicable requirements for loan operations and risk control.

Mega Bills Finance Co., Ltd.

The Board of Directors is the highest risk management unit and is ultimately responsible for establishing a risk management system and ensuring its effective operation.

(1) Credit risk

With respect to the credit risk in the Company's granting of loans and various financial instruments, the Loan Review team and Risk Management Committee are responsible for supervising and reviewing various management regulations, granting of loans and business risk management objectives. Meanwhile, the Corporate Finance Department, Trading Department, Bond Department and all branches are the main operational units for credit risk control.

(2) Market risk

The Risk Management Committee reviews the risk management objectives of all financial instruments. The Corporate Finance Department, Trading Department, Bond Department, and all branches are the main operational units for market risk control.

(3) Operational risk

The affairs with regard to operational risk are periodically reported to the Risk Management Committee and board of Directors by the risk management unit. The auditing unit shall review the effective implementation of risk management mechanisms independently and objectively according to the internal auditing procedures and report to the Board of Directors regularly.

(4) Liquidity risk

Liquidity risks are supervised by the Risk Management Department while the Trading Department and the Bonds Department are responsible for day-to-day trading. TWD and foreign currency liquidity gaps are managed. The Treasury Department is responsible for reporting the supervisory status of liquidity risks.



Mega Securities Co., Ltd.

The Board of Directors is the decision-making unit of the risk management organization and is responsible for approving risk management policies and ensuring effective risk management and taking the ultimate responsibility for risk management.

(1) Credit risk

Risk Management Office monitors the risk management mechanism and execution of each department according to “Risk Management Principles” and “Credit Monitoring Management Execution Principles”, including the authorization structure at all levels, reporting process and operation content, credit evaluation before the transaction, credit rating management, post-transaction credit monitoring and over-limit countermeasures, etc.

(2) Market risk

Risk Management Office monitors the risk management mechanism and execution of each department according to “Risk Management Principles”, including the authorization structure of each level, reporting process and operation content, transaction scope, market risk measurement method, market risk limit and approval level and over-limit countermeasures, etc.

(3) Operational risk

According to feature of product risk of operation procedures, each department enacted “standard operational procedure” covering internal control specification and control point.

(4) Liquidity risk

The identification, measurement and management of liquidity risk are the responsibility of the Finance Department. According to the “Rules of Risk Management,” Risk Management Office is in charge of measurement and supervision of liquidity positions.

(5) Other risk

The legal risk management is the duties of Legal Compliance Office. In order to improve abilities to respond to occurrence of significant accidental event, “Rules Governing Handling Operation of Significant Accidental Event” has been enacted to develop notice management system. In order to enhance information security management and protect the company’s assets, relevant information security measures are the duties of Information Department.

Chung Kuo Insurance Co., Ltd.

The Board of Directors ensures the effectiveness of risk management and assumes the ultimate responsibility for overall risk management; each business unit is responsible for implementing credit, market, operational and insurance risk business. The Risk Management Office compiles the risk information, provided by each department, and reports to the top management, followed by reporting to the Risk Management Committee and Board of Directors.

Mega International Investment Trust Co., Ltd.

The Board of Directors shall be ultimately responsible for the effective operation of risk management; the investment and transaction departments are responsible for regularly and irregularly reviewing the credit status of investment targets and counterparties. The finance department is responsible for compiling and reporting relevant management reports and information. The risk control department is responsible for Monitor and regularly summarize reports, and the audit office regularly checks the effectiveness of the actual implementation of each department.

C. Scope and characteristics of risk reporting and measuring system

Mega International Commercial Bank Co., Ltd.

(1) Credit risk

In order to control risks associated with the related (group) enterprises, sectors and countries, and to prevent the over-concentration of risks, credit and investment limits for affiliated (group) enterprises and the primary industries are set, and the control status is periodically reported to the senior management and the Board of Directors. Credit follow-up review and tracing is conducted and the review status is reviewed on a yearly basis. Long-term equity investments are valued at fair value by the unit other than the investment unit regularly under adequate method. Updates on various control status are reported to the senior management. If clients are showing irregular operations and experiencing financial difficulties with insufficient cash flows or other material incidents that are sufficient to impact the company operations, it shall be reported in real time to the senior management and this Company in order to keep track of the related information, and to adopt the necessary measures adequately. Business supervisory unit periodically evaluates losses that might arise from the respective assets and recognizes provisions for allowance for bad debts or accumulated impairments.

(2) Market risk

Domestic trading units report the various financial products' positions and gains and losses to the management on a daily basis. The Risk Management Department performs stress test on a monthly basis and reports to the Risk Management Committee periodically. According to the financial instrument evaluation mechanism, the evaluation methods include market price evaluation, model evaluation and external evaluation. The evaluation model needs to be verified to verify the accuracy and applicability of the model when using model evaluation. As soon as evaluation losses reach the stop-loss limits, stop-loss will be executed immediately. If stop-loss is not executed, reasons for non-stop-loss and responsive solutions have to be specified and reported to the top management for approval. When the losses exceed a certain level, the position shall be submitted to the Risk Management Committee and reported to the Board of Directors.



(3) Operational risk

All units report operational risk events in accordance with regulations, review and develop improvement plans. The business supervisory unit of the head office inspects the relevant regulations, processes or systems, and tracks and improves the handling situation. The Risk Control and Management Office reports operational risk events on a monthly basis, and reports it to the Risk Management Committee and the Board of Directors quarterly. Conduct self-assessment of operational risks on a regular basis every year to measure operational risk exposures. The improvement suggestions put forward by the respective evaluation units shall be developed by the business supervisory unit of the Headquarters and notified to the relevant units for compliance. The Risk Control and Management Office will submit the assessment results and improvement implementation to the Risk Management Committee, and report to the Board of Directors and the Financial Control Risk Management Committee.

(4) Liquidity risk

The liquidity risk report estimates the impacts that future cash flows have on allocation of funds and aims to keep the cash flow gap or ratio within a tolerable range. As soon as liquidity indicators reach the alert level, the Risk Management Department should report it to the Fund Management Committee. If they reach the criteria for activating the response plan, the interim fund management meeting is called and the President is to approve the liquidity response plan. In addition, the stress test is performed periodically. The fund structure is adjusted or other response measures are taken, depending on the stress test results in order to bring down the risk.

(5) Securitization risk

Securitization investment positions are documented in the bank book. According to the internal management guidelines, they are to be evaluated and the risk management report is to be produced periodically, with contents including detailed information such as the types of beneficiary securities or asset-backed securities invested, the amount, credit rating and valuation as well as the performance of target assets involved in securitization.

Mega Bills Finance Co., Ltd.

The business management units report implementation of risk management to Risk Management Committee and Board of Directors on a quarterly basis by functions:

(1) Capital adequacy ratio

Analysis on changes in eligible capital and various risk assets is performed to control the capital adequacy ratio.

(2) Credit risk

The reports include the summary of total credit risk exposures by customer, industry and country, NPL ratio, maximum limit of credit extension by industry, maximum limit of guarantee, and maximum limit of credit extension to a single enterprise, same affiliate and same related party.

(3) Market risk

The reports include bills, bonds, equities, and derivatives positions, profit and loss, duration and stress tests, and sensitivity analysis.

(4) Operational risk

The business management units report the important operational risk loss events and relevant corrective actions, annual operational risk map, and analysis of the operational risk event loss data to follow the frequency, seriousness and other information of each individual loss event.

(5) Liquidity risk

The liquidity risk report covers management status of the major liabilities, limit on cash flow shortages in each maturity interval.

Mega Securities Co., Ltd.

(1) Credit risk

Weekly Reports of Risk Management shall be regularly reported to the President and Chairman for approval with contents including securities held and transaction counterparties listing on negative list and its follow-ups as well as concentration ratio of brokerage clients and individual stock held as collateral from customer's security margin trading and follow-ups on customer's material default. Regular reports on companies recently added on the marginal credit risk list, securities holding of the said companies, and transaction counterparty on the list of margin credit risk list are submitted to Risk Management Committee, Board of Directors, and Mega Financial Holding's Risk Management Committee and follow-ups are made.

(2) Market risk

Risk management system is utilized for daily monitoring to check profit/loss, over the limit of each product, product line, and department. Implementation of overall market risk management is regularly reported to Risk Management Committee, Board of Directors and Mega Financial Holding's Risk Management Committee. Transaction evaluation information of financial derivatives is compiled quarterly to report to Board of Directors.

(3) Operational risk

The summary and implementation of operational loss event and mis-accounting and default in business of brokerage are reported to the Risk Management Committee, Board of Directors, and Mega Financial Holding's Risk Management Committee regularly.

(4) Liquidity risk

Periodical reports are submitted to Risk Management Committee, Board of Directors and Mega Financial Holding.

(5) Other risks

Legal risk management is handled by the Legal Affairs and Compliance Office and is regularly reported to the Compliance Committee.



Chung Kuo Insurance Co., Ltd.

(1) Credit risk

Summarize banking deposits, securities holding and long-term equity investment by transaction counterparty, issuer, and guarantee institution to control the credit risk concentration. The credit rating of the outward reinsurers and reinsurers are periodically inspected. Impact from unqualified ceded reinsurance is also assessed to manage credit risk of reinsurance business.

(2) Market risk

For risk factors including market interest rate, foreign exchange rate, price change, each investment asset is evaluated on a monthly basis based on market price or net asset value. VaR of each financial product is regularly calculated and stress test is simulated to assess possible impact of market changes on total market value of investment asset.

(3) Operational risk

Information of loss event, impact, and follow-up initiatives are documented and operational risk events are monthly complied and reported to the management.

(4) Insurance risk

Reports of total insured amount, net retention, retained earned premium, net claims and operational reserves are reported to the management.

Mega International Investment Trust Co., Ltd.

(1) Credit risk

A transaction portion limit is set based on the investment target and counterparty's credit. Periodically and Randomly reviewing of investment targets and counterparty's credit level are conducted.

(2) Market risk

Market risk management reports of investment targets using the company's owned fund is made periodically and reported to "investments using owned fund review meeting." A daily profit/loss is disclosed. If the stop-loss standard is reached, a warning report will be issued to the fund manager.

(3) Operational risk

Monthly operational risk event loss data report is reported and subsequently tracked by the Risk Management Department to Mega Financial Holding. The aforementioned contents will also be included in the risk management profile tracking and reporting to the board on a quarterly basis. Each department conduct compliance self-inspection each half year and the result are reported to the Board by legal and compliance department. Each year the auditing office will report to the Board of Directors regarding internal control system assessment result.

(4) Liquidity risk

Regarding stock liquidity, a daily report of individual stocks that do not meet liquidity control standards. A list of limited investment targets is reported in monthly risk management meeting. Regarding fund liquidity, an in-time adjustment of investment portfolios based on daily fund liquidity estimation reports is made to cope with fund need. Also, monthly report of money market fund asset allocation is reported to risk management meeting.

Mega Venture Capital Co., Ltd.

Regularly report to the Board of Directors the changes in cash and equity positions of investment enterprises, the impact of interest rates, exchange rates, stock markets and other economic conditions, investment policies (including risk limits) and other market risks, as well as the credit and operational status of trading partners and investment enterprises.

D. Hedging or risk mitigation policy, strategies, and procedures

Mega International Commercial Bank Co., Ltd.

(1) Credit risk

The bank will consider the probability of default and the expected losses before deciding whether or not to extend the credits, or to take other measures for transferring or mitigating the risk. For collaterals such as securities that involve greater volatilities in prices, efforts will be made to periodically monitor and maintain the loan-to-value ratios within the safety range.

(2) Market risk

The bank's hedging strategy is to make use of spot or derivatives to mitigate market price risk. The positions, and gains and losses, of hedging and hedged targets are consolidated to control the stop-loss limits and evaluate whether the risk is within the tolerable range and the effectiveness of hedging.

(3) Operational risk

Possible operational risk losses from employees, treasury and equipment are transferred through the banking comprehensive insurance purchased, and an outsourced service provider is carefully selected for signing the contract in order to transfer the possible incurred operational risks. The Auditing Department is responsible for conducting inspections to ensure legal compliance by the contractors.

(4) Liquidity risk

In response to the liquidity risk, the liquidity emergency response plan is in place to reduce the liquidity risk.



(5) Securitization risk

Securitization is embarked on taking into consideration the industrial concentration, economic performance cycle risk and effective utilization of capital for risk-weighted assets. Cost-effectiveness is discussed from time to time thereafter in order to effectively evaluate the appropriate timing for securitization.

Mega Bills Finance Co., Ltd.

(1) Credit risk

When granting loans, the company evaluates requiring of collaterals and guarantor in accordance with a defined investigation and credit extension procedure. Meanwhile, the post-credit extension management is enhanced. The financial instruments held are managed by credit ratings of issuers and trading counterparty. The change of credit rating is reviewed and evaluated periodically.

(2) Market risk

The Company uses derivatives hedging strategy to avoid price risk and periodically value the profit and loss.

(3) Operational risk

The company assesses the probability of risk losses and the size of potential losses, and adopts response strategies including avoidance, control, transfer or offset. Business monitoring reports are established to check whether the risk exposures exceed the limit so as not to exceed the limits set by laws or the company.

(4) Liquidity risk

Due to the characteristics of the sector, the Company's liquidity assets include government bonds, treasury bills, Central Bank Certificate of Deposits, and short-term commercial paper, with low credit risk and high liquidity.

Mega Securities Co., Ltd.

(1) Credit risk

When investing own funds in various businesses and products, in addition to complying with Rules of Governing Credit Supervision and Management, it is also necessary to review the credit ratings of investment targets and counterparties, and regularly track changes in their credit risks. For brokerage business, in addition to complying with the credit supervision and management regulations, control is also carried out with reference to relevant research reports or warning lists proposed by market supervision agencies.

(2) Market risk

For any product line that requires hedging, hedging position is evaluated. To ensure operation is made with authorization, daily inspection is conducted. Additionally, to respond to unexpected events, interest rate and equity derivatives are used to hedge and reduce loss resulting from market abnormal movement.

(3) Operational risk

Cooperate with Mega Financial Holdings to conduct self-assessment of operational risks every year, and use effective control and risk self-assessment mechanisms to reflect and solve practical problems in various departments to reduce the possibility and severity of operational losses.

(4) Liquidity risk

If there is continuous liquidity contraction, interest rate hike, or incidental financial event that seriously affects liquidity, the company's responsive measures include early termination of commercial paper under repurchase agreement, immediate sale of asset with better liquidity or short-term investment, and borrowing from financial institutions by taking advantage of resources of this Group or issuing commercial papers. When the company encounters a business crisis and needs emergency funds deployment, it shall be handled in accordance with the operating rules for business crisis response measures.

Chung Kuo Insurance Co., Ltd.

(1) Credit risk

Credit rating of investment, bond issuers, trade counterparties, custody institution, and reinsurance companies are monitored to cope with the certain credit rating benchmark set by competent authority.

(2) Market risk

Based on economic and market situation, investment portfolio is flexibly adjusted to mitigate market risk arising from interest rate, exchange rate, and price change. Loss and profit are evaluated periodically.

(3) Operational risk

Self-inspection on internal control and self-evaluation on legal compliance are conducted periodically. The auditing office also regularly examined implementation of operational risk management system.

(4) Insurance risk

Insurance underwriting principle and retention limit of each risk unit are enacted. Exposure in excess of the retention limit should to be arranged properly for reinsurance before issuing any policy to divert business risk.

Mega Venture Capital Co., Ltd.

The investment limit for a single case of investment shall not exceed 20% of the paid-in capital, and the total shareholding of the group shall not exceed 15% of the equity of the case; the company's concentration in a single industry shall not exceed 40% of the company's paid-in capital. The total investment shall not exceed 150% of the net value to control the overall risk.

E. Method of risk management & quantification of risk exposure

Mega International Commercial Bank Co., Ltd.

(1) Credit risk

The Capital Requirement and Exposures for Credit Risk under Standardized Approach

December 31, 2024; Unit: NT\$ thousand

Exposure types	Exposures after credit mitigation	Capital requirement (Note1)
Sovereigns	824,791,185	2,050,576
Non-central government public sector entities	23,746,467	178,657
Banks (including multilateral development banks)	497,636,335	13,552,611
Enterprises (including securities firms and insurance companies)	1,285,650,255	85,483,096
Retail claims	89,370,598	3,632,280
Residential property (Note2)	1,379,324,280	79,628,589
Equity investment (Note2)	69,715,615	9,838,820
Other assets	43,276,331	2,556,085
Total	4,213,511,066	196,920,714

Note 1 : Capital requirement is the risk exposure after risk offset multiplies by risk weights and minimum capital adequacy.

Note 2 : On February 18, 2022, the Financial Supervisory Commission revised and issued the "Explanation and Table of Calculation Methods for Banks' Own Capital and Risk Assets", which stipulates that "residential real estate is used as "Guaranteed Debt" has been revised to "Real Estate Exposure"; in addition, in "Equity Securities Investment", the amount of exposure after risk deduction for funds and venture capital enterprises is calculated as NT\$3,089,319 thousand, accrued capital amounting to NT\$2,849,377 thousand.

(2) Market risk

The Capital Requirement for Market Risk

December 31, 2024; Unit: NT\$ thousand

Risk type	Capital requirement
Interest rate risk	1,068,618
Equity risk	607,790
Foreign exchange risk	627,227
Commodities risk	0
Total	2,303,635

(3) Operational risk

The Capital Charge for Operational Risk

December 31, 2024; Unit: NT\$ thousand

Year	Gross profits	Capital requirement
2024	68,305,565	
2023	68,839,827	
2022	53,338,937	
Total	190,484,329	9,524,216

(4) Liquidity Risk

Analysis of the Maturity Structure-NT Dollar

December 31, 2024; Unit: NT\$ thousand

Item	Total	Amount Outstanding by Remaining Time to Maturity					
		0~10 days	11~30 days	31~90 days	91~180 days	181days~1 year	Over 1 Year
Major Inflows of Matured Funds	\$ 2,838,199,942	\$ 293,724,317	\$ 229,877,704	\$ 315,382,894	\$ 307,371,256	\$ 328,516,785	\$ 1,363,326,986
Major Outflows of Matured Funds	3,723,824,809	129,882,453	189,467,506	580,400,700	466,909,013	795,425,127	1,561,740,010
Period Gap	(\$ 885,624,867)	\$ 163,841,864	\$ 40,410,198	(\$ 265,017,806)	(\$ 159,537,757)	(\$ 466,908,342)	(\$ 198,413,024)

Note: The above table reports the N.T. dollars position held by the Bank.

Review of Financial Conditions, Operating Results, and Risk Management

Analysis of the Maturity Structure-US Dollar

December 31, 2024; Unit: US\$ thousand

Item	Total	Amount Outstanding by Remaining Time to Maturity				
		0~30 days	31~90 days	91~180 days	181days~1 year	over 1 year
Major Inflows of Matured Funds	\$ 57,208,488	\$ 23,604,218	\$ 10,121,221	\$ 4,188,203	\$ 6,278,699	\$ 13,016,147
Major Outflows of Matured Funds	64,102,691	28,260,610	12,813,911	4,800,950	7,484,850	10,742,370
Period Gap	(\$ 6,894,203)	(\$ 4,656,392)	(\$ 2,692,690)	(\$ 612,747)	(\$ 1,206,151)	\$ 2,273,777

Note: The above table reports the U.S. dollars position held by the Bank.

Analysis of the Maturity Structure-US Dollar of Overseas Branches

December 31, 2024; Unit: US\$ thousand

Item	Total	Amount Outstanding by Remaining Time to Maturity				
		0~30 days	31~90 days	91~180 days	181days~1 year	over 1 year
Major Inflows of Matured Funds	\$ 19,874,533	\$ 9,065,718	\$ 2,995,906	\$ 609,393	\$ 1,021,065	\$ 6,182,451
Major Outflows of Matured Funds	20,889,790	12,347,671	2,398,842	684,212	891,125	4,567,940
Period Gap	(\$ 1,015,257)	(\$ 3,281,953)	\$ 597,064	(\$ 74,819)	\$ 129,940	\$ 1,614,511

(5) Securitization risk

The Exposure and Capital Charge for Securitization Framework

December 31, 2024; Unit: NT\$ thousand

Bank category	Risk exposure category	Asset category	Traditional					Synthetic		Total		
			Exposure				Capital Charge (2)	Exposure		Exposure (5)=(1)+(3)	Capital Charge (6)=(2)+(4)	Capital charge before securitization
			Hold or purchased	Provide the liquidity facilities	Provide the credit enhancement	Subtotal (1)		Hold or purchase (3)	Capital charge (4)			
Non-originating bank	Banking book	Mortgage-backed Securities	1,176,758	-	-	1,176,758	18,828	-	-	1,176,758	18,828	
		Collateralized Mortgage Obligations	72,846,271	-	-	72,846,271	1,165,540	-	-	72,846,271	1,165,540	
	Trading book		-	-	-	-	-	-	-	-	-	
			-	-	-	-	-	-	-	-	-	
	Sub-total		74,023,029	-	-	74,023,029	1,184,368	-	-	74,023,029	1,184,368	
Originating bank	Banking book											
	Trading book											
	Sub-total		-	-	-	-	-	-	-	-	-	
Total			74,023,029	-	-	74,023,029	1,184,368	-	-	74,023,029	1,184,368	

Note 1: "Asset Category" is classified by the asset type of securitization or the type of securities invested.

Note 2: The exposure of banking book should be the exposure after risk offset.

Note 3: "Provide the liquidity facilities" should include all drawn or undrawn exposure.



Mega Bills Finance Co., Ltd.

(1) Credit risk

The Capital Charge and Risk Assets for Credit Risk under Standardized Approach

December 31, 2024; Unit: NT\$ thousand

Exposure types	Capital charge	Risk assets
Sovereigns	0	0
Non-central government public sector entities	4,518	56,480
Banks (including multilateral development banks)	242,925	3,036,565
Corporations (including securities firms and insurance companies)	14,869,165	185,864,564
Regulatory retail portfolios	107,273	1,340,910
Equity investment	334	4,173
Other assets	282,214	3,527,675
Total	15,506,429	193,830,367

(2) Market risk

The Capital Charge and Risk Assets for Market Risk under Standardized Approach

December 31, 2024; Unit: NT\$ thousand

Exposure type	Capital charge	Risk assets
Interest rate risk	6,763,840	84,548,000
Equity risk	782,786	9,784,824
Foreign exchange risk	133,912	1,673,900
Commodities risk	0	0
Option adopted by simplified approach	0	0
Total	7,680,538	96,006,724

(3) Operational risk

The Capital Charge and Risk Assets for Operational Risk under Basic Indicators Method

December 31, 2024; Unit: NT\$ thousand

Year	Gross profits	Capital charge	Risk assets
2024	3,704,638		
2023	3,130,098		
2022	4,190,344		
Total	11,025,080	551,254	6,890,675

(4) Liquidity risk

Analysis of the Maturity Structure of Assets and Liabilities

December 31, 2024; Unit: NT\$ million

	Total	Amount Outstanding by Remaining Time to Maturity				
		0~30 days	31~90 days	91~180 days	181days~1 year	over1 year
Assets	317,778	102,543	69,180	8,806	6,910	130,339
Liabilities	281,903	235,860	44,737	1,007	240	59
Gap	35,875	(133,317)	24,443	7,799	6,670	130,280
Cumulative gap		(133,317)	(108,874)	(101,075)	(94,405)	35,875

Mega Securities Co., Ltd.

(1) Capital Adequacy

By calculating the equivalent amount of various operating risks (market risk, credit risk, operational risk) and the net amount of qualified self-owned capital, the company evaluates the overall risk tolerance and the appropriateness of risk management as a basis for adjusting risk positions and risk management policies.

(2) Credit risk

Credit risk analysis of Mega Securities and its subsidiaries

December 31, 2024; Unit: NT\$ thousand

Exposure type	Mega Securities Co., Ltd.	Mega Futures Co., Ltd.	Mega International Investment Services Co., Ltd.	Total
Deposits	2,361,455	550,190	31,504	2,943,149
Marketable Securities	43,477,020	0	25,919	43,502,939
Financial Derivatives	354,587	0	0	354,587
Long-term Investments	731,494	9,280	0	740,774
Total	46,924,556	559,470	57,424	47,541,450

Country credit risk analysis

December 31, 2024; Unit: NT\$ thousand

Country Exposure	Deposits	Securities	Derivatives	Total	As a percentage of shareholder's equity
Korea	0	3,291,601	0	3,291,601	16.93%
Japan	0	1,689,264	0	1,689,264	8.69%
USA	0	1,591,806	0	1,591,806	8.19%
Germany	0	1,290,206	0	1,290,206	6.64%
Australia	0	1,207,896	0	1,207,896	6.21%
Cayman Island	0	163,445	0	163,445	0.84%
China	0	72,299	0	72,299	0.37%
France	0	0	12,700	12,700	0.07%
Belgium	9,794	0	0	9,794	0.05%

(3) Market risk

The company has set up quantitative model to measure risk, which covers risk factor analysis and VaR calculation and management, aside from traditional position or nominal principal limits and gain/loss information. The transaction limit, loss limit, risk limit and other quantitative indicators of respective business unit are calculated based on the capital adequacy ratio. The business units are required to operate or dispose according to the company's Implementation Guidelines of Market Risk Management.

(4) Liquidity Risk

The company performs cumulative interval structure analysis (NT\$ and foreign currencies) regularly to follow up implementation status of risk control objectives, and reports to the Risk Management Committee.

Cash flow gap management report

December 31, 2024; Unit: NT\$ million

	1~10 days	1~30 days	1~90 days	1~181 days	1day~1 year	1day~Over 1 year	Total
Major cash inflows	36,997	51,213	57,036	60,778	87,096	97,497	97,497
Major cash outflows	36,138	53,380	68,197	69,934	81,012	82,286	82,286
Cumulative gap	859	(2,167)	(11,161)	(9,156)	6,084	15,211	-

Chung Kuo Insurance Co., Ltd.

In accordance with the regulations of the "Insurance Industry Capital Adequacy Management Measures" of the competent authority, the total risk capital and the total self-owned capital are calculated. If the capital adequacy ratio is lower than the early warning indicator, the business risk status and risky asset portfolio will be reviewed and necessary adjustments will be made. The content and explanation of the aforementioned total risk capital are as follows:

(1) Asset risk

Refers to various assets held as investment, of which the value change may affect the risk of the insurance industry losing its repayment ability.

(2) Credit risk

Refers to the impact on repayment ability due to the failure of the transaction counterparty to perform its obligations.

(3) Underwriting risk

Refers to the underestimation of liabilities when underwriting, or the underestimation of new liabilities in the future, or the risk of insufficient pricing of contract signing rates.

(4) Natural disaster risk

Mainly calculates the losses suffered due to low-frequency and high-magnitude natural disasters.

(5) Asset and liability allocation risk

Refers to the risk of inconsistent changes in the values of assets and liabilities when external environmental factors change, including interest rates, policies, laws and regulations, catastrophes and other changing factors.

(6) Other risk

Refers to other risks that the insurance industry may face in addition to the above four risks when operating business, mainly operational risks.

Capital Adequacy Ratio Analysis

December 31, 2024; Unit: NT\$ thousand

Exposure	Risk-based capital	As a percentage of the risk capital before adjustment
R0: Asset risk—Related party risk	147,909	2.47%
R1: Asset risk —Unrelated party risk	248,169	4.14%
R2: Credit risk	859,133	14.35%
R3a: Underwriting risk—Reserve risk	1,267,373	21.16%
R3b: Underwriting risk —Premium risk	1,646,502	27.50%
R3c: Underwriting risk —Long-term insurance risk	2	0.00%
R3d: Natural disaster risk	1,703,220	28.44%
R4 : Asset & liability allocation risk	737	0.01%
R5 : Other risk	115,271	1.92%
Risk-based capital before adjustment	5,988,316	100.00%
Risk-based capital	1,544,678	
Adjusted net capital	9,442,476	
Capital Adequacy Ratio	611.29%	

5.6.3 Impact on the Company's financial and business standing due to changes in domestic or foreign policies and laws, and corresponding countermeasures

A. Impact of changes in domestic or foreign policies and laws

- (1) In the second term of office, U.S. President Trump's "America First" and "Contain China" policies will lead to major changes in tariffs, immigration, energy and regulatory policies, which will exert an impact on the global economy, inflation and interest rates. The resurgence of global trade protectionism may cause inflation to rebound, forcing the Federal Reserve to maintain interest rates at a relatively high level, thus suppressing economic momentum. However, tax cuts, regulatory relaxation and accelerated AI applications will facilitate profit performance of enterprises. In an environment of high policy uncertainty and relatively tight financial conditions, the increased market volatility will affect the banks' foreign exchange and bring difficulty in capital deployment. At the same time, in response to trade protectionism and industrial policy adjustments, banks' credit risk management capabilities are tested, and the credit demand brought by manufacturers' investment in the United States is expected to increase.
- (2) In order to curb speculation in the housing market, enable more effective use of funds in owner-occupied residence, and mitigate excessive increases in housing prices, Central Bank of Taiwan announced four major measures in the 7th selective credit controls on September 19, 2024 as follows: New regulation that natural persons with existing properties in their name are not entitled to a grace period for their first home loans; the loan-to-value ratio for second-home mortgages of natural persons is tightened from 60% to 50% nationwide; for corporations and individuals who purchase luxury homes and third-house mortgages, the loan-to-value ratio is lowered from 40% to 30%; the loan-to-value ratio for remaining houses has been reduced from 40% to 30%.



- (3) On July 16, 2024, the FSC announced five strategies to accelerate the development of fintech: first, expand tolerance and increase innovation; second, encourage the establishment of fintech alliances to jointly invest in start-ups and fight a "team battle"; third, allow the financial industry to enter virtual assets to assist in financial transformation; fourth, restart the application for internet-only bank insurance by the end of the year; and fifth, lead the development of fintech.
- (4) The Bankers Association of the Republic of China issued a letter dated August 9, 2024, No. 1130001629, informing the FSC that it requires member institutions to refer to the FSC's "Regulations Governing Establishment of Internal Control Systems by Public Companies" and other relevant regulations to manage sustainability information, so as to strengthen the management of sustainability information by financial holding companies and the banking industry as well as improve the quality of disclosure.

B. Countermeasures

In response to the development of financial technology, the Company will continue to optimize user experience, taking into consideration the different habits of users to increase customer stickiness and boost the competitiveness of the company's digital financial services. The Company will revise its internal rules and regulations in accordance with the laws and regulations of the competent authority, to prevent excessive flow of bank credit resources to mortgage loans, enhance its anti-money laundering and countering terrorism financing system, strengthen climate-related risk management, and comply with internal and external rules and reinforce the company's compliance and risk management mechanism.

5.6.4 Impact on the Company's financial standing due to technological (including cyber security risks) or industrial changes, and corresponding countermeasures

A. Impact of technological (including cyber security risks) and corresponding countermeasures

a. Impact on the bank's financial standing due to technological (including cyber security risks) changes

To keep pace with the trends of technology development and digital transformation, the Company has accelerated its R&D initiatives and improved various digital financial services, while seeking cross-industry cooperation opportunities to expand its service scope and develop new clients. To align with customers' thoughts on digital services, the Company has also increased the use of data analysis and other technological methods to ascertain customer preferences and insights, so as to optimize product designs. At the same time, in response to the rapid changes in emerging technologies, we actively seek to understand and participate in the development of laws and regulations and effectively combine technology with new market trends. In addition to meeting the differentiated needs of customers, this can also gradually achieve the goal of improving digital supervision. Impacts on the bank's financial standing due to technological changes are as follows:

- **Mobile service demand:** Mobile device service development and advertising/marketing continue to be expanded for respective sectors. The government will also continue to promote the mobile pay policy. Customers are already accustomed to using their mobile device to access a variety of services. Under such an optimal mobile financial service environment, various related mobile technologies will be utilized, such as biological characteristics and positioning, etc. in order to provide suitable mobile services.

- AI data analysis: Financial institutions use AI data analysis technology, based mainly on internal data secondly on outside data, to develop new products and reinforce risk management, or optimize service process from using data information; also use the digital trails collected from various sources to develop personalized services recommended to control marketing cost, promote product sell efficiency, and increase client satisfactory.
- Digitalization of branch: Under the development of digital services, financial institutions should increase the ratio of auto-operation process and increase Online-Merge-Offline (OMO), and through the mutual client reference to reinforce the service effectiveness from actual and virtual channels and client experience.
- Continuous optimization of information system: Facing the increasing number of digital transactions and the clients, the Company shall continue to invest and upgrade information system software and hardware, actively obtain the knowledge of new information technology, structure, and protection mechanism, to assure the stability, safety and expand possibility of the digital services to cope with the high demand for digitalization. In addition, as the number of users of various digital transactions continues to grow, fraud syndicates have also shifted fraudulent activities from over-the-counter remittances or ATM transfers to the use of phishing websites to defraud customers' online banking accounts, passwords, and SMS transaction authentication codes, and then log in to the customer's online banking to transfer out the money, resulting in loss of the customer's property.

b. Countermeasures

- Digital Development Committee: Mega Bank established a "Digital Development Committee" in February 2024, which is responsible for overseeing the bank's digital development plans, business innovation and R&D, cross-industry cooperation, IT core system transformation and other projects. Working groups have been set up under the committee according to professional division of labor to coordinate and track the promotion of various project plans to achieve digital transformation and sustainable business goals. In accordance with the group sustainable development strategy formulated by the financial holding company, short-term (within two years) and medium- to long-term (three to five years) development plans have been formulated on a five-year basis, and adjustments have been made on an annual rolling basis.
- Mobile services: Updates will be done on major digital channels, such as the official website, online banking, mobile banking, online order placement, and online settlements to support mobile device browsing, the addition of facial and fingerprint recognitions, LINE social media personalized account notification, among other features, addition of the official site smart customer service interactive response service, and online account opening in order to satisfy the needs of customers and shape a young digital brand image. A video identity verification platform was also established in response to the trends of mobile financial services. Online video calls are used as substitute for some counter service operations to promptly provide more convenient digital financial services for customers.



- **Anti-fraud Mechanism:** Mega Bank has actively worked with the competent agencies to discuss anti-fraud mechanisms, and adopted measures such as adjusting application procedures of the online banking and mobile banking security control mechanism, adjusting the effective time of the designated accounts, joining the designated account gray list platform built by the Financial Information Service Co., Ltd., and establishing financial Fast-ID services, in order to ensure customer rights and interests and protect their property safety.
- **First to introduce commercial short codes:** Due to the characteristics of uniqueness and immutability, commercial short code SMS can effectively prevent fraud syndicate from sending messages by impersonating bank subsidiary, thus enhancing the identification of SMS by the bank subsidiary in line with the government's anti-fraud policy. Therefore, it is planned to adopt the "68 three-digit bank code" as the bank subsidiary's specific commercial SMS code (68017). It is the first domestic bank to introduce the "commercial short code" for important notifications affecting customers' rights and interests, such as verification codes and prize-winning notifications.
- **Financial fast-ID service:** In response to SMS phishing attacks and financial fraud prevention issues, the establishment of fast-ID service is Mega Bank's priority in developing digital finance, with security and user friendliness as the starting point to effectively integrate the resources and services of the Group's subsidiaries. It emphasizes the use of biometric technology (such as fingerprint or face recognition) and binding customers' mobile devices for digital identity verification, effectively reducing the risks caused by account and password disclosure, theft or phishing SMS attacks, thereby enhancing the security of customers' online transactions and strengthening customers' online transactions and data protection. Mega Bank is the first bank to launch the financial Fast-ID combined with 3D credit card verification. When the credit card holders of Mega Bank make online card transactions, the system will immediately send a push notification of the "Mega Identity Authentication App" to the bound device. After the cardholder clicks on the push notification, he/she will be successfully verified by his/her face or fingerprints. It also works even if the person makes online purchases with a credit card overseas. This mechanism makes it easy to achieve the goals of speed, safety and convenience. In addition, Mega Holdings Group has consolidated Mega Bank, Chung Kuo Insurance and Mega Securities as application areas, and introduced the financial Fast-ID authentication service on the digital platforms of the Group's subsidiaries for the first time, significantly improving the digital process optimization experience of the Group's subsidiaries and simplifying the cross-platform service application process. The online one-stop solution meets the needs of customers in applying for various financial services and cross-industry products, as well as eliminating the need for repetitive and tedious identity authentication. It was granted the 12th Outstanding Financial Business Award - Best Digital Finance Award.
- **Consumer banking market:** Mega Bank launched a variety of "MegaBee" services (mortgage loan, personal loan, and wealth management) to provide individuals with quick online inquiries about housing prices, credit limit interest rates, robo-advisor services, etc. This one-stop service meets the various online loan and financial planning needs of the general public. The service is also integrated with AI Big Data analysis, as well as financial technologies, such as robotic process automation, to create smart valuation and price quoting procedures, thereby making the loan approval process much more efficient. Among these initiatives, the smart valuation model and process for mortgage loan

applications have obtained six patents from the Taiwan Intellectual Property Office of the Ministry of Economic Affairs, and also won the Best Consumer Finance prize in the 10th Taiwan Banking and Finance Best Practice Awards. In the future, more loan and wealth management products will be integrated into the platform to provide more comprehensive consumer finance services.

- **Mobile payment:** Mega Bank launched "Taiwan Pay" a debit and credit card mobile payment service, offering money transfer, shopping, tax payment, and utility payment functions. A merchant payment collection system has been set up as well to increase the opportunity for merchants to interact with consumers. By cooperating with JKOS, O'Pay, GAMA Pay, and EASYCARD Corporation, Mega Bank provides shopping payments from saving accounts and value store services to increase the applications of mobile payment and increase the Bank's fee income.
- **Digital marketing:** Mega Bank cooperated with LINE to market its business through LINE account services, and to provide personalized account notification functions, including notifications related to transactions, credit card spending, loans, financing, investments, foreign currency inward remittance notification, and online payment. In addition, through of the data analysis model, we can screen out high-probability lists for different products, plans and budgets. Conducting transaction probability analysis and other operations to understand the marketing results in real time and make necessary adjustments to improve effectiveness and management flexibility. Such cooperation helps boost customer adhesion and reinforce the digital brand image of Mega Bank. To support the Open Banking initiative promoted by the competent authority of Taiwan, Mega Bank cooperated with Taiwan Depository & Clearing Corporation (TDCC) and completed Phase 2 of this initiative, which allows customers to directly use TDCC's App to check their personal banking details. Through this initiative, Mega Bank actualizes the spirit of sharing financial data securely and maximizing benefits for consumers and the society. The Bank is planning to cooperate with more third-party service providers, integrating inter-industry data and services to create greater data value.
- **Branch digital transformation:** Mega Bank has established the AIO (All in One) comprehensive business integration platform in all domestic branches. The standardized and digitalized account opening process design can significantly reduce the workload of branch staff, with the average account opening time of customers being improved to 22 minutes. The interaction with customers at the counter through the tablet touch screens can introduce more applications, thereby improving work efficiency of staff and customer satisfaction. Meanwhile, the Bank has set up a cloud-based service on its official website to provide OMO services, such as taking a digital queue ticket, inquiring queue progress, booking an appointment for opening an account, booking an appointment for transaction processing and applying for a credit card online. These services improve customer satisfaction.
- **Intelligent customer service:** Smart customer services are made available by providing online real-time Q&A services. When a client inputs a question, the system can immediately identify the question and provide relevant replies, improving service quality and efficiency. At present, the system is deployed in channels including the official website of the Bank, online banking, mobile banking, and LINE official account.
- **To integrate the resources of Mega Holdings Group:** Due to cooperation with Mega Securities and Chung Kuo Insurance, customers can apply for Mega Securities account and Chung Kuo Insurance



membership at the same time when opening a digital deposit account online, eliminating the need for customers to fill in information repeatedly. At the same time, customers of the bank subsidiary can also easily check their inventory at Mega Securities and contract information at Chung Kuo Insurance through mobile banking, which integrates customers' personal financial information in the same APP to enhance user experience, while maximizing the synergy of the Group's integrated marketing. In addition, the bank subsidiary has cooperated with Chung Kuo Insurance to build a tourism ecosystem where customers can purchase travel insurance services through online settlement links in order to continue to build a convenient digital living circle.

- Cultivating digital financial technology talent: The Company continues to organize digital banking training for employees to strengthen their ability to know exactly the "who and when" when promoting a digital product, and to improve their computer knowledge and skills. This training also equips employees with the basic concept of digital banking to serve as the foundation for building a culture of digital banking. Through recruiting digital financial technology talent, by organizing creative competitions in Fintech, and by cultivating cooperative projects between companies and universities, we can go beyond creating industry-academia exchanges to further gain insights into the needs of the youth market and provide a practical field for those students possessing creativity in fintech. This would allow such creativity an outlet for expression and enable the corresponding cultivation of financial technology professionals as a result. Such activities would enhance our brand image and attract professionals in the field to join our pool of scientific and technological talent, thereby enhancing our future competitiveness.
- In response to the endless hacking incidents, an information security monitoring center has been established. Through the establishment of reporting and response processes and event correlation analysis technology, combined with 7x24 continuous monitoring, as well as early detection, reporting and handling of information security risk events.
- Mega International Investment Trust has provided customer support for mobile devices to browse the official website, and provided Apple and Android apps to meet the needs of customers using different platform devices. In addition, Line@ official fan group, Facebook and YouTube official websites have been set up to provide customers with a platform for actively promoting media messages.
- Mega Bank has established Guidelines for Use of Emerging Technologies to combat web threats and information risks brought about by technological applications (e.g., cloud services, social media, mobile devices, and biometric data) and ensure the sustainable development and reputation of the Bank. In 2024, the company continued to purchase the "e-commerce and information security liability insurance (cyber security insurance)" for all of its branches, both at home and abroad. The insurance period is from 2024.12.01 to 2025.12.01, and the insured amount is USD 5 million, covering all domestic and foreign branches.

B. Impacts of changes in the industry and responsive measures

a. Impacts of changes in the industry on banks' finance and business

- The emergence of generative AI has brought about increased software and hardware business opportunities for cloud computing, network security and other related infrastructure, and will bring new operating models to various industries, driving industrial transformation and improving production

efficiency. The banking industry is also expected to benefit from the fintech development such as generative AI, big data and digital ecosystems, thereby accelerating the development of financial digitalization. Financial transactions have gradually shifted to mobile payment, online banking, mobile banking, etc. Emerging financial services, such as customer consumption behavior and psychological analysis, robotic intelligent financial management to provide financial decision-making suitable for customers with different risk preferences, and intelligent customer service to answer customer questions, have become one of the main focuses of the banking industry to increase the customer loyalty to financial services.

- Under the impact of extreme weather events around the world, and other environmental variables, international investment trends and the government worldwide are paying increased attention to environmental, social, and corporate governance (ESG) issues. In response, the Taiwan government also implemented policies such as the Green Finance Action Plan 3.0, where banks will play a role in guiding enterprises to value the importance of environmental protection and also providing Taiwanese firms with flexible and reliable financial support to create a positive loop in which investments and industries both pursue sustainable development.

b. Countermeasures

In order to strengthen industrial analysis and to keep track of industrial dynamics, Mega bank not only subscribe to professional industrial economy databases for employees to access and review in real time online but also hold the Business Workshop and invite experts or professionals to hold seminars periodically in order to reduce credit and investment risk. In addition, for reinforced credit risk management, our credit policy has set credit risk undertaking limits for major industries and business group, respectively, in order to decentralize the impacts that changes to the industry have on the operation of the bank subsidiary. In response to the trends of digital transformation, we actively adopt a digital communication platform to digitally transform and continuously optimize our business services.

5.6.5 The impacts and correspondent measures of the crisis management for the corporate image change of the Company and its subsidiaries

- The Company emphasizes ethical management, legal compliance, AML/CFT, and risk control. Through the profession, diversity, and independence of our board directors, the Company builds a safe and sound operating environment and transparent corporate management system to support and comply with the government's financial policies. Concurrently, environmental sustainability and social prosperity issues are considered to achieve a robust business management that helps us to establish a positive corporate image.
- The Company has long been taking care of the disadvantaged to fulfill the corporate social responsibility and advocating a peaceful society. It performs social charity activities through social public welfare activities of Mega Charity Foundation and Mega Bank C&E Foundation under the Group, in an effort to support the underprivileged, as well as promote arts, culture, and sports events to enhance its corporate image and exert positive influence.



5.6.6 Expected benefit(s), possible risk(s) and response action(s) of merger and acquisitions

1. When engaged in mergers and acquisition (M&A) activities, the Company will consider the 3S (scale, scope, and skills) benefits. By “scale”, it refers to the economic scale; that is, how will the economic scale brought about by merging or acquiring a company or a group for the Company be, such as marketing channels? The second one is “scope”, that is, the “economic scope”, such as product line, among others. The third one, “Skills”, is the management skill, such as management technique and technological level, among others. In addition, with M&A, the assessment will also be focused on how much the additional synergistic effect will be with addition of the said company or group for the Company or what will be the outcome for both parties following acquisition.
2. Possible risks associated with M&A include: (a) The M&A strategies and goals are inadequate; (b) The industry where the Company to be merged and acquired is not promising and the Company’s profitability cannot be effectively improved; (c) The target company’s real value is overestimated; (d) The target company’s liabilities from legal lawsuits exceed expectations; (e) Major members of the management have left the company one after another in large numbers before and after the consolidation.
3. In order to avoid or reduce risks brought about by M&A, the Company will review and adjust M&A strategies regularly and from time to time to reflect on the actual needs by strictly screening M&A targets, performing due diligence and engaging a professional institution to perform assessments while at the same time arranging in advance matters following consolidation to maximize consolidation synergy.

5.6.7 Risks generated by business concentration

In order to avoid over concentration risks, the Company has the Group Credit Risk Management Guidelines in place that set limits for the same person, the same corporation or business group, the same industry, the same region/country to facilitate control; respective subsidiaries ought to follow the Guidelines.

Mega Bank sets credit limits to the same person, the same related party, the same affiliated business and related parties of the bank as required by the Banking Act; in addition, it classifies corporations and groups based on their credit rating and set the overall credit limits and limits for unsecured credits accordingly.

For Mega Bills, factors such as changes to the overall economic performance and industrial prospects are considered as part of the operating strategy and separate limits are set for the respective major industries according to their risk appetite for loan and credit. Reflective of the different levels of stability with the political regime, economic development potential, credit rating and solvency in each country, risk limits are established for respective countries and their risk level. In addition, exposures of each country are calculated on a monthly basis in order to prevent the over-concentration of risks in a certain country.

Due to its unique business nature, Mega Bills holds relatively high positions in interest rate sensitive assets and is faced with relatively high interest rate volatility risks. As such, control over risk positions and risk

durations are particularly reinforced. As far as the loan guarantee business is concerned, control over the credit risks of business group is strengthened. The operations, financial standing, and liabilities of groups and corporations are analyzed according to their credit status, corporate or group profile and highlights of the main business, among others. The outstanding credits of each group are controlled according to its credit rating to enhance our asset quality.

Mega Securities has avoided concentration risks, limits are set for each business control item in the risk management rules. For example, limits and warnings are set for the holding of self-owned positions of a single company and a single industry, as well as for the total credit exposure to a single customer, a single group, and a single country.

Chung Kuo Insurance has balanced developments of respective insurance operations and hence the risk of overconcentration is relatively low. Aside from the property insurance business from large corporations, the subsidiary is pro-actively expanding small-to-medium-sized companies' properties insurance and personal insurance in an effort to diversify sources of business.

Mega International Investment Trust has controlled limits and establish warning mechanisms for managing funds, the investment targets and the concentration risk of a single industry are closely monitored. The financial conditions and credit rating changes of bond issuers are also carefully observed to strengthen risk management for managed funds. In addition, concentration management measures such as credit rating standards and limits for the same subject are established for self-owned investment funds. Relevant meetings are regularly held for review purposes.

Mega Asset Management has added new risk exposure concentration limit ratios for companies in the same group, industry-specific risk exposure limit ratios, and regional distinctions to in line with the "Operating Principles for Financial Holding Companies (Banks) to Reinvest in Asset Management Companies" announced by the Financial Supervisory Commission to effectively control concentration risks.

5.6.8 Impact or risk associated with large transfers or changes in shareholdings by directors or major shareholders holding over 1%

The shareholdings of directors and major shareholders did not change significantly in 2024, so there was no impact on the share price and management of the Company.

5.6.9 The influence of the change of ownership exerting on the company and its risk

As of the end of 2024, relevant shareholders of government agencies totally hold around 27.23% stakes of the Company. There has been no risk of ownership/management change as yet.

5.6.10 Litigious and non-litigious matters

Facts of the dispute	Amount at stake	Date of litigation commencement	Main parties	Status of the dispute
Ex-Chairman Mr. Tsai and Ex-President Mr. Wu of Mega International Commercial Bank failed to proactively handle and respond to deficiencies to be improved as indicated in the report of examination by New York State Department of Financial Services (NYDFS), leading to a fine of US\$180 million (equivalent to NT\$5,751,953,509) as per the consent order entered into by and between Mega International Commercial Bank and NYDFS on August 19, 2016. Also because of this, Mega International Commercial Bank was determined by the Financial Supervisory Commission to have violated Article 45-1 Paragraph 1 of the Banking Act and was fined NT\$10 million. The Board of Directors of Mega International Commercial Bank resolved to make claims against Mr. Tsai and Mr. Wu for NT\$5,761,953,509 on September 23, 2016. On December 17, 2020, the Taiwan Taipei District Court ruled that Mega Bank lost all cases. Mega Bank filed a partial appeal on January 13, 2021, and the court in the second instance pronounced a partial judgment in favor of Mega Bank on October 4, 2022. Mega Bank filed a third-instance appeal against Tsai and Wu on November 7, 2022. Tsai ○○ also filed an appeal on the same day. The Supreme Court annulled the second-instance judgment on July 5, 2023 and remanded it to the High Court for trial.	NT\$140,000 thousand	September 30, 2016	Mr. Tsai and Mr. Wu	Re-first instance proceeding.
HANNOVER RUCK SE (hereinafter referred to as Hannover Company) is the reinsurer of Chung Kuo Insurance Co., Ltd. As of now, it has not paid the reinsurance compensation to Chung Kuo Insurance Co., Ltd. in accordance with the reinsurance contract. Chung Kuo Insurance Co., Ltd. applied for mediation to the Taiwan Taipei District Court on October 31, 2023. After receiving the certificate of unsuccessful mediation issued by the Taiwan Taipei District Court on January 5, 2024, Chung Kuo Insurance Co., Ltd., in accordance with Article 419, Paragraph 3 of the Taiwan Code of Civil Procedure, filed a lawsuit with the Taiwan Taipei District Court on January 15, 2024, requesting Hannover Company to pay NT\$589,650,920 and delay interest. Chung Kuo Insurance once again filed a lawsuit with the Taiwan Taipei District Court on June 25, 2024, requesting Hannover Company to pay NT\$10,991,577,551 and delay interest.	NT\$11,581,228,471 dollar	Oct. 31, 2023	HANNOVER RUCK SE	On June 25, 2024, Chung Kuo Insurance Co., Ltd. filed a lawsuit with the Taiwan Taipei District Court, requesting Hannover Company to pay NT\$10,991,577,551 and delay interest.

5.6.11 Other important risks and response measures

Besides monitoring efforts and managing business and financial risks, the Company and each of the subsidiaries are gradually adjusting their risk management strategies by establishing related operational mechanisms to deal with risks that are gaining importance each day and have to do with compliance, information system incident, personal data protection, regional politics and climate change, among others, and to improve the overall business competitive advantages and ability to safeguard against risks. See Page 134 of the Company's 2024 Annual Report for more information on how the Company manages its information security in response to changes in the trends of information security risks faced by enterprises. The implementation status of our climate-related risk management is described as follows:

Mega Financial Holding Co., Ltd.

The climate risk management mechanism of Mega Group follows the international TCFD guidelines and refers to the “Green Finance 3.0 Policy” and the “Climate Change Response Act” (formerly the “Greenhouse Gas Reduction and Management Act”) of domestic competent authorities, the United Nations IPCC Sixth Assessment Report, the SBT and the National Net-Zero Emissions Target to achieve the goals of the SDGs and the Paris Agreement.

In response to climate change risks, Mega Holdings has incorporated emerging risks (including climate change risks) into the “Risk Management Policies and Guidelines” and has also established the “Climate Risk Management Guidelines” and the “Guidelines for the Management of ESG/Sustainability-Related Industries and High-Risk Industries” to enhance the climate risk management mechanism of the company and its subsidiaries. The Risk Management Department of Mega Holdings regularly reports climate change risk events to the Risk Management Committee and the Board of Directors. Every year, the company discloses climate change-related information in accordance with the TCFD framework and continuously improves its climate risk and opportunity assessment and response mechanisms.

Mega International Commercial Bank Co., Ltd.

Climate change has an increasingly significant impact on the world. To reduce GHG emissions and strengthen climate risk management, the Company has included the management of emerging risks (including climate change risks) in its "Risk Management Policy and Guidance Principles", and established the "Climate Risk Management Guidelines" taking progressive steps to incorporate climate change and related risk factors into its existing risk management mechanism to identify, assess, manage climate risks and establish management objectives to facilitate climate risk management.

Mega Bills Finance Co., Ltd.

The Climate Risk Management Guidelines to enhance the climate-related financial disclosures, reinforce our climate risk management mechanisms, and reduce the impact of climate change risks, thereby achieving sustainable development. With respect to physical climate risks, the company has completed scenario analysis of climate sensitivity levels of real estate collateral and of business locations. In terms of transformation risks, the company has completed the setting of credit and investment limits for industries or subjects with high carbon emissions, high environmental and social impacts, and included them in the annual risk management targets.



Mega Securities Co., Ltd.

A climate risk management system has been established, including graded management of climate sensitivity. The company regularly reports to the Mega Holdings Risk Management Committee the statistics of proprietary trading and underwriting of securities held by emission-intensive industries as well as climate risk execution status. The risk management target for 2025 was lowered to 26% of the total investment limit for proprietary trading and underwriting of securities of emission-intensive industries.

Chung Kuo Insurance Co., Ltd.

The company has included climate change risks into its risk management policy in compliance with the Risk Management Policy and Guidance Principles of Mega Holdings, and established climate risk management guidelines in accordance with the regulatory authority's Guidelines for Financial Disclosure of Climate-Related Risks of Insurance Enterprise and the Climate Risk Management Guidelines of Mega Holdings. Later, the company will arrange matters related to the disclosure of climate risks in accordance with relevant regulations of Mega Financial Holdings and competent authorities.

Mega International Investment Trust Co., Ltd.

The company has incorporated ESG risks, climate change risks, and emerging risks into the “Risk Management Policy and Guidance Principles” and has also added a “Climate Risk Management Guidelines” to enhance financial disclosure information in the scope of climate risk and strengthen the climate risk management mechanism.

Mega Asset Management Co., Ltd.

In line with the group's ESG policy, the “Climate Risk Assessment Guidelines” have been added, and climate risk has been incorporated into the company's current business consideration.

Mega Venture Capital Co., Ltd.

The risk management target of 2025 has stipulated that the proportion of investment in highly sensitive industries or objects shall not exceed 20% of the total investment amount to control overall risk exposure.

5.6.12 Intelligence property management plan and implementation situation

1. Intelligence property management plan

To strengthen the management and supervision to the subsidiaries, the Company aggressively research on innovative management skill to match the operating goals and also through the integration of information system to increase the efficiency and effectiveness of management.

(1) Patent management

Every business-related unit conducts the research and appoints external patent firm for patent application. So far, most patent are used for risk management of the subsidiaries to control in-time the financial product exposure of the Group.

(2) Business secret management

According to “Mega Financial Holding Co., Ltd.’s intellectual property rights management policy”, the right of the patent completed by employee associated with the work within employment period under employment contract belongs to the Company. Also, the Company requires every employee to sign confidentiality agreement to agree to follow the information confidentiality obligation during the employment period and after resignation, for all the confidential information acquired via business operation during employment. The one disobeys is willing to take all criminal, civil, and administrative liabilities.

(3) Trademark management

Periodical check on the extension deadline of the trademark registration in every country and appointment on the trademark firm for extension are conducted. Also, continuous optimization on CIS trademark, coping with subsidiaries’ business marketing and advertisement, is conducted to promote corporate image.

2. Implementation situation

(1) The Company has reported matters concerning patents received by the Group and 2024 ESG implementation status of the Group to the 11th meeting of the Board of the 9th term on March 25, 2025. The Company established a trademark management plan in 2002 and established an intellectual property management system in 2018. In 2025, the Company will comply with amendments to intellectual property laws and strengthen its awareness and understanding of intellectual property protection. The patents acquired are as follows:

A. Market risk assessment system

B. Electronic equipment that can evaluate financial risk

C. Warning system of corporate financials

(2) Mega Bank has implemented the Taiwan Intellectual Property Management System (TIPS) in 2022 and has passed the A-level verification of the TIPS system in 2023 (valid until December 31, 2025).

5.7 Crisis Management and Response Mechanism

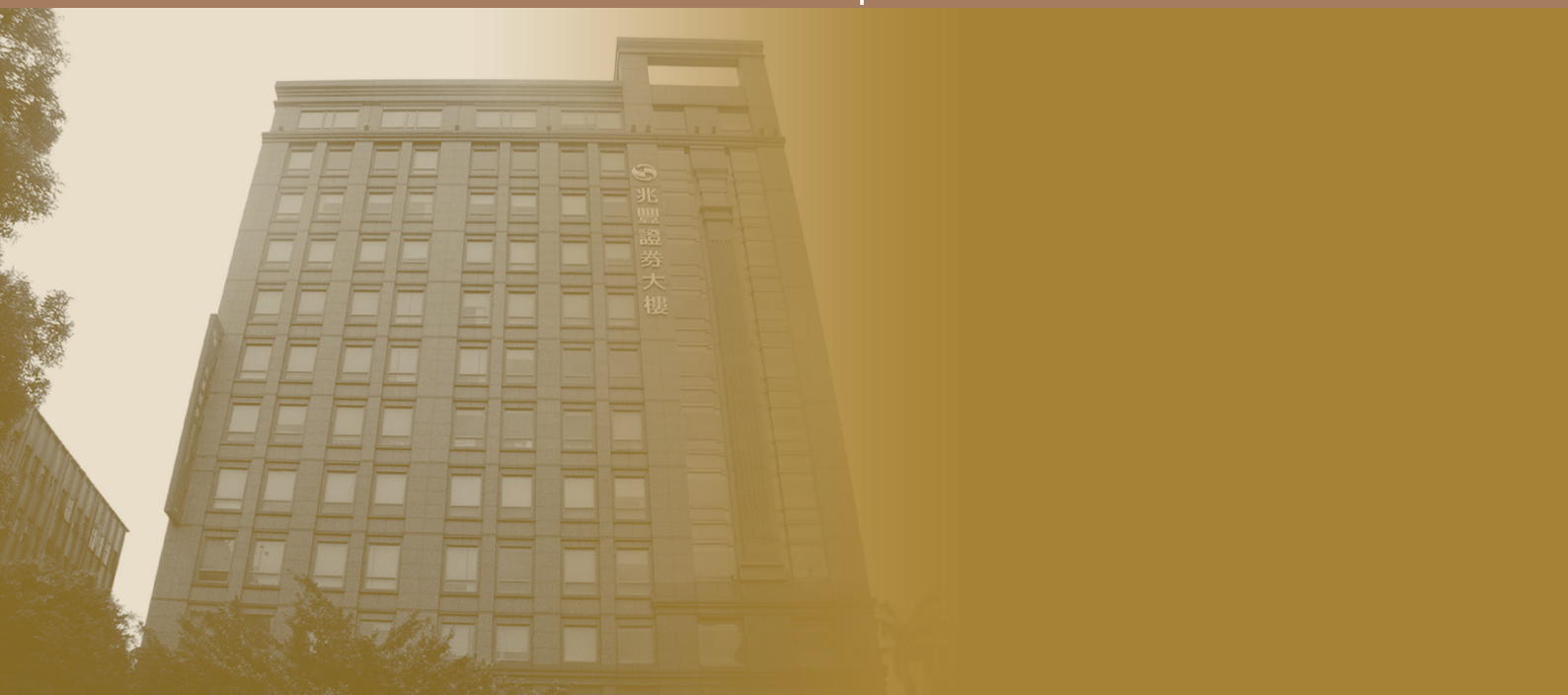
The Company has established a major incident crisis management team and reporting system. When a major incident occurs, the spokesperson will be notified immediately and the report will be submitted to the Chairman and President in accordance with the "Major Incident Operation Principles" to decide whether to activate the major incident crisis management team.

All relevant units should continue to collect and track relevant reports and external reactions from the time a major incident occurs to the time it ends, in order to provide analysis to decision-makers; when a major incident occurs, the spokesperson should make a statement to the public in a timely manner, and the public relations department should contact the media for clarification.

5.8 Other Significant Events: None.



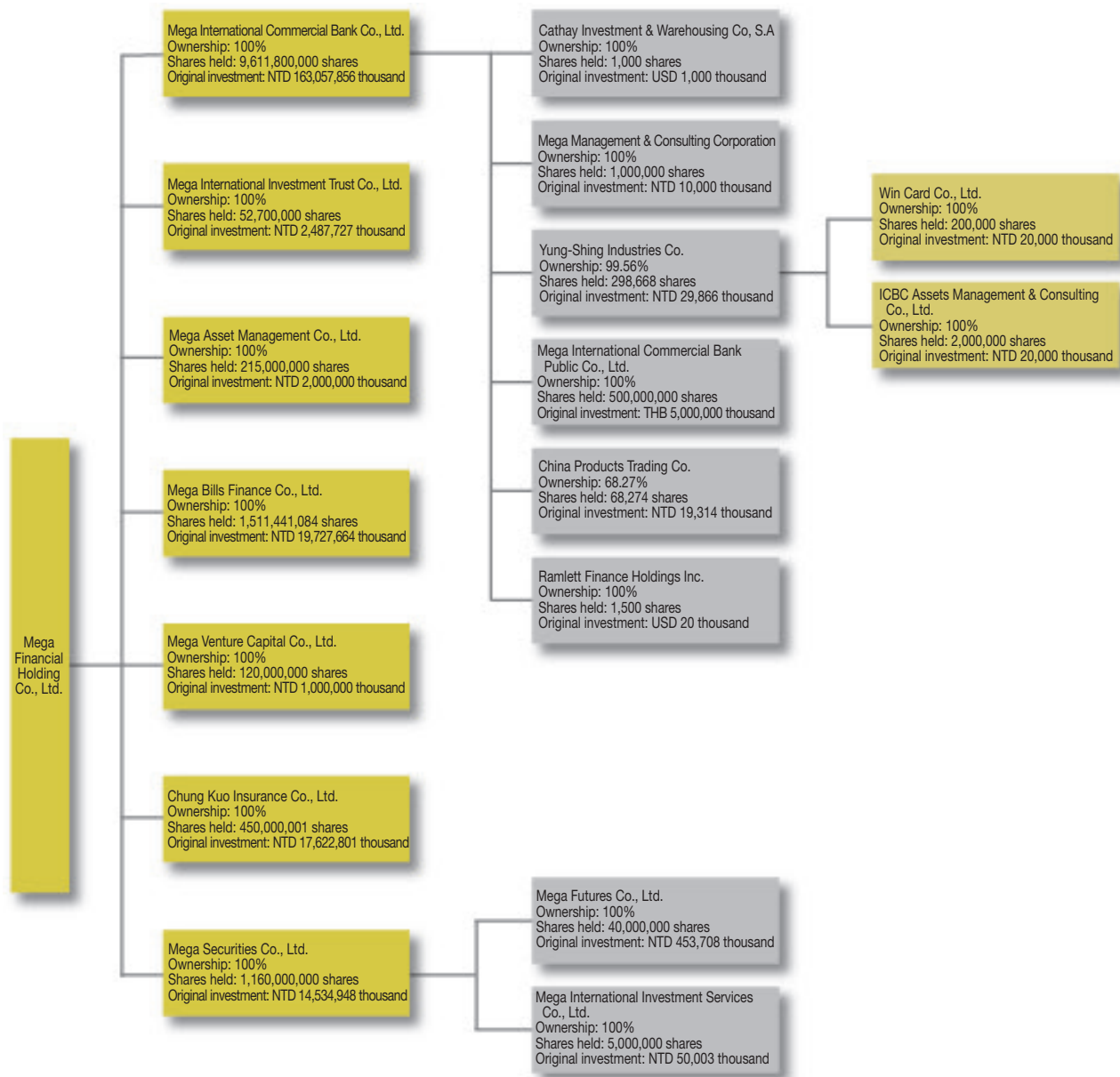
Special Disclosure



6.1 Affiliated Companies Information

6.1.1 Affiliated Companies Chart

As of Dec. 31, 2024



6.1.2 Summary of Affiliated Companies

December 31, 2024, Expressed in thousands of dollar

Company	Date of Incorporation	Address	Paid-in Capital	Main Business
Mega International Commercial Bank Co., Ltd.	12.17.1971	No. 100 Jilin Road, Taipei, Taiwan	NTD 96,118,000	Commercial banking, consumer banking, wealth management, investment banking and insurance agency business, and other business approved by competent authority
Mega Securities Co., Ltd.	10.19.1989	3F, No. 95, Sec. 2, Jhongsiao E. Road, Taipei, Taiwan	NTD 11,600,000	Brokerage, dealing, proprietary, and underwriting of securities
Mega Bills Finance Co., Ltd.	05.03.1976	2~5F, No. 91, Hengyang Road, Taipei, Taiwan	NTD 15,114,411	Brokerage, dealing, underwriting, proprietary, and guarantee of short-term debt bills Underwriting, brokerage, and proprietary of financial bonds Proprietary of government or corporate bonds. Other business approved by competent authority
Chung Kuo Insurance Co., Ltd.	11.01.1931	58 Sec. 1, Wuchang Street, Taipei, Taiwan	NTD 4,500,000	Property insurance. Injury and health insurance approved by competent authority
Mega International Investment Trust Co., Ltd.	08.09.1983	8F-4 & 17F, No 167, Fu-Sin N. Road, Taipei, Taiwan	NTD 527,000	Securities investment trust business, discretionary investment management, and other business approved by competent authority
Mega Asset Management Co., Ltd.	12.05.2003	6F, No. 91, Hengyang Road, Taipei, Taiwan	NTD 2,150,000	Urban renewal, creditor's right (monetary) of financial institution, real estate trading and leasing, and other business approved by competent authority
Mega Venture Capital Co., Ltd.	12.13.2005	7F, No. 91, Hengyang Road, Taipei, Taiwan	NTD 1,200,000	Venture capital investment
Mega Futures Co., Ltd.	07.29.1999	2F, No. 95, Sec. 2, Jhongsiao E. Road, Taipei, Taiwan	NTD 400,000	Futures brokerage and futures advisory services
Mega International Investment Services Co., Ltd.	11.20.1997	10F, No. 95, Sec. 2, Jhongsiao E. Road, Taipei, Taiwan	NTD 50,000	Securities investment research and advisory
Mega Management Consulting Co., Ltd.	01.16.2002	7F, No. 91, Hengyang Road, Taipei, Taiwan	NTD 10,000	Venture capital management consulting, investment consulting and business administration consulting
China Products Trading Corp., Ltd.	12.29.1956	7F, No. 100 Jilin Road, Taipei, Taiwan	NTD 5,000	Investment in property, warehousing and other businesses
Yung-Shing Industries Co., Ltd.	12.09.1950	7F, No. 100 Jilin Road, Taipei, Taiwan	NTD 30,000	Printing and packaging business; human resource business
Win Card Co., Ltd.	10.23.2000	4~6F, No. 99, Sec. 3, Chongyang Rd., Sanchong Dist., New Taipei City, Taiwan	NTD 20,000	Business administration consulting, data processing services, advertising, management of past due receivable, general purchasing resource business, credit card agents
ICBC Assets Management & Consulting Co., Ltd.	01.30.2003	8F, No. 100, Jilin Road, Taipei, Taiwan	NTD 20,000	Investment consulting, business administration consulting, venture capital management consulting
Cathay Investment & Warehousing Ltd.	11.01.1982	Calle 16 Colon Free Zone Local NO.3 and 4B Edificio NO.49, Colon Free Zone, Colon, Republic of Panama	USD 1,000	Real estate investment
Ramlett Finance Holdings Inc.	12.30.1981	Calle 50 y Esquina Margarita A. de Vallarino Nuevo Campo Alegre No.74 República de Panamá	USD 20	Real estate investment
Mega International Commercial Bank Public Co., Ltd.	08.08.2005	36/12 P.S. Tower, Asoke, Sukhumvit 21 Road, Klongtoey-nua, Wattana, Bangkok 10110, Thailand	THB 5,000,000	Commercial banking business includes deposits, loans, foreign exchange, and import/export bills

6.1.3 The same shareholder information Presumed to Have a Relationship of Control and Subordination: None.

6.1.4 Business Scope of the Affiliated Companies

Please see the main business column of 6.1.2 above as the business scope. Each affiliated company operates independently.

6.1.5 Business Relationship between Affiliated Companies

Mega Securities Co., Ltd. operates futures introducing broker business. Both the company and its subsidiary Mega Futures Co., Ltd. have futures brokerage business. Mega Securities Co., Ltd.'s futures brokerage business accounted for nearly 73% of the total of the two companies in 2024. On the other hand, Mega Futures Co., Ltd.'s securities introducing business only has a single location, so Mega Securities Co., Ltd.'s securities brokerage business in 2024 still accounted for nearly 100% of the total of the two companies.

Both Mega Bills and Mega Bank have underwriting and guarantee business of commercial papers while bill business is a specialized business for Mega Bills and is just one of many businesses for Mega Bank. In 2024, 0.62% of the commercial papers guaranteed by Mega Bank is underwritten by itself and 65.16% is underwritten by Mega Bills.

6.1.6 Directors, Supervisors and Presidents of Affiliated Companies

April 30, 2025

Company	Title	Name	Shareholding	
			No. of Shares	%
Mega International Commercial Bank	Chairman	Ray-Bean Dawn (Representative of Mega Financial Holding Co., Ltd.)	9,611,800,000	100
	Managing Director & President	Yung-Chen Huang (Representative of Mega Financial Holding Co., Ltd.)		
	Managing Director	Chuan-Chang Chang (Representative of Mega Financial Holding Co., Ltd.)		
	Managing Director	Sheng-Chang Liu (Representative of Mega Financial Holding Co., Ltd.)		
	Managing Independent Director	Wen-Lung Ting (Representative of Mega Financial Holding Co., Ltd.)		
	Independent Director	Hao-Chieh Lin (Representative of Mega Financial Holding Co., Ltd.)		
	Independent Director	Hung-Hsi Chan (Representative of Mega Financial Holding Co., Ltd.)		
	Independent Director	Hsiu-Hui Yuan (Representative of Mega Financial Holding Co., Ltd.)		
	Independent Director	I-Hsiu Hou (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Chun-I Fan (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Yen-Te Wu (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Yu-Ling Hung (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Ti-Jen Tsao (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Po-Cheng Chen (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Ya-Ping Liu (Representative of Mega Financial Holding Co., Ltd.)		
Mega Securities Co., Ltd.	Chairman	Pei-Chun Chen (Representative of Mega Financial Holding Co., Ltd.)	1,160,000,000	100
	Director & President	Ming-Tsung Wu (Representative of Mega Financial Holding Co., Ltd.)		
	Independent Director	Pin-Huang Chou (Representative of Mega Financial Holding Co., Ltd.)		
	Independent Director	Ming-Fu Shaw (Representative of Mega Financial Holding Co., Ltd.)		
	Independent Director	Jung-Yao Pan (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Ching-Mao Chiu (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Chih-Yang Cheng (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Ming-Shun Li (Representative of Mega Financial Holding Co., Ltd.)		
	Director	Ching-Yi Li (Representative of Mega Financial Holding Co., Ltd.)		



Company	Title	Name	Shareholding	
			No. of Shares	%
Mega Bills Finance Co., Ltd.	Chairman Director & President Independent Director Independent Director Independent Director Director Director Director Director	Yu-Mei Hsiao (Representative of Mega Financial Holding Co., Ltd.) Shih-Yi Chen (Representative of Mega Financial Holding Co., Ltd.) Chun-To Tso (Representative of Mega Financial Holding Co., Ltd.) Ming-Jen Chang (Representative of Mega Financial Holding Co., Ltd.) Hau-Min Chu (Representative of Mega Financial Holding Co., Ltd.) Nian-Tzy Yeh (Representative of Mega Financial Holding Co., Ltd.) Ya-Ting Chang (Representative of Mega Financial Holding Co., Ltd.) Yi-Ming Ko (Representative of Mega Financial Holding Co., Ltd.) Cheng-hua Sun (Representative of Mega Financial Holding Co., Ltd.)	1,511,441,084	100
Chung Kuo Insurance Co., Ltd.	Chairman Director & President Independent Director Independent Director Independent Director Director Director Director Director Supervisor Supervisor Supervisor	Cheng-Te Liang (Representative of Mega Financial Holding Co., Ltd.) Ying-Hao Weng (Representative of Mega Financial Holding Co., Ltd.) To-Fa Wang (Representative of Mega Financial Holding Co., Ltd.) Shih-Hsin Huang (Representative of Mega Financial Holding Co., Ltd.) Chih-Hua Chiao (Representative of Mega Financial Holding Co., Ltd.) Fu-Fong Hsiao (Representative of Mega Financial Holding Co., Ltd.) Lan-Jong An (Representative of Mega Financial Holding Co., Ltd.) Wang-Chung Ko (Representative of Mega Financial Holding Co., Ltd.) Vacancy(Note1) Tsui -Ting Ko (Representative of Mega Financial Holding Co., Ltd.) Yueh-O Huang (Representative of Mega Financial Holding Co., Ltd.) Vacancy(Note2)	450,000,001	100
Mega International Investment Trust Co., Ltd.	Chairman Director & President Director Director Director Director Director Supervisor Supervisor	Pei-Chun Chen (Representative of Mega Financial Holding Co., Ltd.) Ta-Chuan Huang (Representative of Mega Financial Holding Co., Ltd.) Jian-Jia Huang (Representative of Mega Financial Holding Co., Ltd.) Wei-Feng Hung (Representative of Mega Financial Holding Co., Ltd.) Shin-Hong Chen (Representative of Mega Financial Holding Co., Ltd.) Yung-Cheng Yang (Representative of Mega Financial Holding Co., Ltd.) Hsiu-Yuan Lu (Representative of Mega Financial Holding Co., Ltd.) Chun-Yi Hou (Representative of Mega Financial Holding Co., Ltd.) Hung-Hui Chen (Representative of Mega Financial Holding Co., Ltd.)	52,700,000	100
Mega Asset Management Co., Ltd.	Chairman Director & President Director Director Director Supervisor	Yun-Chien Lin (Representative of Mega Financial Holding Co., Ltd.) Long Hsing Liao (Representative of Mega Financial Holding Co., Ltd.) Yu-Mei Hsiao (Representative of Mega Financial Holding Co., Ltd.) Yung-Chen Huang (Representative of Mega Financial Holding Co., Ltd.) Chia-Lin Chang (Representative of Mega Financial Holding Co., Ltd.) Mei-Li Chao (Representative of Mega Financial Holding Co., Ltd.)	215,000,000	100
Mega Venture Capital Co., Ltd.	Chairman Director Director Supervisor	Han-Yin Ting (Representative of Mega Financial Holding Co., Ltd.)(Note3) Lan-Jong An (Representative of Mega Financial Holding Co., Ltd.) Hui-Wen Ni (Representative of Mega Financial Holding Co., Ltd.) Ching-Yi Li (Representative of Mega Financial Holding Co., Ltd.)	120,000,000	100
Mega Futures Co., Ltd.	Chairman Director & President Director Director Director Supervisor	Pei-Chun Chen (Representative of Mega Securities Co., Ltd.) Yung-Hung Ling (Representative of Mega Securities Co., Ltd.) Ming-Tsung Wu (Representative of Mega Securities Co., Ltd.) An-Huai Liu (Representative of Mega Securities Co., Ltd.) Yuan-Yu Chin (Representative of Mega Securities Co., Ltd.) Yi-Yuan Wang (Representative of Mega Securities Co., Ltd.)	40,000,000	100
Mega International Investment Services Co., Ltd.	Chairman & President Director Director Supervisor	Hsiu-Li Lee (Representative of Mega Securities Co., Ltd.) Ching-Yi Ku (Representative of Mega Securities Co., Ltd.) Cheng-Hsiung Chang (Representative of Mega Securities Co., Ltd.) Yi-Che Chen (Representative of Mega Securities Co., Ltd.)	5,000,000	100

Company	Title	Name	Shareholding	
			No. of Shares	%
Mega Management Consulting Co., Ltd.	Chairman Director Director Director Supervisor	Wen-Chung Lo (Representative of Mega International Commercial Bank) Han-Yin Ting (Representative of Mega International Commercial Bank) Tzu-Yuan Yang (Representative of Mega International Commercial Bank) Ming-Chih Weng (Representative of Mega International Commercial Bank) Pi-Tien Chen (Representative of Mega International Commercial Bank)	1,000,000	100
China Products Trading Corp., Ltd.	Chairman Director Director Director	King-Piao Huang (Representative of Mega International Commercial Bank) Wan-Yin Chien (Representative of Mega International Commercial Bank) Wang-Sheng Lin (Representative of Mega International Commercial Bank) Wen-Liang Lu (Representative of Mega International Commercial Bank)	68,274	68.27
	Supervisor	Li-Li Lee	0	0
Yung-Shing Industries Co., Ltd.	Chairman Director Director Director Director	Hui-Ling Chou (Representative of Mega International Commercial Bank) King-Piao Huang (Representative of Mega International Commercial Bank) Chien-Wen Han (Representative of Mega International Commercial Bank) Tuan-Tuan Wong (Representative of Mega International Commercial Bank) Sheng-Long Chen (Representative of Mega International Commercial Bank)	298,668	99.56
	Supervisor	Chien-Hua Lee	0	0
Win Card Co., Ltd.	Chairman Director Director Director Director Supervisor President	Chao-Jung Chen (Representative of Yung-Shing Industries Co., Ltd.) Shiau-Wen Wu (Representative of Yung-Shing Industries Co., Ltd.) Chien-Wen Han (Representative of Yung-Shing Industries Co., Ltd.) Chun-Yi Hou (Representative of Yung-Shing Industries Co., Ltd.) Pin Shao (Representative of Yung-Shing Industries Co., Ltd.) Yu-Jane Lo (Representative of Yung-Shing Industries Co., Ltd.) Hsiu-Ling Tsai	200,000	99.56
ICBC Assets Management & Consulting Co., Ltd.	Chairman Director & President Director Director Supervisor	Yung-Cheng Yeh (Representative of Yung-Shing Industries Co., Ltd.) Tzu-Chien Wang (Representative of Yung-Shing Industries Co., Ltd.) Tzu-Yuan Yang (Representative of Yung-Shing Industries Co., Ltd.) Chia-Chung Wang (Representative of Yung-Shing Industries Co., Ltd.) Wei-Chen Lee (Representative of Yung-Shing Industries Co., Ltd.)	2,000,000	99.56
Cathay Investment & Warehousing Ltd.	Chairman Director Director	Shih-Kuan Chuang (Representative of Mega International Commercial Bank) Mei-Ching Chen (Representative of Mega International Commercial Bank) Chih-Hua Chang (Representative of Mega International Commercial Bank)	1,000	100
Ramlett Finance Holdings Inc.	Chairman Director & President Director	Shih-Kuan Chuang (Representative of Mega International Commercial Bank) Mei-Ching Chen (Representative of Mega International Commercial Bank) Chih-Hua Chang (Representative of Mega International Commercial Bank)	1,500	100
Mega International Commercial Bank Public Co., Ltd.	Chairman Director & President Director Director Director Director	Yi-Ming Ko (Representative of Mega International Commercial Bank) Ying-Chin Hsu (Representative of Mega International Commercial Bank) Ying-Chun Kuo (Representative of Mega International Commercial Bank) Shih-Kuan Chuang (Representative of Mega International Commercial Bank) Tin-Yuan Liu (Representative of Mega International Commercial Bank) Hui-Chuan Chuang (Representative of Mega International Commercial Bank)	500,000,000	100
	Independent Director Independent Director Independent Director	Niramon Asavamane Chitboon Tangdencai Thanawat Natipodhi	0	0

Note 1: Director Ping-Sen Liang resigned on 2025.2.12.

Note 2: Supervisor Jui-Yun Lin resigned on 2024.6.17.

Note 3: The former Chairman & President Jui-Yun Lin resigned on 2024.6.17. Director Han-Yin Ting was elected by all directors as Acting Chairman on 2024.7.26.



6.1.7 Operational Highlights of Affiliated Companies in 2024

Unit: NT\$ thousand, except EPS in NT\$

Company	Paid-in Capital	Total Assets	Total Liabilities	Stockholders' Equity	Revenues (Net Revenue*)	Operating Profit (Profit Before Income Tax*)	Profit (After Tax)	Earnings per share (After Tax)
Mega International Commercial Bank	96,118,000	4,161,482,530	3,819,090,204	342,392,326	68,609,120*	33,063,101*	28,369,519	2.95
Mega Securities Co., Ltd.	11,600,000	104,685,830	82,918,962	21,766,868	8,241,923	2,636,893	2,550,019	2.20
Mega Bills Finance Co., Ltd.	15,114,411	326,302,074	284,711,706	41,590,368	3,698,724*	2,744,537*	2,205,965	1.46
Chung Kuo Insurance Co., Ltd.	4,500,000	25,683,776	16,101,510	9,582,266	6,879,227	386,778	412,014	1.78
Mega Asset Management Co., Ltd.	2,150,000	13,867,547	10,890,093	2,977,454	423,956	366,384	167,112	0.78
Mega Venture Capital Co., Ltd.	1,200,000	1,384,513	28,860	1,355,653	159,896	110,880	113,423	0.95
Mega International Investment Trust Co., Ltd.	527,000	967,643	70,810	896,833	453,745	102,775	92,016	1.75
Mega Futures Co., Ltd.	400,000	6,855,868	5,994,158	861,710	300,656	(21,464)	57,063	1.43
Mega International Investment Services Co., Ltd.	50,000	68,007	12,193	55,814	40,872	(418)	138	0.03
Mega Management & Consulting Corporation	10,000	92,165	8,550	83,615	73,113	53,086	44,163	44.16
China Products Trading Corp., Ltd.	5,000	50,429	30,201	20,228	-	(758)	1,579	15.79
Yung-Shing Industries Co., Ltd.	30,000	1,038,495	252,901	785,594	244,971	13,271	37,930	126.43
Win Card Co., Ltd.	20,000	62,948	15,795	47,153	134,925	7,235	6,393	31.97
ICBC Assets Management & Consulting Co., Ltd.	20,000	21,884	44	21,840	86	(114)	155	0.08
Cathay Investment & Warehousing Ltd.	32,777	33,373	420	32,953	9,358	5,434	5,434	5,433.82
Ramlett Finance Holdings Inc.	656	45,076	76,635	(31,558)	2,281	(2,249)	(2,249)	(1,499.16)
Mega International Commercial Bank Public Co., Ltd.	4,789,000	41,719,275	34,060,794	7,658,481	1,230,234*	307,917*	246,387	0.49

Note: 1. China Products Trading Corp., Ltd. and Yung-Shing Industries Co., Ltd. have a par value of NT\$50 and NT\$100 per share, respectively.
2. Cathay Investment & Warehousing Ltd and Ramlett Finance Holdings Inc. have their original currency in USD, with an exchange rate of @32.7770 for assets and liabilities, and an exchange rate of @32.1763 for profit and loss items.
3. Mega International Commercial Bank Public Co., Ltd. has its original currency in THB, with an exchange rate of @0.9578 for assets and liabilities, and an exchange rate of @0.9138 for profit and loss items.
4. Mega International Commercial Bank, Mega Bills Finance Co., Ltd., and Mega International Commercial Bank Public Co., Ltd. report net revenue and profit before income tax, while the rest of the companies report operating revenue and operating profit.

6.1.8 Consolidated financial statements of affiliated enterprises

The list of companies required to be included in the consolidated financial statements of affiliated enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" is identical to the list of companies already included in the consolidated financial statements, prepared in accordance with IFRS 10. Since all information required above has already been disclosed in the consolidated financial statements, the Company would not prepare separate consolidated financial statements for affiliated enterprises.

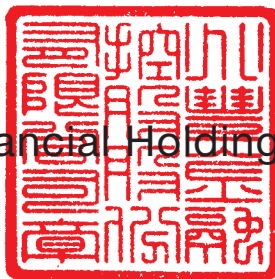
6.2 Private placement of securities in the most recent year and current year up till the publication date of this annual report: None.

6.3 Other supplementary notes, where applicable: None.

6.4 Occurrences that are significant to shareholders' equity or securities prices, as defined in Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act: None.



Mega Financial Holding Co., Ltd.



Chairman

Ray B. Os



Mega Financial Holding Co., Ltd.

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