

2022 Performance evaluation of the Board of Directors

.Regular performance evaluation of the Board of Directors (internal assessment):

2022 board of directors' performance evaluation and progress

(a) Basis: "Performance Evaluation Policy for the Board of Directors and Its Functional Committees."

(b) Evaluation cycle and frequency

The Company's Board of Directors and functional committees are subject to internal performance evaluation at the end of each year.

(c) Evaluation indicators

◎ Board of directors' performance is evaluated using 48 indicators across 6 different areas, including board engagement in the Company's operations, improving the quality of board decisions, the board's composition and structure, election and continuing education of board members, enforcement of internal control, and engagement in sustainable operation (ESG).

◎ Directors' (individual) performance is assessed using 23 indicators across 6 different areas, including director awareness towards the Company's goals and missions, their respective duties, level of engagement in the Company's operations, maintenance of internal relations and communication, continuing education, and enforcement of internal control system.

◎ Functional committees' performance is evaluated using 19–22 indicators across 5 different areas, including committee engagement in the Company's operations, improving the quality of committee decisions, the committee's composition and structure, election and continuing education of committee members, and enforcement of internal control.

(d) Evaluation procedures

◎ At the end of each year, the Company evaluates year's performance using various indicators. Results of internal and external performance assessments are presented for discussion by the Corporate Governance and Sustainability Committee and the Board of Directors within 3 months of the following financial year.

◎ 2022 performance of the Board of Directors and functional committee was reported and discussed during the Corporate Governance and Sustainability Committee meetings dated March 15, 2023.

(e) Assessment results

The board of directors and functional committees have performed in accordance with corporate governance principles. All committees have duly performed their duties and supported the board.

◎ Out of the 48 board performance indicators, average performance scores ranged between 4.8 and 5.0 (out of 5) across all categories.

Area of assessment	Average score
	2022
1. Engagement in the Company's operations	4.93
2. Improvement of the Board's decision quality	4.99
3. Composition and structure of the Board of Directors	4.97
4. Election and continuing education of directors	4.94
5. Internal control	4.97
6. Engagement in sustainable operation (ESG)	4.94

- ◎ Out of the 23 individual director performance indicators, average performance scores ranged between 4.8 and 5.0 (out of 5) across all categories.

Area of assessment	Average score
	2022
1. Comprehension of the Company's targets and missions	4.88
2. Directors' duty awareness	4.97
3. Participation in the Company's operations	4.85
4. Management and communication of internal relations	4.88
5. Professionalism and continuing education of directors	4.91
6. Internal control	4.94

- ◎ Functional committees: 22 of which were applicable to the Audit Committee, 21 of which were applicable to the Remuneration and Nomination Committee, whereas 19 of which were applicable to the Corporate Governance and Sustainability Committee. Average performance scores of functional committees as below.

Committee Area of assessment	Audit Committee 2022	Remuneration and Nomination Committee 2022	Corporate Governance and Sustainability Committee 2022
1. Engagement in the Company's operations	5.00	5.00	5.00
2. Awareness toward the functional committees' responsibilities and duties	5.00	4.91 2	4.97
3. Improvement of the functional committees' decision quality	5.00	5.00	4.95
4. Formation and election of functional committee members	5.00	4.93	5.00
5. Internal control	5.00	---	---

Note: Scores are assigned using a 5-scale system: "Outstanding (5), Excellent (4), Good (3), Fair (2), Improvement Required (1)." A perfect score is 5 for all assessments.

◎ Improvement measures:

① Board of Directors performance evaluation and director self-evaluation both showed improved scores compared to the previous year. Below is an explanation to aspects that scored less than 4.90:

➤ The Board of directors' performance valuation

Indicator	Improvement measures
<p>A. Level of participation in the Company's operations 6. All directors of the Company have made noticeable contributions in board meetings. (Average score: 4.82)</p>	<p>● Diverse, humane, and flexible courses will be organized to help enforce core values, professional advantages, and capabilities. Each year, the Company provides tuition to directors and supervisors within the group on a variety of corporate governance-related topics such as finance, risk management, cybersecurity, business, and corporate social responsibilities. All of which have been considered essential courses for directors' education roadmap.</p>
<p>A. Level of participation in the Company's operations 11. The board had regularly and thoroughly examined the performance of the management team, and made reward and disciplinary decisions in a timely manner. (Average score: 4.82)</p>	<p>● Yearly/quarterly reports on business operations or significant motions are made to provide directors with a better understanding of the Company's operations and performance of the management team. Yearly performance evaluation is conducted in accordance with Paragraph 1, Article 26 of the Articles of Incorporation, Article 5 of "Director Remuneration Policy," and Paragraph 1, Article 4 of "Remuneration and Nomination Committee Articles of Association." Performance evaluation, salary, and compensation for the Company's Chairman and managers, as well as subsidiaries' chairpersons, vice chairpersons, and presidents, are presented for review by the Remuneration and Nomination Committee and for resolution by the board of directors.</p>
<p>D. Election and ongoing education of directors 32. The Company has robust and transparent director election procedures and succession plans in place. (Score: 4.73)</p>	<p>● The Board of Directors will propose the establishment of "Election Standards for the 9th Board of Directors" when</p>

Indicator	Improvement measures
<p>D. Election and ongoing education of directors</p> <p>33. Board members are elected according to the Company's board diversity policy and assessment standards. (Score: 4.82)</p>	<p>electing members of the 9th board. This standard will serve as reference for nomination and re-election. The Company has implemented a key role system. All chairmen and presidents of the financial holding company and the main subsidiaries and their subordinates are considered key roles whose annual performance and compensation are determined differently from other managerial positions. Each key role holder shall have their annual performance evaluated based on aspects including strategic direction, target accomplishment, corporate social responsibilities, and leadership quality, all of which are subject to approval by the Chairman of the financial holding company. Furthermore, year-end performance is evaluated individually and on a case-by-case basis by the Chairman of the respective subsidiaries. This system enables the organization to gain insight into the performance and leadership style of each individual, and uncover suitable talent for director succession. If there is a need to assign a new director to the board, the Company would first recommend one from the list of key role managers.</p>
<p>F. Involvement in ESG</p> <p>46. Board members' understanding of ESG issues relevant to the Company's industry. (Average score: 4.82)</p>	<ul style="list-style-type: none"> ● The ESG Task Force makes reports of half-yearly progress and execution plan for the next six months. Each year, the Company provides tuition to directors and supervisors within the group on a variety of corporate governance-related topics such as finance, risk management, cybersecurity, business, and corporate social responsibilities. All of which have been considered essential courses for the directors' education roadmap. The Company shares information

Indicator	Improvement measures
	about courses or conferences on topics such as ESG issues, compliance, financial reporting, and risk management that are being held outside the organization as a means to encourage continuing education among directors.

- Outcome of board of directors and board member performance (self) assessment and follow-up progress; only areas that averaged a score of 4.73 or lower and where two or more members had rated a score of 4 were listed:

Indicator	Improvement measures
C. Level of participation in the Company's operations 7. Directors' overall attendance (excluding proxy attendance) at board meetings (5 for full attendance, 4 for 1 missed session, 3 for 2 missed sessions and so on)? (Average score: 4.73)	<ul style="list-style-type: none"> ● Prior to setting a time for board meetings, the Company will first determine directors' availability and schedules in line with city council meetings so that all directors are able to attend. In the case of an extraordinary meeting, best efforts will be made to schedule meetings at times when all directors are able to attend.
C. Level of participation in the Company's operations 14. Directors do not assume concurrent director/supervisor duties in multiple companies. (Score: 4.73)	<ul style="list-style-type: none"> ● The concurrent duty arrangement conforms with "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company," "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and related laws.

- ② With regard to the evaluation of functional committee performance, only the indicators that scored 4.50 and below are shown with explanations and suggestions:

Indicator	Improvement measures
<p>Remuneration Committee</p> <p>A. Awareness toward duties of the functional committee</p> <p>11. The Remuneration and Nomination Committee communicates regularly with senior managers on performance evaluation and development plans. (Average score: 4.40)</p>	<ul style="list-style-type: none"> ● Senior managers are key persons of the financial holdings and subsidiaries, and given their critical role in making important decisions, it is essential that they possess adequate knowledge in the domestic and foreign financial environments as well as prevailing regulations. To facilitate more comprehensive description of senior managers' accomplishments aside from annual performance, a proposal was raised to establish "Senior Manager Performance Evaluation and Development Schedule" to take into consideration senior managers' participation in key internal meetings (such as Operational Committee and Risk Management Committee meetings) and training courses within and outside the organization.