

 HUA NAN FINANCIAL HOLDINGS CO., LTD.

2025

ANNUAL REPORT

HUA NAN FINANCIAL HOLDINGS CO., LTD.



114



I. Addresses, Phone Numbers, and Websites of the Financial Holding Company and Its Subsidiaries

(I) Hua Nan Financial Holdings Co., Ltd.

Address: No. 123, Songren Rd., Xinyi Dist., Taipei City, Taiwan

Tel: (02)2371-3111

Website: <https://www.hnfhc.com.tw>

(II) Subsidiaries of the Company

1. Hua Nan Commercial Bank, Ltd.

Address: No. 123, Songren Rd., Xinyi Dist., Taipei City, Taiwan

Tel: (02)2371-3111

Website: <https://www.hncb.com.tw>

2. Hua Nan Securities Co., Ltd.

Address: 5F, No. 54, Section 4, Minsheng East Road, Songshan District, Taipei City, Taiwan

Tel: (02)2545-6888

Website: <https://www.entrust.com.tw>

3. South China Insurance Co., Ltd.

Address: 5F, No. 560, Section 4, Zhongxiao East Road, Xinyi District, Taipei City, Taiwan

Tel: (02)2758-8418

Website: <https://www.south-china.com.tw>

4. Hua Nan Investment Trust Corp.

Address: 3F-1, No. 54, Section 4, Minsheng East Road, Songshan District, Taipei City, Taiwan

Tel: (02)2719-6688

Website: <https://hnfunds.com.tw>

5. Hua Nan Venture Capital Co., Ltd.

Address: 3F, No. 143, Section 2, Minsheng East Road, Zhongshan District, Taipei City, Taiwan

Tel: (02)2500-0622

Website: None

6. Hua Nan Assets Management Co., Ltd.

Address: Room 405, 4F, No. 18, Section 1, Changan East Road, Zhongshan District, Taipei City, Taiwan

Tel: (02)2511-2900

Website: <https://www.hnamc.com.tw>

II. Spokesperson of the Company

Spokesperson: Po-Hsun Chen

Title: Executive Vice president

Tel: (02)2371-3111 ext. 1863

E-mail: public@hnfhc.com.tw

Deputy Spokesperson: Su-Jung Hsu

Title: Executive Vice president

Tel: (02)2371-3111 ext. 1929

E-mail: public2@hnfhc.com.tw

III. Stock Transfer Institution

Name: Hua Nan Securities Co., Ltd.

Address: 4F, No. 54, Section 4, Minsheng East Road, Songshan District, Taipei City, Taiwan

Tel: (02)2545-6888

Website: <https://www.entrust.com.tw>

IV. CPAs for the Financial Reports

Name of CPAs: Yi-Chun Wu, Han-Ni Fang

Name of accounting firm: Deloitte & Touche, Taiwan

Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City, Taiwan

Tel: (02)2725-9988

Website: <https://www.deloitte.com.tw>

V. Name of exchanges where overseas securities are listed for trading and the way to inquire about the overseas securities information: None

VI. Credit Rating Agency

Name: Taiwan Ratings Co.

Address: 2F, No. 167, Dunhua North Road, Songshan District, Taipei City, Taiwan (Hongguo Building)

Tel: (02)2175-6800

Website: <https://www.taiwanratings.com>

I. Letter to the Shareholders 003

II. Corporate Governance Report 012

I. Information of Chairperson, President, Vice President and Department Heads.....	012
II. Remuneration Paid to Directors (including Independent Directors), President, and Executive Vice Presidents, and Distribution of Employee Compensation for Fiscal Year 2025.....	022
III. Corporate Governance Operations	026
IV. Information on CPA Professional Fees	063
V. CPA Change Information	064
VI. Whether the Chairperson, President, or Chief Financial Officer held positions at the independent audit firm or its affiliated company within the most recent fiscal year.....	064
VII. Any Transfer or Pledge of Equity Interests in the Most Recent Year up to the Date of Publication of the Annual Report by a Director, Manager, or Individual or Related Party Holding Shares of the Same Financial Holding Company with Voting Rights Issued over a Certain Ratio Set Forth in Article 11 of the Regulations.....	064
VIII. Information on Relationship if among Top 10 Shareholders Any One Is a Related Party or a Relative within the Second Degree of Kinship of Another.....	065
IX. Total Number of Shares Held by the Company and Subsidiaries, Directors, Managers, and Businesses either Directly or Indirectly Controlled by the Company as a Result of Investment, and the Ratio of Shares Held	066

III. Capital Overview 068

I. Capital and Shares	068
II. Corporate Bond Issuance Status.....	072
III. Issuance of Preferred Stock.....	073
IV. Issuance of Global Depositary Receipts	073
V. Employee Stock Warrants and Status of Restricted Stock Awards for Employees.....	073
VI. Mergers with or Acquisition of Other Financial Institutions	073
VII. Implementation of Fund Utilization Plan.....	073

IV. Business Overview 075

I. Principal Activities.....	075
II. Cross Selling Synergies	113

III. Market and Business Overview	116
IV. Employee data.....	126
V. Corporate Responsibility and Ethical Conduct	130
VI. Number of Full-Time Employees Not in Managerial Positions, Average and Median Salaries of Full-Time Employees Not in Managerial Positions, and the Year-over-Year Differences of the Preceding Three Items.....	130
VII. Information Equipment	130
VIII. Information Security Management	140
IX. Labor-Management Relations	141
X. Material Contracts	143

V. Review and Analysis of Financial Condition and Financial Performance, and Risk Management Matters 145

I. Financial Condition.....	145
II. Financial Performance	146
III. Cash Flow	147
IV. Impact of significant capital expenditures in the most recent fiscal year on financial operations	147
V. Reinvestment Policy in the most recent fiscal year, the main reasons for profits or losses, improvement plans, and investment plans for the coming year	147
VI. Risk management.....	148
VII. Crisis Management and Response Mechanism.....	178
VIII. Other Important Matters: None.....	178

VI. Other Special Notes 180

I. Information on Affiliated Enterprises.....	180
II. Status of private placement of securities during the most recent fiscal year and up to the date of printing of the annual report	180
III. Matters with significant impact on shareholders' equity or securities prices.....	180
IV. Other necessary supplementary explanations.....	180

2025

ANNUAL REPORT

Honesty

Honesty, integrity and stable operation
professional and trustworthy

Efficiency

Fast action and instant response
Exceed customers' expectations

Activeness

Enthusiasm and caring spirit Provide
innovative integration services

Responsibility

Continuous improvement and pursuit of excellence
Take responsibility in the face of challenges

Teamwork

Teamwork across subsidiaries Pursue maximum
synergistic effect of financial holdings



CHAIRPERSON

Nancy Chen

I. Letter to the Shareholders

I. The Group's Business Results for 2025

(I) Domestic and International Financial Environment in 2025

According to major international institutions (IMF, World Bank, OECD, etc.), global economic growth in 2025 is projected at 2.7%–3.3%, broadly stable or slightly higher than in 2024. This reflects front-loaded inventory demand, rapid AI-driven innovation that helped offset the impact of higher U.S. tariffs, as well as easing inflation and a shift toward more accommodative monetary policies, leading to moderate global growth.

According to the preliminary estimate released by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on February 13, 2026, Taiwan's economy is expected to grow by 8.68% in 2025, up 3.41 percentage points from 5.27% in 2024. The increase is mainly driven by rapid AI adoption and rising demand for computing power, which has accelerated AI infrastructure investment by major cloud service providers (CSPs). Additional support comes from delayed U.S. semiconductor tariffs and a recovery in consumer electronics demand, boosting exports of Taiwan's competitive electronics and ICT products.

In the financial sector, Taiwan's total financial industry pre-tax profit reached approximately NT\$988 billion, the second-highest on record, but decreased by 6.69% year-on-year. The decline was mainly due to a significant reduction in life insurers' earnings, driven by increased provisions to foreign exchange reserve funds. Among the sectors, the banking industry continued to achieve record-high profits, accounting for 63.5% of total financial industry profits and firmly maintaining its position as the leading profit generator. Pre-tax net profit reached NT\$627.9 billion, an increase of NT\$62.3 billion or 11% compared to the previous year, primarily due to higher net interest income and fee income, as well as a decrease in bad debt expenses. The securities and futures industry recorded pre-tax net profit of NT\$166.4 billion, an increase of NT\$14.8 billion or 10% compared to the previous year, mainly benefiting from the enhanced status of Taiwan's capital markets, which drove trading activity and investment returns. The insurance industry recorded pre-tax net profit of NT\$193.7 billion, a decrease of NT\$147.8 billion or -43% compared to the previous year. Within this sector, the life insurance industry earned NT\$156.9 billion, a decrease of 50.3%, primarily due to reduced investment returns caused by foreign exchange and stock market volatility and the provisioning of foreign exchange reserves; the non-life insurance industry earned NT\$36.8 billion, an increase of 41.5%.

(II) Changes to the Company Organizational Structure

Since its establishment on December 19, 2001, the Company has been engaged in financial services spanning various professional fields including banking, securities, insurance, investment trust, asset management, and venture capital. As of the end of 2025, the Company had six subsidiaries, all of which were wholly owned.



VICE CHAIRPERSON

T. Lin

(III) Business Plan and Results of Business Strategies

In 2025, the Group faced challenges including New Taiwan Dollar appreciation, stock market volatility, and negotiations over reciprocal tariffs with the United States, and adopted the following measures in response: (I) Executed a 3-year profit enhancement plan to improve capital utilization efficiency and advance the Group's profit ranking among peers. (II) Adjusted the profit structure and deepened customer segment management, driving annual wealth management net fee income to surpass NT\$10 billion. (III) Introduced financial technology and implemented a Return on Risk-Weighted Assets (RORWA) mechanism to capture customer contribution and drive steady operational growth. (IV) Optimized the Group's cross-selling mechanism to enhance operational synergies. (V) Strengthen risk management and subsidiary performance management systems. (VI) Hua Nan Investment Trust implements a financial improvement plan.

The Company's after-tax net profit for fiscal year 2025 was NT\$26.424 billion, an increase of NT\$3.291 billion compared to fiscal year 2024. Earnings per share (EPS) was NT\$1.90, return on equity (ROE) was 11.57%, and profitability continued to reach a new historical high. Subsidiary Hua Nan Commercial Bank Ltd. recorded an after-tax net profit of NT\$24.152 billion. The increase in profitability was mainly due to increases in net interest income and net fee income. The non-performing loan ratio was 0.16%, and the loan loss reserve coverage ratio was 813.18%, reflecting sound asset quality. Hua Nan Securities Co., Ltd. recorded an after-tax net profit of NT\$2.064 billion. The increase in profitability was mainly attributable to the significant stock market rally, which led to increased gains from proprietary trading operations. Its brokerage market share was 2.70%, ranking 9th among peers. South China Insurance Company, Ltd. recorded an after-tax net profit of NT\$1.802 billion. The increase in profitability was mainly due to well-controlled loss ratios and increased core business profits. Written premium income was NT\$14.892 billion, a year-on-year increase of 6.18%, with a market share of 5.21%, ranking 7th among peers.

The Group upholds its core value of HEART, comprising Honesty, Efficiency, Activeness, Responsibility, and Teamwork, and continues to enhance its efforts in corporate governance, green finance, environmental sustainability, corporate social responsibility, digital financial innovation, and quality consumer products. Talent is a key asset of the Group. Each year, resources are invested in training and recruiting talent to support business growth, while a comprehensive compensation system and diverse employee benefits are provided. The Group aims to enhance competitiveness through high-quality talent and achieve success together. The major operating results for fiscal year 2025 are described as follows:

1. Strengthening Business Fundamentals

(1) Capital Adequacy Ratio :

As of the end of 2025, the Group's capital adequacy ratio was 129.16%. Hua Nan Commercial Bank Ltd.'s capital adequacy ratio was 15.46%, and its Tier 1 capital ratio was 13.63%, meeting the statutory capital standards.



PRESIDENT

Yu-Mei Hsiao

(2) Corporate Governance:

The Company was assessed as the top 6% to 20% of listed companies in the 2024 (11th) Corporate Governance Evaluation by TWSE. Remained a constituent of the Taiwan Sustainability Index, Corporate Governance 100 Index, Taiwan High Salary 100 Index, and Taiwan Employment 99 Index.

(3) Risk Management:

- A. The Risk Management Committee and Asset–Liability Management Committee are convened regularly to implement the Group's risk limit management framework.
- B. Monitor changes in risk exposure and provide timely analytical recommendations to support business decision-making and mitigate potential risks.
- C. In response to financial market volatility, strengthening the risk control mechanism for bond investments, and dynamically reviewing and adjusting various limit management measures in response to significant market events to enhance risk management effectiveness.
- D. The Group continues to enforce its incident and risk reporting mechanisms, enabling senior management to promptly access and stay informed of key risk developments.
- E. In preparation for the Financial Supervisory Commission's forthcoming capital adequacy framework, the Group assessed its potential impact on capital ratios and formulated corresponding measures.
- F. Regularly convene Capital Planning Sub-committee meetings to evaluate the reasonableness of capital consumption and returns, and to formulate business management directions for capital planning and capital utilization efficiency.
- G. Continuously monitor the Science Based Targets initiative (SBTi) and strategies for Scope 3 Category 15 investment and financing portfolios, and researching emerging risk issues.
- H. Continuously conduct third-party verification of the carbon inventory results for Scope 3 Category 15 investment and financing portfolios to enhance the credibility of carbon inventory results.
- I. In line with the Financial Supervisory Commission's roadmap for the adoption of International Financial Reporting Standards (IFRS) sustainability standards, advancing the Group's climate-related disclosure initiative (S2) and continuously improving disclosures on climate-related issues.

(4) Legal Compliance:

- A. Continuously promote and monitor the Group's Legal Compliance and AML/CFT Three-Year Development Plan:
 - (A) To strengthen the Group's legal compliance management, in addition to continuing to actively build a regulatory management system, Tableau software was procured at the end of 2025. The Group further plans to develop management dashboards covering regulatory breaches, AML/CFT information sharing, and related matters.

- (B) To reduce costs and enhance resource integration synergies, the Group coordinated with its subsidiaries and sub-subsidiaries to conduct joint vendor selection for the Personal Information Management System or Certification Renewal Audit Project and the AML System Verification or Consulting Project.
 - (C) To strengthen personal information management and protection, the Group obtained the BS 10012:2017 Personal Information Management System certification, and implemented features such as printed document watermarking and personal data protection warning notices on computer screen lock screens.
 - (D) Continuously optimizing whistleblowing procedures and improving the Group's whistleblowing system.
 - B. Conducted educational training for Group directors, supervisors, and senior executives, inviting professional lecturers to deliver thematic courses on Prospects for the Development of Financial Supervision and Financial Innovation. Regularly held Group Legal Compliance communication and management meetings: To effectively promote Group Legal Compliance operations, the Group continued to regularly convene the Group Legal Compliance Committee, Group Legal Compliance Forums, and Legal Compliance and Anti-Money Laundering and Counter-Terrorism Financing Management Meetings. Through these meetings, important legal compliance matters within the Group were communicated, and key areas were monitored, including responses to significant or Group-wide regulatory amendments, self-reviews of peer penalty cases, personal data management implementation, fair customer treatment measures, and the implementation of enhanced anti-fraud measures, thereby overseeing the effective execution of Group Legal Compliance work.
 - C. Risk-based differentiated management of subsidiaries:

A tiered management mechanism was adopted for the management of subsidiaries' legal compliance matters, with continued implementation of differentiated management measures and refinement of required tasks and reporting items for each subsidiary. The frequency of parent company supervision and inspections was adjusted as appropriate, and periodic legal compliance effectiveness inspections and special project inspections were conducted for subsidiaries and sub-subsidiaries to review the implementation of each company's legal compliance systems.
2. Strengthen Cross-Selling
- (1) Cross-Selling Benefits:

In 2025, the Group achieved 112% of its target for revenue contribution from cross-selling.
 - (2) Integrate a Hybrid (Online-Offline) Financial Ecosystem:

In response to the current development of digital channels, the Group continued to integrate resources across its subsidiaries and strengthen the application of online-offline integration. By combining online and offline customer referral concepts, the Group optimized its internal ecosystem functions to provide customers with cross-subsidiary product and financial transaction information service experiences. Through data analytics, digital marketing models were dynamically adjusted to enhance the effectiveness of intra-Group customer referral and acquisition, thereby increasing customer engagement and contribution to the Group.
 - (3) Enhance Joint Marketing:

Hua Nan Financial Holdings Co., Ltd. actively integrates resources across its subsidiaries to improve capital utilization efficiency and strengthen cross-selling businesses, enabling subsidiaries to share resources. Through cross-company cross-selling and resource complementarity, the Group maximizes complementary business capabilities to achieve the goal of co-prosperity among subsidiaries.
3. Promote Digital Finance
- (1) Advance Financial Technology and Driving Digital Transformation:
 - A. The Group continues to actively develop its financial technology capabilities. As of the end of 2025, it has obtained a total of 408 fintech patents across areas including mobile platforms, big data, artificial intelligence, security mechanisms, and biometric authentication.
 - B. In 2025, the Financial Holding Company advanced its digital transformation strategy focused on data integration and value creation, enhanced synergy-driven services, and an integrated customer journey. The banking subsidiary implemented 40 action plans across eight major themes, supported by two digital labs and four agile task forces. In addition, 96 initiatives were launched across the Financial Holding Company and its securities and property insurance subsidiaries, of which 69 have been completed.
 - (2) Establish Cross-Subsidiary Communication and Collaboration Channels:

With the Digital Finance Promotion Team and Digital Transformation Office operating across diverse subsidiaries and channels, resources are integrated across the Group, enabling subsidiaries to exchange insights and conduct joint marketing in areas such as retail banking, corporate banking, and wealth management. The Group also monitors regulatory developments and industry trends, leveraging cross-subsidiary coordination to advance digital financial initiatives and build a comprehensive financial ecosystem.
 - (3) Active Participation in Industry Alliances and AI Technology Research:
 - A. In line with the principles of open finance, the Group participates in the Taiwan Fintech Alliance to keep abreast of market trends and innovative technologies, coordinating with relevant subsidiaries to assess the feasibility of project participation. A total of 4 projects have currently been planned for participation.
 - B. By joining the Bankers Association AI Technology Task Force, the Group engaged in in-depth exchanges with financial industry peers on risk classification methodologies, control measures, and in-depth exploration of six key indicators. This serves as preparation for AI governance, ensuring compliance and internal controls.

4. Corporate Social Responsibility

(1) Promote charitable activities:

- A. In 2025, public welfare initiatives included support for post-disaster reconstruction following Typhoon Danas on July 6 and the severe rainfall event on July 28, as well as activities such as the "Hua Nan Cares, Forever Young" senior appreciation event, the "Financial Services Industry Charity Carnival," the "Presidential Youth Forum," the "Taiwan Impact Investing Forum," the "CEO Summit," the "HNFHC Cup National Little League Baseball Championship and HNFHC Cup National Youth Baseball Championship," the "WBSC Baseball World Cup," the "BFA Asian Baseball Championship," the "Little League Baseball Intermediate Division Asia-Pacific and Middle East Regional Tournament," and the "TLLB CUP U13 Taiwan Community Baseball Championship," the "National Community Student Baseball Tournament," the "Junior Baseball Catcher Intensive Training Camp," the "Dream Baseball Camp and Donation of Grassroots Baseball Development Fund," the "Ministry of Finance Uniform Invoice Cup Road Running," the "New Taipei City Shiding District Tea Farmers Organic Transition Program," and the "Paper Vivid - Classic Illustration Grand Award," and etc.
- B. Hua Nan Financial Holdings Co., Ltd. has long supported sports development, receiving the Sports Promoter Award for 14 consecutive years, and has simultaneously received three major awards under this honor for 9 consecutive times, including the Gold Award in the Sponsorship Category, the Long-term Sponsorship Award, and the Bronze Award in the Promotion Category.

(2) Promote and develop diverse and inclusive financial products:

- A. Actively engaging in financing, trust, and individual housing loans for the Reconstruction of Urban Unsafe and Old Buildings, in order to meet the financial service needs of reconstructed households. In 2025, a total of 11 financing cases for the Reconstruction of Urban Unsafe and Old Buildings were processed, with an approved credit amount of NT\$10.5 billion.
- B. With a focus on promoting universal trust services, the Group assists customers in retirement, elder care, and wealth succession planning. It was recognized by the Financial Supervisory Commission in the 4th evaluation of the Trust 2.0 Initiative, receiving the "Elderly Care Trust Award" and third place in the "Trust Alliance Award". Additionally, the bank received two honors at the "Award Ceremony for Excellence in Financial Advisor Training and Trust Promotion and Information Exchange Platform" organized by the Trust Association, namely the "Financial Advisor Hidden Dragon Crouching Tiger Award" and the "Trust Information Exchange Platform Honor Award", as well as the "Outstanding Member in Trust Promotion Award".
- C. Promoting small-amount investment plans and securities to support financial planning for younger clients. As of the end of 2025, annual debit transactions for these investment plans increased by 28.08%.
- D. Providing micro-insurance products that allow low-income households and specific vulnerable groups to obtain basic insurance coverage at a low premium, helping to prevent financial hardship in the event of accidents and complementing gaps in public social insurance and assistance mechanisms.

(IV) Budget Implementation, Financial Income, and Profitability Analysis

The consolidated after-tax net income of the Company and its subsidiaries for fiscal year 2025 was NT\$26.424 billion, with consolidated after-tax earnings per share of NT\$1.90; the consolidated return on assets was 0.62%, and the consolidated return on equity was 11.57%. The profitability of each subsidiary is described as follows:

1. Hua Nan Commercial Bank

The after-tax net income for fiscal year 2025 was NT\$ 24.152 billion, with after-tax earnings per share of NT\$2.27, return on assets of 0.58%, and return on equity of 9.77%.

2. Hua Nan Securities

The after-tax net income for fiscal year 2025 was NT\$ 2,064 million, with after-tax earnings per share of NT\$3.15, return on assets of 2.35%, and return on equity of 13.69%.

3. South China Insurance

The after-tax net income for fiscal year 2025 was NT\$ 1.802 billion, with after-tax earnings per share of NT\$9.00, return on assets of 6.08%, and return on equity of 20.16%.

4. Hua Nan Investment Trust

The after-tax net income for fiscal year 2025 was -NT\$ 267 million, with after-tax earnings per share of -NT\$8.67, return on assets of -27.17%, and return on equity of -53.38%.

5. Hua Nan Venture Capital

The after-tax net income for fiscal year 2025 was NT\$ 86 million, with after-tax earnings per share of NT\$0.43, return on assets of 4.33%, and return on equity of 4.36%.

6. Hua Nan Assets Management

The after-tax net income for fiscal year 2025 was -NT\$ 28 million, with after-tax earnings per share of -NT\$0.28, return on assets of -0.43%, and return on equity of -2.51%.

(V) Research and Development**1. Hua Nan Financial Holdings**

The Group actively promotes digital financial development through the establishment of a Digital Finance Promotion Team, integrating resources and strengthening collaboration among subsidiaries to enhance digital service capabilities and advance the development of a comprehensive financial ecosystem. Annual research covers topics including financial technology policy, AI risk and governance, big data management and applications, financial identity verification, cross-industry collaboration, and open finance. The Group continues to research the financial technology policy trends of regulatory authorities and innovative service trends among peers, in order to provide references for subsidiaries and facilitate cross-industry exchange.

To accelerate the Group's digital transformation, a Group Digital Transformation Office has been established to overseeing the planning and execution of digital transformation initiatives across subsidiaries. It supports the implementation of the Group's digital transformation strategies by integrating resources and technologies through cross-functional collaboration, enhancing the Group's overall digital service capabilities.

2. Hua Nan Commercial Bank

- (1) Hua Nan Commercial Bank Ltd. actively develops new financial products and digital finance applications in response to business growth needs and evolving digital trends in the financial industry, while continuously improving the functionality of its online service platforms.
- (2) In terms of fintech patent development, as of the end of 2025, Hua Nan Commercial Bank. has a total of 351 approved and effective patents (191 invention patents, 159 utility model patents, and 1 design patent), with 39 patents currently under review (31 invention patents and 8 utility model patents).
- (3) Hua Nan Commercial Bank Ltd. continues to encourage employees to actively engage in research and development work. In 2025, a total of 188 employee proposals were submitted, of which 39 were adopted.

3. Hua Nan Securities

- (1) Enhancing Mobile Investment Services: Enhancing the Hua Nan e-Indicator App to provide an outstanding trading experience and strengthening comprehensive functional services for digital trading.
- (2) Optimizing Smart Wealth Management: Focusing on stock selection, trading, and services to deliver a one-stop experience and continuously develop customer-centric features.
- (3) Compliance with New Regulatory Requirements: In alignment with regulatory authorities' open policies, continuously optimizing Hua Nan Securities's electronic services to meet investor needs.
- (4) Data-Driven Contextual Marketing: Leveraging big data to build precise customer profiles and segment customers to optimize digital interactions across different channels. Combining digital analytics with personalized services to achieve more precise marketing with higher conversion effectiveness.
- (5) Online-Offline Business Integration: Integrating and promoting the synergy between business units and online channels, utilizing precision digital marketing to drive active customer trading.
- (6) Embracing Financial Technology Development: Including financial data sharing, open securities, and financial identity verification, exploring cross-industry financial applications to provide diverse financial services.
- (7) AI Technology Applications: Leveraging AI intelligence and algorithms to enhance stock selection recommendations and improve the intelligent investment experience.
- (8) AI Customer Service and Automation: Utilizing AI voice outbound technology to achieve automated opinion surveys, ensuring rapid and precise collection of broad user feedback. Significantly reliance on manual processes by leveraging intelligent solutions to build more efficient channels for customer communication.
- (9) After the Financial Supervisory Commission opened the issuance of active ETFs and passive multi-asset ETFs in December 2024, the number of listed ETFs increased to 46 in 2025, compared with 33 in the prior year. Of these new listings, 17 were active ETFs and 3 were passive multi-asset ETFs. Based on the above data, the proportion of ETFs among products issued by investment trust companies has been gradually increasing. The Wealth Management Department will continue to enhance ETF subscription services and provide investors with a more convenient trading experience.
- (10) To provide high-asset clients with tax reserve planning services, the product line of high-coverage insurance policies has been strengthened by offering diverse structures such as participating and interest-sensitive whole life insurance, enabling high-asset clients to use insurance policies for tax reserve planning and designated beneficiary arrangements.
- (11) Leveraging AI tools to enhance the graphic and textual content of market briefings for overseas markets, allowing investors to quickly grasp overseas market trends and key individual stock developments through visually integrated content.
- (12) In addition to the currently routine publications of the 'US Stock Daily Report,' 'US Stock Financial Evening Report,' and 'Overseas Market Weekly Report,' a new monthly overseas market summary compilation has been added. Weekly tracking of regular fixed-amount investment targets is provided, with enhanced weekly reports on offshore structured products and overseas bonds, offering diverse product strategies to help investors find suitable investment portfolios.
- (13) Using upstream messages and self-purchased information source data to conduct regular information tracking on clients' key inventory targets.
- (14) Hua Nan Securities Investment Management Co., Ltd., as a subsidiary, conducts in-depth research on global finance, domestic and international macroeconomics, industries, and individual companies from fundamental, technical, and capital flow perspectives in a timely manner, in order to identify investment trends and avoid high-risk industries. In addition to regularly publishing investment publications and hosting investment seminars, it also provides investment advisory references and credit assessment references for relevant units within the financial holding group.

4. South China Insurance

With easing global inflationary pressures, stabilizing energy markets, and increasing adoption of digital transformation, the global economy is gradually regaining momentum. However, economic growth remains constrained by factors such as the relatively high interest rate environment maintained by the United States and Europe, challenges facing China's economic transformation, and supply chain adjustments triggered by changes in geopolitical situations. South China Insurance continues to adopt a prudent approach in response to evolving market conditions, while proactively aligning with broader social developments. The Company remains committed to developing new products and pursuing innovative marketing initiatives. In 2025, a total of 66 new products were developed, with 66 project-based products currently on sale, enabling the company not only to capture market demand but also to provide policyholders with comprehensive professional services. Facing the era of digitalized internet services, South China Insurance embraces digital technology with a forward-thinking and proactive approach, innovating products and services while continuously striving for excellence. The Company is committed to its new vision of embracing digital development and becoming a preferred insurer for customers and a happy workplace for employees, while upholding its core corporate values of professionalism, foresight, innovation, accountability, and passion. In 2025, the Group was awarded four excellence distinctions in RMIM Inc.'s "2025 Best Quality Awards of Insurance," including Best Corporate Image, Best After-Sales Service, Best Professionalism, Most Recommended, and the 2025 Insurance Dragon and Phoenix Award. The Group also received three Merit Awards in the "2025 Faith, Hope, Love Awards of Insurance," including the Best Insurance Professional Award, Best Communications Office Award, and Best Professional Consultant Award. Its TCFD report was ranked among the top 25 percent of financial and insurance institutions by National Chengchi University. In addition, the Group achieved strong results in the Agricultural Insurance Fund's "2025 Claims Mechanism Simulation Exercise," including second place in the underwriting company category, first place in the disaster area joint claims service center simulation exercise, and multiple rankings in the disaster assessment performance category, as well as third place in the renewal incentive program for outstanding policy retention and increased non-loan policy count. Additionally, the company received the Financial Supervisory Commission's Insurance Bureau awards for Microinsurance Competition "Disability Care Award" and the "Board Diversity Policy Promotion Award," highlighting its recognition for outstanding performance across the industry and society.

In terms of risk management culture, integration, sophistication, and transparency serve as the core DNA of its values. Through a collaborative platform among the Assistant Auditor, Legal Compliance, and risk management units, concrete risk management mechanisms are implemented to enhance corporate governance and risk management effectiveness.

South China Insurance adheres to the highest guiding principle of sound operations. A.M. Best has assigned the Company a Financial Strength Rating of A (Excellent) and an Issuer Credit Rating of a, both with a stable outlook. This reflects its strong balance sheet, solid operating performance, neutral business profile, and appropriate enterprise risk management. In addition, Taiwan Ratings has affirmed South China Insurance with a long-term issuer credit rating and financial strength rating of twAA with a stable outlook, reflecting the company's strong capital and profitability, as well as solid operating performance.

In 2025, the non-life insurance market expanded steadily. With the increasing application of artificial intelligence, insurance technology has advanced from automation to intelligent solutions. Digital tools are being leveraged to enhance customer experience and improve claims processing efficiency, thereby providing more comprehensive risk protection. Furthermore, amid intensifying climate risks and ESG sustainability trends, social awareness of green insurance and environmental responsibility has increased, guiding the non-life insurance industry to develop toward greater risk resilience and sound stability while undergoing innovative transformation. Through the parallel development of technology and green finance, the Group will comprehensively enhance service efficiency, while strengthening risk protection and pursuing a sustainable vision of environmental harmony and social prosperity.

5. Hua Nan Investment Trust

At the end of 2025, the overall trust investment company public fund scale was approximately NT\$11.38 trillion, an increase of approximately NT\$1.78 trillion (18.51%) compared to the end of the previous year. Hua Nan Securities Investment Trust's total public fund assets under management reached NT\$52.309 billion at the end of 2025, an increase of NT\$6.613 billion from NT\$45.697 billion at the end of the previous year, ranking 22nd in the market.

Regarding Hua Nan Securities Investment Trust's fund performance in 2025, 5 out of 14 funds ranked in the top half among funds of the same type for the year. Hua Nan Securities Investment Trust launched the "Hua Nan Securities Taiwan Select 50 ETF" on May 6, 2025. The "Hua Nan Securities NASDAQ 100 Technology ETF" was approved on November 28, 2025 and has launched for public offering at the March 23, 2026.

6. Hua Nan Venture Capital

Participate in industry seminars and relevant training courses to stay on top of industry development trends. Enhance the evaluation of investment cases and improve professional competence in post-investment management, providing timely Consultant advisory services to investee companies to assist them in achieving successful listings and profitable exits. Assisting the operations and financial planning of investee companies, establish strategic alliances and partnerships, and facilitate successful IPOs and profitable exit opportunities.

7. Hua Nan Assets Management

Continuously optimizing the business structure and developing a diversified business model, establishing three core businesses: direct real estate investment, urban renewal and redevelopment bridge financing, and fiduciary management services. In the area of direct real estate investment, Hua Nan Assets Management actively responds to government policies by acting as an urban renewal implementer or redevelopment sponsor and providing funding. In 2025, the company took the lead among peers in undertaking urban renewal and dangerous building investor services, becoming a pioneer among AMCs under the financial holding group in promoting urban renewal and dangerous building business. Through a professional management team cultivated through years of training, Hua Nan Assets Management has built comprehensive professional capabilities covering investment evaluation, property management, urban renewal and dangerous building integrated planning, and engineering management, with its competitive strength growing year by year.

Hua Nan Assets Management and Hua Nan Commercial Bank Ltd. jointly formed the "Hua Nan Urban Renewal Team," combining the bank's expertise in financing and trust services with the asset management company's hands-on experience in urban renewal and dangerous building reconstruction. Together, they jointly promote urban renewal and dangerous building reconstruction business, assisting residents with a truly end-to-end service covering opinion integration, planning and design, trust financing, investment construction and unit delivery, and final referral to Hua Nan Commercial Bank Ltd. for individual household loans. The team continues to conduct joint marketing and business cooperation with various subsidiaries within the group to continuously enhance group operational synergies and demonstrate the group's differentiated market advantages.

II. 2026 Business Plan, Future Development Strategy, and Impact of External Competition and Overall Economic Condition

Looking ahead to 2026, major international institutions (World Bank, OECD, IMF, etc.) project global economic growth to range between 2.6% and 3.3%, roughly flat or slightly lower compared to 2025, primarily due to the gradual emergence of lagged tariff effects, which are expected to suppress merchandise trade. The global economy faces risks from uncertainty in U.S. trade policy, the possibility of an AI investment bubble, shifts in monetary policy among of major economies, geopolitical tensions, and extreme weather events.

The Directorate-General of Budget, Accounting and Statistics (DGBAS) of the Executive Yuan projected on February 13, 2026, that Taiwan's economic growth rate for 2026 would be 7.71%. While tariff uncertainty remains elevated, sustained AI development and applications continue to drive strong demand for hardware. Supported by a well-established and competitive local supply chain, along with the gradual expansion of advanced semiconductor capacity, export momentum is expected to remain solid, though growth will moderate due to a high base effect.

In response to the aforementioned domestic and international financial situation changes in 2026, the Group has formulated the following development strategies: (1) Formulate and implement a 5-year profit enhancement plan, strengthen capital utilization efficiency management, improve profit rankings, and continuously optimize and build a risk management framework to enhance early warning capabilities. (2) Integrate subsidiaries across the Group to advance digital transformation, strengthen customer management, promote joint marketing initiatives, and enhance overall synergies through a strategy focused on data integration and value creation, strengthened synergy-driven services, and an end-to-end customer journey. (3) Continue to develop ABC+S (AI & Automation, Big Data, Cloud, Security), strengthen information governance, and jointly promote related technologies to deepen cross-company collaboration in technical and application scenario experience, accelerating the Group's overall fintech development. (4) Continuously refine the legal compliance management and improve operational efficiency, formulate a legal compliance and AML/CFT development plan, and continue to monitor legal compliance supervision and financial technology development trends to strengthen the risk-based management mechanism. (5) Strengthening corporate sustainable development, continuously evaluating participation in international ESG initiatives and ratings, and monitoring the development of sustainability issues to enhance the Group's visibility in the ESG field.

III. Impact of the Legal Environment

In 2025, the Financial Supervisory Commission continued to focus its regulatory priorities on sustainable finance, the application of emerging technologies, and digital financial transformation, while strengthening fraud prevention and anti-scam measures within the financial sector. It has issued measures including the Digital Financial Services Inclusivity Guidelines, Financial Cybersecurity Resilience Development Blueprint, and Operational Principles for Financial Institutions Applying to Establish Business in Local Asset Management Zones Pilot Program". In coordination with the Executive Yuan, it also reviewed amendments to relevant provisions of the Fraud Crime Hazard Prevention Act. Through broad regulatory relaxation measures aimed at promoting Taiwan as a regional asset management hub in Asia, the government simultaneously sought to strengthen fraud prevention and reduce public property losses.

The Group also continues to align with regulatory policies and implement its ESG development strategy by supporting and guiding corporate net-zero transition through investments and financing in the green energy sector. At the same time, the Group leverages fintech to enhance the quality and efficiency of financial services, promote inclusive finance, and build a more customer-friendly financial environment, while also improving risk detection capabilities to enhance the precision of anti-fraud measures. Furthermore, in response to regulatory relaxation of pilot business scopes and easing of various restrictions, the Group will actively seek business opportunities and develop diversified financial products and differentiated financial services to enhance its overall competitiveness.

While expanding its business, the Group will adopt a prudent approach toward regulatory requirements in sustainable development, legal compliance, cybersecurity, and fraud prevention, comprehensively monitoring and responding to changes in the regulatory environment to ensure that all subsidiaries operate in full compliance with applicable laws and regulations.

IV. Credit Rating

Assessed Institution	Rating Agency	Long-term Credit Rating	Short-term Debt Rating	Future Outlook
Hua Nan Financial Holdings	Taiwan Ratings (2025/07)	twAA-	twA-1+	Stable
Hua Nan Commercial Bank	Taiwan Ratings(2026/01)	twAA+	twA-1+	Stable
	Moody's Rating (2025/10)	A2	P-1	Stable
	Standard & Poor's Ratings (2026/01)	A	A-1	Stable
Hua Nan Securities	Taiwan Ratings (2025/08)	twAA-	twA-1+	Stable
	Fitch Ratings (2025/09)	AA+(tw)	F1+(tw)	Stable
South China Insurance	Taiwan Ratings (2025/12)	twAA	-	Stable
	A.M. Best (2026/01)	A	a	Stable
Hua Nan Assets Management	Taiwan Ratings (2025/06)	twA+	twA-1	Stable

Honesty

**Honesty, integrity and stable
operation professional and
trustworthy**



II. Corporate Governance Report

I. Information of Chairperson, President, Vice President and Department Heads

(I) Director Information

Position	Nationality or Registered Address	Name	Gender Age	Date of Election (Appointment)	Term	Date of Initial Election	Shares held when elected		Current number of shares held		Current shares held by spouse and minor children	
							Number of shares	Shareholding Percentage %	Number of shares	Shareholding Percentage %	Number of shares	Shareholding Percentage %
Chairperson	R.O.C.	Ministry of Finance Representative: Nancy Chen	Female 61-70	2025.06.13	Term until 2028.06.12	2024.08.14	234,226,888	1.70	236,569,156	1.70	0	0
Vice Chairperson	R.O.C.	The Memorial Scholarship Foundation to Hsiung-Chen Lin Representative: T. Lin	Male 51-60	2025.06.13	Term until 2028.06.12	2001.12.19	243,350,266	1.77	245,783,768	1.77	0	0
Director	R.O.C.	Ministry of Finance Representative: Yu-Mei Hsiao	Female 51-60	2026.02.24	Term until 2028.06.12	2026.02.24	234,226,888	1.70	236,569,156	1.70	0	0
Director	R.O.C.	Bank of Taiwan Co., Ltd. Representative: Shih-Ching Jeng	Female 51-60	2025.06.13	Term until 2028.06.12	2016.07.01	2,925,490,905	21.23	2,954,745,814	21.23	0	0
Director	R.O.C.	Bank of Taiwan Co., Ltd. Representative: Chen-Fang Lee	Female 51-60	2025.06.13	Term until 2028.06.12	2024.12.20	2,925,490,905	21.23	2,954,745,814	21.23	0	0
Director	R.O.C.	Bank of Taiwan Co., Ltd. Representative: Yu-Hui Wu	Male 61-70	2025.06.13	Term until 2028.06.12	2025.02.26	2,925,490,905	21.23	2,954,745,814	21.23	0	0
Director	R.O.C.	Bank of Taiwan Co., Ltd. Representative: Chien-Hung Lee	Male 51-60	2025.06.13	Term until 2028.06.12	2025.02.12	2,925,490,905	21.23	2,954,745,814	21.23	0	0
Director	R.O.C.	The Memorial Scholarship Foundation to Hsiung-Chen Lin Representative: Chih-Yang Lin	Male 51-60	2025.06.13	Term until 2028.06.12	2005.01.14 (Note: Interrupted from 2013.07.01 to 2016.06.30)	243,350,266	1.77	245,783,768	1.77	0	0
Director	R.O.C.	The Memorial Scholarship Foundation to Hsiung-Chen Lin Representative: Chih-Yu Lin	Male 51-60	2025.06.13	Term until 2028.06.12	2016.07.01	243,350,266	1.77	245,783,768	1.77	0	0
Director	R.O.C.	He Quan Investment Co., Ltd. Representative: Yuan-Jen Hsu	Male 41-50	2025.08.01	Term until 2028.06.12	2009.05.16 (Note: Interrupted from 2022.10.04 to 2025.07.31)	3,823,574	0.03	3,861,809	0.03	0	0
Director	R.O.C.	He Quan Investment Co., Ltd. Representative: Yuan-Lin Li Hsu	Female 41-50	2025.06.13	Term until 2028.06.12	2022.10.05	3,823,574	0.03	3,861,809	0.03	0	0
Independent Director	R.O.C.	Jui-Chia Lin	Male 41-50	2025.06.13	Term until 2028.06.12	2022.06.17	0	0	0	0	0	0
Independent Director	R.O.C.	E-Dawn Chen	Female 61-70	2025.06.13	Term until 2028.06.12	2025.06.13	0	0	0	0	0	0
Independent Director	R.O.C.	Cheng-Yu Yan	Male 61-70	2025.06.13	Term until 2028.06.12	2025.06.13	0	0	0	0	0	0
Independent Director	R.O.C.	Ming-Hsien Yang	Male 61-70	2025.06.13	Term until 2028.06.12	2019.06.14	0	0	0	0	0	0
Independent Director	R.O.C.	Sung-Tung Chen	Male 61-70	2025.06.13	Term until 2028.06.12	2019.06.14	0	0	0	0	0	0
Independent Director	R.O.C.	San-Chien Tu	Male 71-80	2025.06.13	Term until 2028.06.12	2025.06.13	0	0	0	0	0	0

Shareholding base date: April 20, 2026

Shares held in the names of others		Highest educational attainment/Work experience	Positions held in financial holdings company and other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remarks
Number of shares	Shareholding Percentage %			Position	Name	Relationship	
0	0	Director and General Manager of First Financial Holding; Executive Director of First Commercial Bank Co., Ltd.; Chairperson of First Life Insurance Co., Ltd.; Director of Taiwan Urban Regeneration & Financial Services Co., Ltd.; Executive Vice President of First Commercial Bank Co., Ltd.; Singapore Branch Manager, G.M. of the Credit Review Department; G.M. of the Risk Management Department (Master of Economics, State University of New York)	Chairperson of Hua Nan Commercial Bank	None	None	None	None
0	0	Fund Manager of Mercury Asset Management (Master of Real Estate Economics and Finance, London School of Economics and Political Science, UK)	Vice Chairperson of Hua Nan Commercial Bank	Director	Chih-Yu Lin	Siblings	None
0	0	Chairperson of Mega Bills Finance; Director and President of Mega Financial Holdings; Chairperson of Mega International Commercial Bank Public Company Limited; Chief Secretary of the Board of Directors/ Executive Vice President, Mega Financial Holdings and Mega International Commercial Bank; General Manager of Gongguan Branch, First Commercial Bank; General Manager of Brisbane Branch, First Commercial Bank (Master of Finance, University of Illinois at Urbana-Champaign, USA)	President of Hua Nan Financial Holdings; Chairperson of Hua Nan Investment Trust; Director of Business Development Research Institute; Supervisor of Taipei Financial Center Corp.	None	None	None	None
0	0	Associate Professor in the Department of Risk Management and Insurance of National Chengchi University; Deputy Director of Risk and Insurance Research Center, National Chengchi University; Committee Member of the Fund Management Committee, Council of Indigenous Peoples, Executive Yuan (Ph.D. in Finance and Insurance, University of Rhode Island, USA)	Professor in the Department of Risk Management and Insurance of National Chengchi University	None	None	None	None
0	0	Section Chief, Senior Executive Officer, and Deputy Division Chief, National Treasury Administration, Ministry of Finance (Bachelor of Public Finance, National Chung Hsing University)	Section Chief, National Treasury Administration, Ministry of Finance; Committee Member, Labor Funds Supervisory Committee, Ministry of Labor; Committee Member, Veterans Medical Operating Fund Management Committee, Veterans Affairs Council; Committee Member, Adjustment Assessment Panel for Periodic Retirement/Pension/Survivor Benefits for Military, Civil Servants, and Public School Personnel	None	None	None	None
0	0	Deputy Manager of the Finance Department of Bank of Taiwan; Deputy Manager and Manager of the Risk Management Department of Bank of Taiwan (Bachelor of Business Administration, National Taiwan University)	Executive Vice President of Bank of Taiwan	None	None	None	None
0	0	Professor at Chinese Culture University; Deputy Magistrate of Changhua County Government (Ph.D. in Sociology, National Taiwan University)	Deputy Minister of the Ministry of Labor	None	None	None	None
0	0	Attorney of Taipei Bar Association (Master of Business Administration, National Taiwan University)	Managing Director of Hua Nan Commercial Bank; Chairperson of Yongqi Asset Management Company; Director of Yongshi Development Company; Director of Yongqing R&D Company; Chairperson of Xunyou Company; Director of Tian Ye Construction Co., Ltd.; Director of Taiwan Mineral Industry Company	None	None	None	None
0	0	Assistant Vice President of Hua Nan Venture Capital (MBA, University of California, Los Angeles, U.S.A.)	Director of Hua Nan Commercial Bank; Vice President of Hua Nan Venture Capital	Director	T. Lin	Siblings	None
0	0	Vice Chairperson of Hua Nan Securities; Executive Vice President of Hua Nan Securities (Master of Business Administration, The Wharton School, University of Pennsylvania, USA)	Chairperson of YUAN JEN ENTERPRISES CO., LTD.	Director	Yuan-Lin Li Hsu	Siblings	None
0	0	Director of Hua Nan Investment Trust; Special Assistant of Hong Hua Lubricants Corp. (Master of Educational Psychology, Columbia University; Master of Finance, New York University)	Director of Hua Nan Commercial Bank; Director of Taiwan Sanyo Electric Co., Ltd.	Director	Yuan-Jen Hsu	Siblings	None
0	0	Associate Professor and Assistant professor, Department of Information Management and Finance, National Yang Ming Chiao Tung University; Co-founder of Mister International Enterprise Corp. (Ph.D. in Accounting, National Taiwan University)	Professor of Department of Information Management and Finance, National Yang Ming Chiao Tung University; Director of Global MBA, National Yang Ming Chiao Tung University	None	None	None	None
0	0	Director General of the Department of Banking, Central Bank of the Republic of China (Taiwan); Deputy Director of the Department of Economic Research, Central Bank; Senior Officer of the Department of Economic Research, Central Bank (Bachelor of Banking, National Chengchi University)	Managing Director of Hua Nan Commercial Bank	None	None	None	None
0	0	President of Taishin Securities Investment Trust; Executive Vice President of Jih Sun Financial Holding; President of Fuh Hwa Securities Investment Trust Co., Ltd.; Executive Vice President of Yuanta Securities; President of Jih Sun Securities Investment Trust (Master of Business Administration, Drexel University)	None	None	None	None	None
0	0	Vice President and Chairperson of Deloitte & Touche (Master of Accounting, National Taiwan University)	Independent Director of Hua Nan Commercial Bank; Supervisor of Ann Tong Industrial Co., Ltd.	None	None	None	None
0	0	Prosecutor at the Yunlin, Taichung, and Hsinchu District Prosecutors Offices (Bachelor of Laws, Department of Law, National Chengchi University)	Chairperson of Shun Lung Ceramic Industry Co., Ltd.; Partner Attorney, Lee, Tsai & Partners, Attorneys-at-Law; Independent Director of Hua Nan Commercial Bank; Supervisor of Po Shih Investment Co., Ltd.; Supervisor of Videoland Television Network; Supervisor of GPPC DEVELOPMENT CORP.	None	None	None	None
0	0	Lecturer at the College of Commerce, National Chengchi University; Chairperson of Deloitte & Touche (Master of Accounting, Louisiana State University, USA)	Professor of Department of Information Management and Finance of National Yang Ming Chiao Tung University	None	None	None	None

1. Names of the Top Ten Juridical Person Director Shareholders of the Company and Their Shareholding Ratios

(1) Major Shareholders of the Corporate Shareholder

Date: April 20, 2026

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder
Ministry of Finance	Government agency
Bank of Taiwan Co., Ltd.	Taiwan Financial Holdings Co., Ltd (100%)
The Memorial Scholarship Foundation to Hsiung-Chen Lin	Bequest of the late Mr. Hsiung-Cheng Lin (100%)
He Quan Investment Co., Ltd.	An-Lan Hsu Chen (99%); Yuan-Ling Hsu (1%)

(2) Major Shareholders of Major Shareholders Who Are Juridical Persons

Date: April 20, 2026

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholder (Note 2)
Taiwan Financial Holdings Co., Ltd (100%)	Ministry of Finance (100%)

2. Professional Knowledge of Directors and Independence of Independent Directors

Conditions Name	Professional Qualifications and Experience	Status of Independence	Number of Concurrent Independent Directorships in Other Public Companies
Nancy Chen	- Principal education: Master of Economics, State University of New York, USA - Principal work experience: Director and President of First Financial Holding; Managing Director of First Commercial Bank Co., Ltd.; Chairperson of First Life Insurance Co., Ltd.; Director of Taiwan Urban Regeneration Financial Services Co Ltd; Director of Taiwan Asset Management Corporation; Executive Vice President of First Commercial Bank Co., Ltd.; Manager of the Singapore Branch; Head of the Credit Review Department; and Head of the Risk Management Department - Current position: Chairperson of Hua Nan Financial Holdings / Hua Nan Commercial Bank - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0
T. Lin	- Principal education: Master of Real Estate Economics and Finance, London School of Economics and Political Science, UK - Principal work experience: Fund Manager of Mercury Asset Management - Current position: Vice Chairperson of Hua Nan Financial Holdings / Hua Nan Commercial Bank - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0
Yu-Mei Hsiao	- Principal education: Master of Finance, University of Illinois at Urbana-Champaign, USA - Principal work experience: Chairperson of Mega Bills Finance; Director and President of Mega Financial Holdings; Chairperson of Mega International Commercial Bank Public Company Limited; Chief Secretary of the Board of Directors/ Executive Vice President, Mega Financial Holdings and Mega International Commercial Bank; General Manager of Gongguan Branch, First Commercial Bank; General Manager of Brisbane Branch, First Commercial Bank - Current position: Director and President of Hua Nan Financial Holdings; Chairperson of Hua Nan Investment Trust; Director of Business Development Research Institute; Supervisor of Taipei Financial Center Corp. - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0

Conditions Name	Professional Qualifications and Experience	Status of Independence	Number of Concurrent Independent Directorships in Other Public Companies
Shih-Ching Jeng	- Principal education: Ph.D. in Finance and Insurance, University of Rhode Island, USA - Principal work experience: Associate Professor, Department of Risk Management and Insurance, National Chengchi University; Deputy Director, Risk and Insurance Research Center, National Chengchi University; Committee Member, Fund Management Committee, Council of Indigenous Peoples, Executive Yuan - Current position: Director of Hua Nan Financial Holdings; Professor, Department of Risk Management and Insurance, National Chengchi University - University professor; possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0
Chen-Fang Lee	- Principal education: Bachelor of Public Finance, National Chung Hsing University - Principal work experience: Section Chief, Specialist, and Deputy Director, National Treasury Administration, Ministry of Finance - Current position: Director of Hua Nan Financial Holdings; Section Chief, National Treasury Administration, Ministry of Finance; Committee Member, Labor Funds Supervisory Committee, Ministry of Labor; Committee Member, Veterans Medical Operating Fund Management Committee, Veterans Affairs Council; Committee Member, Adjustment Assessment Panel for Periodic Retirement/Pension/Survivor Benefits for Military, Civil Servants, and Public School Personnel - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0
Yu-Hui Wu	- Principal education: Bachelor of Business Administration, National Taiwan University - Principal work experience: Deputy Manager of the Finance Department, Bank of Taiwan; Deputy Manager and Manager of the Risk Management Department, Bank of Taiwan - Current position: Director of Hua Nan Financial Holdings; Executive Vice President, Bank of Taiwan - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0
Chien-Hung Lee	- Principal education: Ph.D. in Sociology, National Taiwan University - Principal work experience: Professor at Chinese Culture University; Deputy Magistrate of Changhua County Government - Current position: Director of Hua Nan Financial Holdings; Deputy Minister of the Ministry of Labor - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0
Chih-Yang Lin	- Principal education: Master of Business Administration, National Taiwan University - Principal work experience: Attorney, Taipei Bar Association - Current position: Director of Hua Nan Financial Holdings; Managing Director of Hua Nan Commercial Bank; Chairman of Yong Chyi Asset Management Co., Ltd.; Director of Yong Shih Development Co., Ltd.; Director of Yong Ching Research & Development Co., Ltd.; Chairman of Hsun Yu Co., Ltd.; Director of Tian Ye Construction Co., Ltd. Director of Taiwan Mineral Industry Company - Attorney; possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0

Conditions Name	Professional Qualifications and Experience	Status of Independence	Number of Concurrent Independent Directorships in Other Public Companies
Chih-Yu Lin	- Principal education: Master of Business Administration, University of California, Los Angeles, USA - Principal work experience: Assistant Vice President, Hua Nan Venture Capital Co. Ltd. - Current position: Director of Hua Nan Financial Holdings; Director of Hua Nan Commercial Bank; Executive Vice President of Hua Nan Venture Capital - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0
Yuan-Jen Hsu	- Principal education: Master of Business Administration, The Wharton School, University of Pennsylvania, USA - Principal work experience: Vice Chairman of Hua Nan Securities; Executive Vice President of the Brokerage Headquarters, Hua Nan Securities - Current position: Director of Hua Nan Financial Holdings; Chairman of Yuan-Jen Enterprise Co., Ltd. - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0
Yuan-Lin Li Hsu	- Principal education: Master of Educational Psychology, Columbia University; Master of Finance, New York University, USA - Principal work experience: Director of Hua Nan Investment Trust; Special Assistant of Hong Hua Lubricants Corp. - Current position: Director of Hua Nan Financial Holdings; Director of Hua Nan Commercial Bank; Director of Taiwan Sanyo Electric Co., Ltd. - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	Not applicable	0
Jui-Chia Lin	- Principal education: Ph.D. in Accounting, National Taiwan University - Principal work experience: Associate Professor and Assistant Professor, Department of Information Management and Finance, National Yang Ming Chiao Tung University; Co-founder of Mister International Enterprise Corp. - Current position: Independent Director of Hua Nan Financial Holdings; Professor, Department of Information Management and Finance, National Yang Ming Chiao Tung University; Director of Global MBA, National Yang Ming Chiao Tung University - Possesses the work experience required for accounting and financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliated enterprises. (2) Not a director or supervisor of the Company or any of its affiliated enterprises. (3) Not a natural-person shareholder who holds, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who ranks among the top ten shareholders. (4) The spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliated enterprises, nor are they natural-person shareholders who hold, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who rank among the top ten shareholders. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total issued shares of the Company, that ranks among the top five shareholders, or that has designated a representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of any other company where a majority of the director seats or voting shares is controlled by the same person as those of the Company. (7) Not a director (governor), supervisor, or employee of any other company or institution where the chairman, president, or person holding an equivalent position is the same person as, or is the spouse of, the chairman or president of the Company. (8) Not a director (governor), supervisor (member), managerial officer, or shareholder holding 5% or more of the shares of any specific company or institution that has financial or business dealings with the Company. (9) Not a professional individual, or an owner, partner, director (governor), supervisor (member), managerial officer, or the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing services, or commercial, legal, financial, accounting, or other related services to the Company or its affiliated enterprises and for which the cumulative compensation received in the most recent two years does not exceed NT\$500,000. However, this restriction does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Merger and Acquisition Committee performing their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws and regulations. (10) Does not have a spousal or second-degree-of-kinship relationship with other directors. (11) Has not been elected as a director under Article 27 of the Company Act as a government agency, juridical person, or representative thereof.	0

Name	Conditions Professional Qualifications and Experience	Status of Independence	Number of Concurrent Independent Directorships in Other Public Companies
E-Dawn Chen	- Principal education: Bachelor of Banking, National Chengchi University - Principal work experience: Director General of the Department of Banking, Central Bank of the Republic of China (Taiwan); Deputy Director of the Department of Economic Research, Central Bank; Senior Officer of the Department of Economic Research, Central Bank - Current position: Independent Director of Hua Nan Financial Holdings; Standing Independent Director of Hua Nan Commercial Bank - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	- Not an employee of the Company or any of its affiliated enterprises. - Not a natural-person shareholder who holds, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who ranks among the top ten shareholders. - The spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliated enterprises, nor are they natural-person shareholders who hold, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who rank among the top ten shareholders. - Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total issued shares of the Company, that ranks among the top five shareholders, or that has designated a representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. - Not a director, supervisor, or employee of any other company where a majority of the director seats or voting shares is controlled by the same person as those of the Company. - Not a director (governor), supervisor (member), or employee of any other company or institution where the chairman, president, or person holding an equivalent position is the same person as, or is the spouse of, the chairman or president of the Company. - Not a director (governor), supervisor (member), managerial officer, or shareholder holding 5% or more of the shares of any specific company or institution that has financial or business dealings with the Company. - Not a professional individual, or an owner, partner, director (governor), supervisor (member), managerial officer, or the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing services, or commercial, legal, financial, accounting, or other related services to the Company or its affiliated enterprises and for which the cumulative compensation received in the most recent two years does not exceed NT\$500,000. However, this restriction does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Merger and Acquisition Committee performing their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws and regulations. - Does not have a spousal or second-degree-of-kinship relationship with other directors. - Has not been elected as a director under Article 27 of the Company Act as a government agency, juridical person, or representative thereof.	0
Cheng-Yu Yan	- Principal education: Master of Business Administration, Drexel University - Principal work experience: President of Taishin Securities Investment Trust; Executive Vice President of Jih Sun Financial Holding; President of Fuh Hwa Securities Investment Trust Co., Ltd; Executive Vice President of Yuanta Securities; President of Jih Sun Securities Investment Trust - Current position: Independent Director of Hua Nan Financial Holdings - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	- Not an employee of the Company or any of its affiliated enterprises. - Not a director or supervisor of the Company or any of its affiliated enterprises. - Not a natural-person shareholder who holds, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who ranks among the top ten shareholders. - The spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliated enterprises, nor are they natural-person shareholders who hold, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who rank among the top ten shareholders. - Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total issued shares of the Company, that ranks among the top five shareholders, or that has designated a representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. - Not a director, supervisor, or employee of any other company where a majority of the director seats or voting shares is controlled by the same person as those of the Company. - Not a director (governor), supervisor (member), or employee of any other company or institution where the chairman, president, or person holding an equivalent position is the same person as, or is the spouse of, the chairman or president of the Company. - Not a director (governor), supervisor (member), managerial officer, or shareholder holding 5% or more of the shares of any specific company or institution that has financial or business dealings with the Company. - Not a professional individual, or an owner, partner, director (governor), supervisor (member), managerial officer, or the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing services, or commercial, legal, financial, accounting, or other related services to the Company or its affiliated enterprises and for which the cumulative compensation received in the most recent two years does not exceed NT\$500,000. However, this restriction does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Merger and Acquisition Committee performing their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws and regulations. - Does not have a spousal or second-degree-of-kinship relationship with other directors. - Has not been elected as a director under Article 27 of the Company Act as a government agency, juridical person, or representative thereof.	0
Ming-Hsien Yang	- Principal education: Master of Accounting, National Taiwan University - Principal work experience: Vice President and Chairman of Deloitte & Touche - Current position: Independent Director of Hua Nan Financial Holdings; Independent Director of Hua Nan Commercial Bank; Supervisor of Ann Tong Industrial Co., Ltd. - CPA; possesses the work experience required for accounting and financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	- Not an employee of the Company or any of its affiliated enterprises. - Not a natural-person shareholder who holds, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who ranks among the top ten shareholders. - The spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliated enterprises, nor are they natural-person shareholders who hold, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who rank among the top ten shareholders. - Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total issued shares of the Company, that ranks among the top five shareholders, or that has designated a representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. - Not a director, supervisor, or employee of any other company where a majority of the director seats or voting shares is controlled by the same person as those of the Company. - Not a director (governor), supervisor (member), or employee of any other company or institution where the chairman, president, or person holding an equivalent position is the same person as, or is the spouse of, the chairman or president of the Company. - Not a director (governor), supervisor (member), managerial officer, or shareholder holding 5% or more of the shares of any specific company or institution that has financial or business dealings with the Company. - Not a professional individual, or an owner, partner, director (governor), supervisor (member), managerial officer, or the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing services, or commercial, legal, financial, accounting, or other related services to the Company or its affiliated enterprises and for which the cumulative compensation received in the most recent two years does not exceed NT\$500,000. However, this restriction does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Merger and Acquisition Committee performing their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws and regulations. - Does not have a spousal or second-degree-of-kinship relationship with other directors. - Has not been elected as a director under Article 27 of the Company Act as a government agency, juridical person, or representative thereof.	0

Conditions Name	Professional Qualifications and Experience	Status of Independence	Number of Concurrent Independent Directorships in Other Public Companies
Sung-Tung Chen	- Principal education: Bachelor of Laws, Department of Law, National Chengchi University - Principal work experience: Prosecutor at the Yunlin, Taichung, and Hsinchu District Prosecutors Offices - Current position: Independent Director of Hua Nan Financial Holdings; Independent Director of Hua Nan Commercial Bank; Chairman of Shun Lung Ceramic Industry Co., Ltd.; Partner Attorney of Lee, Tsai & Partners; Supervisor of Po Shih Investment Co., Ltd.; Supervisor of Videoland Television Network; Supervisor of GPPC DEVELOPMENT CORP. - Attorney; possesses the work experience required for legal and financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliated enterprises. (2) Not a natural-person shareholder who holds, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who ranks among the top ten shareholders. (3) The spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliated enterprises, nor are they natural-person shareholders who hold, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who rank among the top ten shareholders. (4) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total issued shares of the Company, that ranks among the top five shareholders, or that has designated a representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. (5) Not a director, supervisor, or employee of any other company where a majority of the director seats or voting shares is controlled by the same person as those of the Company. (6) Not a director (governor), supervisor (member), or employee of any other company or institution where the chairman, president, or person holding an equivalent position is the same person as, or is the spouse of, the chairman or president of the Company. (7) Not a director (governor), supervisor (member), managerial officer, or shareholder holding 5% or more of the shares of any specific company or institution that has financial or business dealings with the Company. (8) Not a professional individual, or an owner, partner, director (governor), supervisor (member), managerial officer, or the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing services, or commercial, legal, financial, accounting, or other related services to the Company or its affiliated enterprises and for which the cumulative compensation received in the most recent two years does not exceed NT\$500,000. However, this restriction does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Merger and Acquisition Committee performing their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws and regulations. (9) Does not have a spousal or second-degree-of-kinship relationship with other directors. (10) Has not been elected as a director under Article 27 of the Company Act as a government agency, juridical person, or representative thereof.	0
San-Chien Tu	- Principal education: Master of Accounting, Louisiana State University, USA - Principal work experience: Lecturer at the College of Commerce, National Chengchi University; Chairman of Deloitte & Touche - Current position: Independent Director of Hua Nan Financial Holdings; Independent Director, SINMAG EQUIPMENT CORPORATION, Independent Director, BioScience, Inc. Independent Director, SYNMOSA BIOPHARMA CORPORATION, Managing Partner, Bang Guei CPA Firm - Possesses the work experience required for financial business operations - Has none of the circumstances set forth in any subparagraph of Article 30 of the Company Act	(1) Not an employee of the Company or any of its affiliated enterprises. (2) Not a director or supervisor of the Company or any of its affiliated enterprises. (3) Not a natural-person shareholder who holds, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who ranks among the top ten shareholders. (4) The spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliated enterprises, nor are they natural-person shareholders who hold, in their own name or in the name of their spouse, minor children, or any other person, more than 1% of the total issued shares of the Company or who rank among the top ten shareholders. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total issued shares of the Company, that ranks among the top five shareholders, or that has designated a representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of any other company where a majority of the director seats or voting shares is controlled by the same person as those of the Company. (7) Not a director (governor), supervisor (member), or employee of any other company or institution where the chairman, president, or person holding an equivalent position is the same person as, or is the spouse of, the chairman or president of the Company. (8) Not a director (governor), supervisor (member), managerial officer, or shareholder holding 5% or more of the shares of any specific company or institution that has financial or business dealings with the Company. (9) Not a professional individual, or an owner, partner, director (governor), supervisor (member), managerial officer, or the spouse thereof, of a sole proprietorship, partnership, company, or institution that provides auditing services, or commercial, legal, financial, accounting, or other related services to the Company or its affiliated enterprises and for which the cumulative compensation received in the most recent two years does not exceed NT\$500,000. However, this restriction does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Merger and Acquisition Committee performing their duties in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act and related laws and regulations. (10) Does not have a spousal or second-degree-of-kinship relationship with other directors. (11) Has not been elected as a director under Article 27 of the Company Act as a government agency, juridical person, or representative thereof.	3

3. Diversity and Independence of Board Members:

(1) Board Diversity

To implement the establishment of a sound corporate governance system, Article 32 of the Company's "Corporate Governance Best Practice Principles" stipulates that "the composition of the Board of Directors shall take diversity into consideration. The number of directors concurrently serving as managerial officers of the Company shall not constitute too high a proportion of the Board, and shall comply with the concurrent position requirements set forth in Article 26. Appropriate diversity policies shall be formulated based on the Company's own operations, business model, and development needs, including but not limited to the following two main aspects of criteria: (A) Basic conditions: gender, age, etc. (B) Professional knowledge and skills (legal, accounting, industry, finance, marketing, or technology), professional skills, and industry experience."

The Company's Board of Directors consists of 17 directors, including 6 independent directors. The Company places importance on the diversity of industry experience among Board members. The basic goal is for the Board to have at least one director with industry work experience in banking, securities, and insurance. The Company's Board members have diverse industry experience, including financial holding, banking, securities, insurance, asset management, investment, and bills finance, as well as education, venture capital, real estate development, e-commerce, legal services, public service, and healthcare (public health). In addition, the Company's directors have a diverse age distribution: 3 directors are between 41 and 50 years old, 7 are between 51 and 60 years old, and 7 are over 61 years old. Furthermore, the Company also values gender equality in the composition of its Board members. There are 6 female directors, representing 35.3%, with each gender accounting for at least one-third of the Board seats. The relevant implementation status is shown in the table below:

Diversity Core	Basic Composition						Industry experience														Professional Capabilities										
Director Name	Nationality	Gender	Employee Status	Age		Years of Service as Independent Director		Financial Holding	Banking Industry	Securities Industry	Insurance Industry	Asset Management	Investment	Bills Finance	Education	Venture Capital	Real Estate Development	E-commerce	Legal Services	Public Service	Healthcare (Public Health)	Operational Judgment	Accounting and Financial Analysis	Business Management	Crisis Management	Industry Knowledge	International Market Perspective	Leadership	Decision-making	Risk Management Knowledge and Capabilities	
				41-50	51-60	Above 61	Under 3 years																								3 to 9 year
Nancy Chen	R.O.C.	Female			V			V	V		V	V					V					V	V	V	V	V	V	V	V	V	V
T. Lin	R.O.C.	Male		V				V	V	V	V	V	V				V					V	V	V	V	V	V	V	V	V	V
Yu-Mei Hsiao	R.O.C.	Female	V		V			V	V			V										V	V	V	V	V	V	V	V	V	V
Jui-Chia Lin	R.O.C.	Male		V				V	V						V	V			V			V	V	V	V	V	V	V	V	V	V
E-Dawn Chen	R.O.C.	Female				V	V		V	V												V	V	V	V	V	V	V	V	V	V
Cheng-Yu Yan	R.O.C.	Male			V	V		V		V			V									V	V	V	V	V	V	V	V	V	V
Ming-Hsien Yang	R.O.C.	Male			V			V	V	V	V	V	V									V	V	V	V	V	V	V	V	V	V
Sung-Tung Chen	R.O.C.	Male				V		V	V	V									V						V				V	V	V
San-Chien Tu	R.O.C.	Male			V	V		V	V	V	V														V				V	V	V
Shih-Ching Jeng	R.O.C.	Female		V				V	V		V											V	V	V	V	V	V	V	V	V	V
Chen-Fang Lee	R.O.C.	Female		V				V												V		V	V	V	V	V	V	V	V	V	V
Yu-Hui Wu	R.O.C.	Male			V			V	V													V	V	V	V	V	V	V	V	V	V
Chien-Hung Lee	R.O.C.	Male		V				V													V	V	V	V	V	V	V	V	V	V	V
Chih-Yang Lin	R.O.C.	Male			V			V	V			V	V				V					V	V	V	V	V	V	V	V	V	V
Chih-Yu Lin	R.O.C.	Male	V		V			V	V			V	V			V						V	V	V	V	V	V	V	V	V	V
Yuan-Jen Hsu	R.O.C.	Male		V				V		V			V									V	V	V	V	V	V	V	V	V	V
Yuan-Lin Li Hsu	R.O.C.	Female		V				V	V				V		V							V	V	V	V	V	V	V	V	V	V

Note: The professional capabilities listed in this table are based on the capabilities that the Board of Directors should possess as stipulated in Article 32 of the Company's Corporate Governance Best Practice Principles.

(2) Independence of the Board of Directors

The Company's 9th-term Board of Directors consists of 17 directors, and the continuous terms of all independent directors do not exceed three terms. The Board of Directors guides corporate strategy, supervises the management, and is accountable to the Company and shareholders. In all the operations and arrangements of the corporate governance system, the Board exercises its authority in accordance with laws and regulations, the Articles of Incorporation, or resolutions of the shareholders' meetings. The Company's Board of Directors emphasizes independent operation and transparency. Both directors and independent directors are independent individuals who exercise their authority independently. The 6 independent directors also comply with relevant laws and regulations, and together with the authority of the Audit Committee, effectively supervise the effective implementation of the Company's internal controls, the appointment (or dismissal) and independence of certifying CPAs, and the fair preparation of the financial statements. In addition, in accordance with the Company's "Director Election Procedures," the election of directors and independent directors adopts the cumulative voting system and the candidate nomination system, encouraging shareholder participation. Shareholders holding a certain number of shares or more may submit a list of candidates. The review of candidate qualifications and the verification of whether any of the circumstances set forth in Article 30 of the Company Act exist, as well as the relevant intake procedures, are all conducted and announced in accordance with the law to safeguard shareholders' rights and prevent the monopolization or excessive submission of nominations, thereby maintaining independence.

(II) President, Executive Vice Presidents, and Department Heads

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse and Minor Children		Shares Held in Other Persons' Names	
					Number of Shares Held	Percentage (%)	Number of Shares Held	Percentage (%)	Number of Shares Held	Percentage (%)
President	R.O.C.	Yu-Mei Hsiao	Female	2026.02.24	200,000	0	0	0	0	0
Executive Vice President	R.O.C.	Po-Hsun Chen	Male	2025.01.22	42,870	0	0	0	0	0
Executive Vice President (Head Office Regulatory Compliance Supervisor)	R.O.C.	Su-Jung Hsu	Female	2024.08.01	116,351	0	0	0	0	0
Chief Auditor and G.M. of the Auditing Department	R.O.C.	Chun-Heng Tsao	Male	2026.01.16	147	0	0	0	0	0
Chief Secretary of Board of Directors	R.O.C.	Mey-Ru Lai	Female	2025.01.16	0	0	0	0	0	0
G.M. of the Marketing Department	R.O.C.	Chao-Chih Yeh	Male	2017.07.01	84,705	0	1,606	0	0	0
G.M. of the Administration Department	R.O.C.	Fu-Hsing Kuo	Male	2025.01.22	0	0	0	0	0	0
G.M. of the Risk Management Department	R.O.C.	Chang-Hao Lee	Male	2025.01.01	7,120	0	0	0	0	0
G.M. of the Finance Department and Chief of Corporate Governance	R.O.C.	Shih-Wei Kuo	Male	2022.07.29	12,241	0	0	0	0	0
G.M. of the Law and Ordinance Compliance Department	R.O.C.	Kun-Shu Hsu	Male	2022.07.29	18,885	0	53,459	0	0	0
G.M. of the Information Technology Department and Chief Information Security Officer	R.O.C.	Hsi-Han Chen	Male	2022.11.01	0	0	0	0	0	0

(III) Information on Retired Chairman and President Returning as Consultants: None.

Date of Share Subscription: Apr. 20, 2026

Principal Work (Education) Experience	Concurrent Positions Currently Held in Other Companies	Spousal Relationship or Relationship within the Second Degree of Kinship			Status of Managers' Acquisition of Employee Stock Options	Note
		Title	Name	Relationship		
Chairperson of Mega Bills Finance; Director and President of Mega Financial Holdings; Chairperson of Mega International Commercial Bank Public Company Limited; Chief Secretary of the Board of Directors/ Executive Vice President, Mega Financial Holdings and Mega International Commercial Bank; General Manager of Gongguan Branch, First Commercial Bank; General Manager of Brisbane Branch, First Commercial Bank Master of Finance, University of Illinois at Urbana-Champaign, USA	Chairperson of Hua Nan Investment Trust; Director of Business Development Research Institute; Supervisor of Taipei Financial Center Corp.	None	None	None	Not issued	None
G.M. of the Administration Department; Senior Secretary of the Board of HNFHC Master of Economics, National Chi Nan University	Chairperson and President of Hua Nan Venture Capital Co. Ltd.; Director of Hua Nan Investment Trust	None	None	None	Not issued	None
Manager of Legal Compliance Department of Hua Nan Commercial Bank Department of Law, National Chengchi University	Vice President of Hua Nan Commercial Bank; Director of South China Insurance Co., Ltd.; Director of Hua Nan Venture Capital	None	None	None	Not issued	None
Manager of the Operations Management Department of Hua Nan Commercial Bank; Supervisor of Hua Nan International Leasing Department of Journalism, Shih Hsin University	Supervisor of Hua Nan Assets Management; Supervisor of Hua Nan Venture Capital	None	None	None	Not issued	None
Manager of Consumer Banking Department Open Business College Affiliated National Taipei University of Business	Chief Secretary of the Board of Directors of Han Nan Commercial Bank; Director of Hua Nan International Leasing	None	None	None	Not issued	None
Manager of Taoyuan, Taishan and Pa Teh Branch, Deputy General Manager of Wu Ku Branch of Hua Nan Commercial Bank Master's in business administration, Fu Jen Catholic University	Director of Hua Nan Investment Trust	None	None	None	Not issued	None
Manager of Nan-Neihu Branch of Hua Nan Commercial Bank; Deputy General Manager of Credit Management Department of Hua Nan Commercial Bank Master of Administrative Management of National Chengchi University	Director of Hua Nan Investment Trust	None	None	None	Not issued	None
Deputy General Manager of Chengdong Branch of Hua Nan Commercial Bank; Deputy General Manager of Risk Management Department of Hua Nan Commercial Bank Master of Institute of Finance of National Chung Cheng University	None	None	None	None	Not issued	None
Deputy General Manager of Finance & Accounting Department and Senior Secretary of the Board of Hua Nan Commercial Bank Master of Accounting, National Taiwan University	Manager of Finance & Accounting Department of Hua Nan Commercial Bank; Director of Hua Nan Investment Management	None	None	None	Not issued	None
Manager of Yingge Branch of Hua Nan Commercial Bank Law Department of National Taiwan University	Manager of Legal Compliance Department of Hua Nan Commercial Bank; Director of Hua Nan Futures	None	None	None	Not issued	None
Deputy General Manager of the Development and Testing Department of China Trust Commercial Bank; IBM Global Technology Service Department Structure and Consulting Service Management Consultant; Manager of Enterprise Risk Information Security Service Department of Deloitte Master of Business Administration and Information Management, Boston University, U.S.A.	Vice President of Hua Nan Commercial Bank - Information management team supervisor and financial technology and operational management team supervisor	None	None	None	Not issued	None

II. Remuneration Paid to Directors (including Independent Directors), President, and Executive Vice Presidents, and Distribution of Employee Compensation for Fiscal Year 2025

(I) Remuneration of General Directors and Independent Directors (Disclosure by aggregate compensation brackets with names)

Position	Name	Remuneration of Directors								Ratio of Total Amount A, B, C and D to Net Profit after Tax	
		Remuneration (A)		Severance Pay and Pension (B)		Remuneration of Directors (C)		Service Execution Compensation (D)			
		The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements	The Company	All Companies in Financial Statements
Chairperson	Ministry of Finance										
	Nancy Chen										
Vice Chairperson	The Memorial Scholarship Foundation to Hsiung-Chen Lin										
	Ming-Cheng Lin (resigned on June 13, 2025)										
	T. Lin (Served as Director from January 1, 2025 to June 12, 2025; appointed as Vice Chairperson on June 13, 2025)										
	Ministry of Finance										
Director	Yao-Ching Li										
	Bank of Taiwan Co., Ltd.										
Director	Chou-Wen Wang (resigned on June 13, 2025)										
	Bank of Taiwan Co., Ltd.										
Director	Chen-Fang Lee										
	Bank of Taiwan Co., Ltd.										
Director	Chien-Hung Lee (appointed on February 12, 2025)										
	Bank of Taiwan Co., Ltd.										
Director	Yu-Chen Wang (resigned on February 26, 2025)										
	Yu-Hui Wu (appointed on February 26, 2025)										
Director	Bank of Taiwan Co., Ltd.										
	Shih-Ching Jeng										
Director	Chen-Yuan Tu (resigned on June 13, 2025)										
Director	The Memorial Scholarship Foundation to Hsiung-Chen Lin										
	Chih-Yu Lin										
Director	The Memorial Scholarship Foundation to Hsiung-Chen Lin (2025.06.13 - 2025.12.31)										
	Chih-Yang Lin										
Director	He Quan Investment Co., Ltd.										
	An-Lan Hsu Chen (resigned on August 1, 2025)										
	Yuan-Jen Hsu (appointed on August 1, 2025)										
	He Quan Investment Co., Ltd.										
Director	Yuan-Lin Li Hsu										
	China Man-made Fiber Co., Ltd.										
Director	Vivien, Chia-Ying Shen (resigned on June 13, 2025)										
Subtotal		10,480	16,892	9,231	9,695	266,945	266,945	6,036	9,367	292,692	302,899
										1.11%	1.15%
Independent Director	Kuo-Chuan Lin (resigned on June 13, 2025)										
Independent Director	Ming-Hsien Yang										
Independent Director	Sung-Tung Chen										
Independent Director	Jui-Chia Lin										
Independent Director	San-Chien Tu (appointed on June 13, 2025)										
Independent Director	E-Dawn Chen (appointed on June 13, 2025)										
Independent Director	Cheng-Yu Yan (appointed on June 13, 2025)										
Subtotal		3,672	4,656	0	0	0	0	1,042	1,373	4,714	6,029
										0.02%	0.02%
Total		14,152	21,548	9,231	9,695	266,945	266,945	7,078	10,740	297,406	308,928
										1.13%	1.17%

- The principal duties of the Company's independent directors include participating in the Board of Directors, the Audit Committee, and the Integrity Management Committee, and participating in the Remuneration Committee and other functional committees in accordance with relevant regulations. The compensation standards for independent directors are determined in accordance with the Ministry of Finance's Letter No. Taicai-Ku-Tzu 09903518290 of 2010, under which they receive a fixed monthly compensation and do not receive separate director compensation.
- In addition to the disclosures in the table above, the remuneration received by directors of the Company in the most recent year for providing services (such as serving as consultants not as employees to the parent company / all companies included in the consolidated financial statements / reinvested enterprises): NT\$0.

Unit: NT\$ thousand

[illegible]

Remuneration Grade Table

Compensation Brackets Paid to Each Director of the Company	Director Name							
	Total of the First Four Items of Remuneration (A+B+C+D)				Total of the First Seven Items of Remuneration (A+B+C+D+E+F+G)			
	The Company		All Companies Included in the Consolidated Financial Statements		The Company		Parent Company and All Reinvested Enterprises	
	Director	Independent Director	Director	Independent Director	Director	Independent Director	Director	Independent Director
Less than NT\$1,000,000	Yao-Ching Li, Shih-Ching Jeng, Chien-Hung Lee, Chou-Wen Wang, Yu-Chen Wang, Yu-Hui Wu, Chen-Fang Lee, T. Lin, Chih-Yu Lin, An-Lan Hsu Chen, Yuan-Jen Hsu, Yuan-Lin Li Hsu, Vivien, Chia-Ying Shen	Kuo-Chuan Lin, Ming-Hsien Yang, Sung-Tung Chen, Jui-Chia Lin, San-Chien Tu, E-Dawn Chen, Cheng-Yu Yen	Yao-Ching Li, Shih-Ching Jeng, Chien-Hung Lee, Chou-Wen Wang, Yu-Chen Wang, Yu-Hui Wu, Chen-Fang Lee, Chih-Yu Lin, An-Lan Hsu Chen, Yuan-Jen Hsu, Yuan-Lin Li Hsu, Vivien, Chia-Ying Shen	Kuo-Chuan Lin, Jui-Chia Lin, San-Chien Tu, E-Dawn Chen, Cheng-Yu Yen	Shih-Ching Jeng, Chien-Hung Lee, Chou-Wen Wang, Yu-Chen Wang, Yu-Hui Wu, Chen-Fang Lee, T. Lin, Chih-Yu Lin, An-Lan Hsu Chen, Yuan-Jen Hsu, Yuan-Lin Li Hsu, Vivien, Chia-Ying Shen	Kuo-Chuan Lin, Ming-Hsien Yang, Sung-Tung Chen, Jui-Chia Lin, San-Chien Tu, E-Dawn Chen, Cheng-Yu Yen	Shih-Ching Jeng, Chien-Hung Lee, Chou-Wen Wang, Yu-Chen Wang, Yu-Hui Wu, Chen-Fang Lee, An-Lan Hsu Chen, Yuan-Jen Hsu, Yuan-Lin Li Hsu, Vivien, Chia-Ying Shen	Kuo-Chuan Lin, Jui-Chia Lin, San-Chien Tu, E-Dawn Chen, Cheng-Yu Yen
NT\$1,000,000 (including) to NT\$2,000,000 (excluding)				Ming-Hsien Yang, Sung-Tung Chen				Ming-Hsien Yang, Sung-Tung Chen
NT\$2,000,000 (including) to NT\$3,500,000 (excluding)							Chih-Yu Lin	
NT\$3,500,000 (including) to NT\$5,000,000 (excluding)								
NT\$5,000,000 (including) to NT\$10,000,000 (excluding)	Nancy Chen, China Man-Made Fiber Corporation, Chen-Yuan Tu; Chih-Yang Lin		Nancy Chen, T. Lin, China Man-Made Fiber Corporation, Chen-Yuan Tu, Chih-Yang Lin		Nancy Chen, Yao-Ching Li, China Man-Made Fiber Corporation, Chen-Yuan Tu, Chih-Yang Lin		Yao-Ching Li, T. Lin, China Man-Made Fiber Corporation, Chen-Yuan Tu, Chih-Yang Lin	
NT\$10,000,000 (including) to NT\$15,000,000 (excluding)	Ming-Cheng Lin		Ming-Cheng Lin		Ming-Cheng Lin		Nancy Chen, Ming-Cheng Lin	
NT\$15,000,000 (including) to NT\$30,000,000 (excluding)								
NT\$30,000,000 (including) to NT\$50,000,000 (excluding)	He Quan Investment Co., Ltd.		He Quan Investment Co., Ltd.		He Quan Investment Co., Ltd.		He Quan Investment Co., Ltd.	
NT\$50,000,000 (including) to NT\$100,000,000 (excluding)	Ministry of Finance, Bank of Taiwan Co., Ltd., The Memorial Scholarship Foundation to Hsiung-Chen Lin		Ministry of Finance, Bank of Taiwan Co., Ltd., The Memorial Scholarship Foundation to Hsiung-Chen Lin		Ministry of Finance, Bank of Taiwan Co., Ltd., The Memorial Scholarship Foundation to Hsiung-Chen Lin		Ministry of Finance, Bank of Taiwan Co., Ltd., The Memorial Scholarship Foundation to Hsiung-Chen Lin	
Over NT\$100,000,000								
Total	29		29		29		29	

Note 1: The official vehicles of the Chairman and Vice Chairman are leased, and the rental fees and fuel costs have been incorporated into the calculation of business execution expenses; the official vehicle of the President is leased, and the rental fees and fuel costs have been incorporated into the calculation of column (E).

Note 2: The compensation of the drivers of the official vehicles of the Chairman, Vice Chairman, and President is paid by the subsidiary Hua Nan Commercial Bank; the Company does not pay such expenses.

(II) Remuneration of the President and Executive Vice Presidents (Disclosure by aggregate compensation brackets with names) Unit: NT\$ thousand

Title	Name	Salary (A)		Severance and Retirement Pay (B)		Bonuses and Special Expenses, etc. (C)		Employee Compensation Amount (D)				Total amount of items A, B, C, and D and the percentage thereof to net income after tax (%)		Compensation received from reinvested enterprises other than subsidiaries or from the parent company
		The Company	All Companies Included in the Consolidated Financial Statements	The Company	All Companies Included in the Consolidated Financial Statements	The Company	All Companies Included in the Consolidated Financial Statements	The Company		All Companies Included in the Consolidated Financial Statements		The Company	All Companies Included in the Consolidated Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Yao-Ching Li													
Vice President (Chief Compliance Officer)	Su-Jung Hsu													
Vice President	Kuei-Chi Lin (Retired on January 16, 2025)													
Vice President	Po-Hsun Chen (Appointed on January 22, 2025)													
Chief Auditor concurrently serving as Head of the Board of Directors Audit Office	Pi-E Huang													
Total		11,004	14,849	13,893	14,349	8,989	11,998	2,410	0	3,636	0	36.296 0.14%	44,832 0.17%	162

Compensation Bracket Table

Compensation Brackets Paid to Each President and Executive Vice President of the Company	Names of the President and Executive Vice Presidents	
	The Company	Parent Company and All Reinvested Enterprises
Less than NT\$1,000,000	Su-Jung Hsu	
NT\$1,000,000 (including) to NT\$2,000,000 (excluding)		
NT\$2,000,000 (including) to NT\$3,500,000 (excluding)		
NT\$3,500,000 (including) to NT\$5,000,000 (excluding)		
NT\$5,000,000 (including) to NT\$10,000,000 (excluding)	Yao-Ching Li, Po-Hsun Chen, Pi-E Huang	Yao-Ching Li, Su-Jung Hsu, Po-Hsun Chen, Pi-E Huang
NT\$10,000,000 (including) to NT\$15,000,000 (excluding)	Kuei-Chi Lin	Kuei-Chi Lin
NT\$15,000,000 (including) to NT\$30,000,000 (excluding)		
NT\$30,000,000 (including) to NT\$50,000,000 (excluding)		
NT\$50,000,000 (including) to NT\$100,000,000 (excluding)		
Over NT\$100,000,000		
Total	5	5

Note 1: Employee compensation is calculated based on the 2025 employee compensation amount approved by the Board of Directors for distribution.

Note 2: The President's official vehicle is leased; this year's rental fees and fuel costs have been incorporated into the calculation of column (C). The compensation of the driver of the official vehicle is paid by the subsidiary Hua Nan Commercial Bank; the Company does not pay such expenses.

(III) Analysis of the ratio of the total remuneration paid by the Company and by all companies included in the consolidated financial statements to the directors, the President, and the Executive Vice Presidents of the Company in the most recent two fiscal years to the after-tax net income on a standalone or separate basis, together with a description of the remuneration policies, standards, and structure, the procedures for determining remuneration, and its correlation with business performance and future risks:

1. Ratio of the total remuneration paid to the directors (including independent directors), the President, and the Executive Vice Presidents of the Company to after-tax net income
 - (1) The total remuneration paid by the Company to its directors (including independent directors) in 2025 accounted for 1.13% of after-tax net income, a decrease of 0.03 percentage points from 1.16% in 2024; the total remuneration paid by all companies included in the consolidated financial statements accounted for 1.17% of after-tax net income, a decrease of 0.04 percentage points from 1.21% in 2024.
 - (2) The total remuneration paid by the Company to the President and the Executive Vice Presidents in 2025 accounted for 0.14% of after-tax net income, a decrease of 0.04 percentage points from 0.18% in 2024; the total remuneration paid by all companies included in the consolidated financial statements accounted for 0.17% of after-tax net income, a decrease of 0.03 percentage points from 0.20% in 2024.
2. Remuneration Policies, Standards, and Structure; Procedures for Determining Remuneration; and Correlation with Business Performance and Future Risks
 - (1) In accordance with Article 23 of the Company's Articles of Incorporation, directors' remuneration shall be determined by the Board of Directors, taking into consideration the level of participation in the Company's operations, the value of contributions, and the prevailing industry standards.
 - (2) The Company's directors receive a fixed monthly transportation allowance, while independent directors receive a fixed monthly compensation. In addition, the Company has established the "Compensation Structure Standards for the Chairman and Vice Chairman." In addition to being calculated based on the performance indicators set forth in the Company's "Employee Bonus Management Guidelines," the actual bonus payment shall be adjusted based on factors including business performance, risk management, internal audit, and legal compliance implementation, with the Remuneration Committee making recommendations to be submitted to the Board of Directors for approval.
 - (3) Pursuant to Article 36, Paragraph 1 of the Company's Articles of Incorporation, if the Company has profits for the year, after deducting director compensation and employee compensation from the pre-tax profit, no more than 1% of such profit shall be appropriated as director compensation, and 0.02% to 0.15% as employee compensation, of which the ratio distributed to grassroots employees shall not be less than 1% of the actual amount of employee compensation appropriated for the year. The Board of Directors is authorized to determine the Actual annual distribution ratio and amount upon the recommendation of the Remuneration Committee and submission to the Board for deliberation. Where a director is a representative of a juridical person, the compensation shall belong to the juridical-person shareholder; independent directors do not receive director compensation.
 - (4) The remuneration of the President and Executive Vice Presidents is determined with reference to the market compensation levels of the Company's benchmark peers and in accordance with the Company's "Managerial Officer Compensation Structure Standards" and other relevant regulations. In addition to being calculated based on the performance indicators set forth in the Company's "Employee Bonus Management Guidelines," the actual bonus payment shall be adjusted based on factors including individual performance evaluation, risk management, internal audit, and legal compliance implementation, with the Remuneration Committee making recommendations to be submitted to the Board of Directors for approval.

(IV) Names of Managerial Officers Receiving Employee Compensation and Distribution Status

Date: December 31, 2025

Unit: NT\$ thousands

Title	Name	Stock Amount	Cash Amount	Total	Ratio of total amount to after-tax net income
Vice President	Kuei-Chi Lin (retired on January 16, 2025)				
Vice President	Po-Hsun Chen (appointed on January 22, 2025)				
Executive Vice President (Chief Compliance Officer)	Su-Jung Hsu				
Chief Auditor concurrently serving as Head of the Board of Directors Audit Office	Pi-E Huang				
Head of the Administration Department	Fu-Hsing Kuo (appointed on January 22, 2025)				
Head of the Marketing Department	Chao-Chih Yeh				
Head of the Risk Management Department	Chang-Hao Li				
Head of the Finance Department concurrently serving as Corporate Governance Officer	Shih-Wei Kuo				
Head of the Information Technology Department concurrently serving as Chief Information Security Officer	Hsi-Han Chen				
Head of the Legal Compliance Department	Kun-Shu Hsu				
Chief Secretary of the Board of Directors	Hui-Ling Hsu (retired on January 16, 2025)				
Chief Secretary of the Board of Directors	Mey-Ru Lai (appointed on January 16, 2025)				
Total		0	4,670	4,670	0.02%

Note: Employee compensation is calculated based on the 2025 employee compensation amount approved by the Board of Directors for distribution.

III. Corporate Governance Operations**(I) Operations of the Board of Directors**

The Board of Directors held 15 meetings in 2025 (A). Directors' attendance is as follows:

January 1, 2025 – December 31, 2025

Title	Name	Actual Attendance (in person) Times (B)	Number of Attendances by Proxy	Actual Attendance Rate (%) [B/A]	Note
Chairperson	Nancy Chen (Ministry of Finance)	15	0	100%	None
Vice Chairperson	Ming-Cheng Lin (The Memorial Scholarship Foundation to Hsiung-Chen Lin)	6	0	100%	Resigned on June 13, 2025; should have attended 6 meetings
Vice Chairperson	T. Lin (The Memorial Scholarship Foundation to Hsiung-Chen Lin)	15	0	100%	Appointed as Vice Chairperson on June 13, 2025
Director and President	Yao-Ching Li (Ministry of Finance)	15	0	100%	None
Director	Chih-Yu Lin (The Memorial Scholarship Foundation to Hsiung-Chen Lin)	14	1	93%	None
Director	Chih-Yang Lin (The Memorial Scholarship Foundation to Hsiung-Chen Lin)	15	0	100%	None
Director	An-Lan Hsu Chen (He Quan Investment Co., Ltd.)	8	1	89%	Resigned on August 1, 2025; should have attended 9 meetings
Director	Yuan-Jen Hsu (He Quan Investment Co., Ltd.)	6	0	100%	Appointed on August 1, 2025; should have attended 6 meetings
Director	Yuan-Lin Li Hsu (He Quan Investment Co., Ltd.)	12	1	80%	None
Director	Vivien, Chia-Ying Shen (China Man-Made Fiber Corporation)	4	2	67%	Resigned on June 13, 2025; should have attended 6 meetings
Director	Yu-Chen Wang (Bank of Taiwan Co., Ltd.)	2	0	100%	Resigned on February 21, 2025; should have attended 2 meetings
Director	Chou-Wen Wang (Bank of Taiwan Co., Ltd.)	5	1	83%	Resigned on June 13, 2025; should have attended 6 meetings
Director	Shih-Ching Jeng (Bank of Taiwan Co., Ltd.)	14	1	93%	None
Director	Chen-Fang Lee (Bank of Taiwan Co., Ltd.)	15	0	100%	None
Director	Chien-Hung Lee (Bank of Taiwan Co., Ltd.)	6	7	43%	Appointed on February 12, 2025; should have attended 14 meetings
Director	Yu-Hui Wu (Bank of Taiwan Co., Ltd.)	11	2	85%	Appointed on February 26, 2025; should have attended 13 meetings
Director	Chen-Yuan Tu	6	0	100%	Resigned on June 13, 2025; should have attended 6 meetings
Independent Director	Kuo-Chuan Lin	6	0	100%	Resigned on June 13, 2025; should have attended 6 meetings
Independent Director	Ming-Hsien Yang	14	1	93%	None
Independent Director	Sung-Tung Chen	14	1	93%	None
Independent Director	Jui-Chia Lin	15	0	100%	None
Independent Director	E-Dawn Chen	9	0	100%	Appointed on June 13, 2025; should have attended 9 meetings
Independent Director	San-Chien Tu	9	0	100%	Appointed on June 13, 2025; should have attended 9 meetings
Independent Director	Cheng-Yu Yan	9	0	100%	Appointed on June 13, 2025; should have attended 9 meetings

Other Matters Required to Be Recorded:

- I. Where the operations of the Board of Directors involve any of the following circumstances, the date of the Board meeting, the term of the Board, the content of the motion, the opinions of all independent directors, and the Company's handling of the independent directors' opinions shall be stated:
- Matters set forth in Article 14-3 of the Securities and Exchange Act.
 - In addition to the foregoing, other matters resolved by the Board of Directors to which independent directors expressed objections or qualified opinions, and for which records or written statements exist. No such circumstances exist.
- II. Implementation of directors' recusal from motions involving conflicts of interest shall be stated, including the director's name, the content of the motion, the reason for recusal, and the participation in voting. See Note 1 for details.
- III. TWSE/TPEx-listed financial holding companies shall disclose information regarding the evaluation cycle and period, scope, method, and content of the Board's self-evaluation (or peer evaluation): See Note 2 for details.
- IV. Goals for strengthening the functions of the Board of Directors during the current year and the most recent fiscal year (such as the establishment of an Audit Committee and enhancing information transparency) and the assessment of the implementation thereof.
- The Company has formulated the "Rules of Procedure for Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for compliance, and has disclosed directors' attendance at Board meetings on the Market Observation Post System and disclosed material resolutions of the Board on the Company's website <https://www.hnfhc.com.tw>. The Company has six independent directors and has established an Audit Committee.

Note 1: Implementation of Directors' Recusal from Motions Involving Conflicts of Interest

Term	Director Name	Content of Motion	Reason for Recusal	Participation in Voting
33rd Meeting of the 8th Term	Yao-Ching Li	Motion regarding the 2024 performance evaluation of the Company's President.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
5th Extraordinary Meeting of the 8th Term	Yao-Ching Li	Motion regarding the Company's proposed investment in Taipei Financial Center Corp.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
5th Extraordinary Meeting of the 8th Term	Nancy Chen, Ming-Cheng Lin, T. Lin, Chih-Yu Lin, Chih-Yang Lin, Vivien, Chia-Ying Shen, An-Lan Hsu Chen, Yuan-Lin Li Hsu, Ming-Hsien Yang, Sung-Tung Chen	Personnel motion of subsidiary Hua Nan Commercial Bank.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
34th Meeting of the 8th Term	Nancy Chen, Ming-Cheng Lin, Yao-Ching Li, T. Lin, Chih-Yu Lin	Motion regarding the 2024 performance bonuses for personnel at the level of department head and above of the Company.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
35th Meeting of the 8th Term	Nancy Chen, Ming-Cheng Lin, Yao-Ching Li, Shih-Ching Jeng, Chen-Fang Lee, Chien-Hung Lee, Yu-Hui Wu, T. Lin, Chih-Yu Lin, Chih-Yang Lin, Yuan-Lin Li Hsu, Jui-Chia Lin, Ming-Hsien Yang, Sung-Tung Chen	Motion for review of the nomination of candidates for the 9th-term directors and independent directors by shareholders holding 1% or more of the Company's shares.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
35th Meeting of the 8th Term	Nancy Chen, Yao-Ching Li, Shih-Ching Jeng, Chen-Fang Lee, Chien-Hung Lee, Yu-Hui Wu, Chih-Yang Lin, Yuan-Lin Li Hsu, Sung-Tung Chen	Motion to submit to this year's general shareholders' meeting the release of the 9th-term directors of the Company from the non-competition restrictions.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
35th Meeting of the 8th Term	Ming-Hsien Yang, Sung-Tung Chen	Motion of subsidiary Hua Nan Commercial Bank regarding the payment of research fees to independent directors serving as members of the Audit Committee.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
1st Extraordinary Meeting of the 9th Term	Jui-Chia Lin, E-Dawn Chen, Cheng-Yu Yan, Ming-Hsien Yang, Sung-Tung Chen, San-Chien Tu	Motion regarding the appointment of members of the Company's Remuneration Committee.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
1st Extraordinary Meeting of the 9th Term	Jui-Chia Lin	Motion regarding the Company's execution of an industry-academia cooperation and academic feedback mechanism contract with National Yang Ming Chiao Tung University.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
1st Meeting of the 9th Term	T. Lin, Chih-Yu Lin	Motion regarding severance and retirement benefits for the Company's Vice Chairman Ming-Cheng Lin.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
1st Meeting of the 9th Term	T. Lin, Chih-Yu Lin	Motion regarding the concurrent-position remuneration for the Company's Vice Chairman T. Lin.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
2nd Meeting of the 9th Term	Jui-Chia Lin, E-Dawn Chen, Cheng-Yu Yan, Ming-Hsien Yang, Sung-Tung Chen, San-Chien Tu	Results of the review of the eligibility of the Company's independent directors (at the time of election).	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
2nd Meeting of the 9th Term	Nancy Chen	Motion regarding the disposal of shares of Taiwan Urban Regeneration Financial Services Co Ltd	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
3rd Meeting of the 9th Term	T. Lin, Chih-Yu Lin	Motion regarding the Company's proposed donation of NT\$600,000 to the The Chinese National Association of Industry and Commerce	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
3rd Meeting of the 9th Term	Yuan-Jen Hsu, Yuan-Lin Li Hsu	Personnel motion of subsidiary Hua Nan Securities.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
5th Meeting of the 9th Term	Jui-Chia Lin, Ming-Hsien Yang	Motion regarding the payment of research fees to independent directors serving as members of the Sustainable Development Committee.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution
7th Meeting of the 9th Term	Yao-Ching Li	Personnel motion of subsidiary Hua Nan Investment Trust.	The directors listed on the left are interested parties in this case	Voluntarily recused themselves from the discussion and resolution

Note 2: Implementation of Board of Directors Performance Evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
A Board self-evaluation is conducted annually; the performance of the Company's Board of Directors shall be evaluated by an external professional independent institution or a team of experts and scholars at least once every three years.	From January 1, 2025 to December 31, 2025	The scope of evaluation includes the performance evaluation of the Board of Directors, individual directors, and functional committees.	Evaluation methods include internal self-evaluation by the Board, individual director self-evaluation, internal self-evaluation by functional committees, evaluation by the executing unit, or engagement of external professional independent institutions or teams of experts and scholars to conduct performance evaluation.	- The performance evaluation indicators of the Company's Board of Directors cover five major aspects: - Grasp of the Company's objectives and missions and participation in operations. - Awareness of directors' duties and enhancement of the quality of the Board's decision-making. - Composition and structure of the Board of Directors. - Election, expertise, and continuing education of directors. - Internal control. - The performance evaluation indicators of the Company's individual directors cover five major aspects: - Grasp of the Company's objectives and missions and participation in operations. - Awareness of directors' duties. - Internal relationship management and communication. - Expertise and continuing education of directors. - Internal control. - The performance evaluation indicators of the Company's functional committees cover five major aspects: - Level of participation in the functional committees. - Awareness of the duties of the functional committees. - Enhancement of the quality of decision-making by the functional committees. - Composition of the functional committees and election of members. - Internal control.

(II) Operations of the Audit Committee

1. The Audit Committee held 10 meetings in 2025 (A). Independent directors' attendance is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director (Convener)	Jui-Chia Lin	10	0	100%	Re-elected (appointed on June 13, 2025)
Independent Director	Ming-Hsien Yang	10	0	100%	Re-elected (appointed on June 13, 2025)
Independent Director	Sung-Tung Chen	10	0	100%	Re-elected (appointed on June 13, 2025)
Independent Director	E-Dawn Chen	5	0	100%	Newly appointed (appointed on June 13, 2025)
Independent Director	San-Chien Tu	5	0	100%	Newly appointed (appointed on June 13, 2025)
Independent Director	Cheng-Yu Yan	5	0	100%	Newly appointed (appointed on June 13, 2025)
Independent Director	Kuo-Chuan Lin	5	0	100%	Former (term ended on June 12, 2025)

Other Matters Required to Be Recorded:

I. Where the operations of the Audit Committee involve any of the following circumstances, the date of the meeting, the term, the content of the motion, any objections, qualified opinions, or material recommendations of independent directors, the resolution of the Audit Committee, and the Company's handling of the Audit Committee's opinions shall be stated:

(I) Matters set forth in Article 14-5 of the Securities and Exchange Act, as detailed in the table below:

(II) In addition to the foregoing, other resolutions that were not approved by the Audit Committee but were approved by more than two-thirds of all directors: No such circumstances exist.

II. Implementation of independent directors' recusal from motions involving conflicts of interest, including the independent director's name, the content of the motion, the reason for recusal, and the participation in voting: No such circumstances exist.

III. Communication between independent directors, the Chief Internal Auditor, and the CPAs:

(I) Communication between the CPAs and the Audit Committee:

- The Company's Audit Committee is composed of all independent directors. Each quarter, the CPAs report to the independent directors on the Company's financial condition, the finances and overall operations of its domestic and overseas subsidiaries, and the audit status of internal controls, and fully communicate regarding whether there are any material adjusting entries or amendments to laws and regulations. There were no disagreements between the CPAs and the Audit Committee on the various communication and reporting matters.
- The Company arranges for the independent directors and the CPAs to communicate and discuss separately at least once a year, before or after an Audit Committee meeting, without general directors and management present:

Date	Attendees	Communication Matters	Communication Results
2025.05.19	Independent director, Ming-Hsien Yang Independent director, Kuo-Chuan Lin Independent director, Sung-Tung Chen Independent director, Jui-Chia Lin CPA Wu, Chun-Lin	The CPAs communicated separately with the independent directors before the Audit Committee meeting, with the content as follows: (1) The audit scope and methods for the second quarter of 2025. (2) Recommendations on the group audit. (3) Explanation of the key audit matters in the second-quarter 2025 financial report. (4) Discussion of important issues: A. IFRS 9 debt instruments B. Overseas branch audits C. Impact of the U.S. reciprocal tariff policy D. South China Insurance's IFRS 17 implementation E. Status of the Hua Nan Financial Holdings group's self-preparation of financial reports	Explanations were provided in response to the independent directors' questions, and there were no objections at the communication meeting.

(II) Communication between the Chief Internal Auditor and the Audit Committee:

- On February 17, 2025, the Company held the first-half 2025 forum between independent directors and audit personnel, at which communication was conducted regarding the internal and external audits in the second half of 2024 and the audit management of subsidiaries. The independent directors recommended revising the classification method of the audit opinions raised by the Audit Division.
The minutes of the aforementioned forum were submitted to the 33rd meeting of the Company's 8th-term Board of Directors on February 24, 2025.
- On August 18, 2025, the Company held the second-half 2025 forum between independent directors and audit personnel, at which communication was conducted regarding the internal and external audits in the first half of 2025 and the audit management of subsidiaries. The independent directors had no objections at this meeting.
The minutes of the aforementioned forum were submitted to the 3rd meeting of the Company's 9th-term Board of Directors on August 25, 2025.
- On December 15, 2025, the Company held the 4th meeting of the 5th-term Audit Committee, at which communication was conducted regarding the 2026 audit plan. The independent directors had no objections at this meeting.
The minutes of the aforementioned Audit Committee meeting were submitted to the 7th meeting of the Company's 9th-term Board of Directors on December 29, 2025.

2. Resolutions of the Audit Committee on Material Motions and the Company's Handling of the Audit Committee's Opinions:

Date of Audit Committee Meeting	Term of the Audit Committee	Matters Requiring Audit Committee Consent under Article 14-5 of the Securities and Exchange Act and Material Motions	Audit Committee Resolution and the Company's Handling of the Audit Committee's Opinions	Date of the Board of Directors Meeting	Term of the Board of Directors
2025.01.09	25th Meeting of the 4th Term	Submission of the engagement and remuneration for the audit and certification of the Company's 2025 financial statements and tax certification on business income tax. Submission of the pre-approval case for non-attestation services provided to the Company by Deloitte & Touche, the Company's certifying CPA firm for financial statements, and its related organizations.	Approved as proposed; submitted to the Board of Directors for resolution	2025.01.21	32th Meeting of the 8th Term
2025.03.06	27th Meeting of the 4th Term	Submission of the Company's 2024 financial statements and business report. Submission of the Company's proposed investment in Taipei Financial Center Corp. Submission of the Company's 2024 "Internal Control System Statement."	Approved as proposed; submitted to the Board of Directors for resolution Approved as proposed; submitted to the Board of Directors for resolution	2025.03.14 2025.03.31	5th Extraordinary Meeting of the 8th Term 34th Meeting of the 8th Term
2025.04.18	28th Meeting of the 4th Term	Submission of the Company's 2024 earnings distribution proposal. Motion to undertake the issuance of new shares from the 2024 earnings capitalization of the Company. To comply with regulatory requirements, motion to amend certain provisions of the Company's "Articles of Incorporation." Motion to amend certain provisions of the Company's "Procedures for the Acquisition or Disposal of Assets." Submission of the amendment to the "Operating Guidelines for the Monetary Threshold for Reporting Material Asset Transactions of the Subsidiary HNAMEC (Hua Nan Asset Management Co., Ltd.) to Hua Nan Financial Holdings Co., Ltd. for Approval (Draft)." Reporting of investigation reports on whistleblower cases of subsidiaries. (Submitted by the Administration Department) Submission of investigation reports on whistleblower cases of subsidiaries. (Submitted by the Board Audit Department)	Approved as proposed; submitted to the Board of Directors for resolution	2025.04.28	35th Meeting of the 8th Term
2025.05.19	29th Meeting of the 4th Term	Submission of the Company's Q1 2025 financial statements.	Approved as proposed; submitted to the Board of Directors for resolution	2025.05.26	36th Meeting of the 8th Term
2025.07.14	1st Meeting of the 5th Term	Motion regarding the disposal of shares of Taiwan Urban Regeneration Financial Services Co Ltd	Approved as proposed; submitted to the Board of Directors for resolution	2025.07.28	2nd Meeting of the 9th Term
2025.08.18	2nd Meeting of the 5th Term	Submission of the Company's Q2 2025 financial statements.	Approved as proposed; submitted to the Board of Directors for resolution	2025.08.25	3rd Meeting of the 9th Term
2025.11.17	3rd Meeting of the 5th Term	In response to subsidiaries establishing Audit Committees in lieu of supervisors, motion to amend the relevant internal rules and regulations. Submission of the Company's Q3 2025 financial statements. Submission of the personnel motion regarding the Company's Chief Auditor concurrently serving as Head of the Audit Department.	Approved as proposed; submitted to the Board of Directors for resolution	2025.11.24	6th Meeting of the 9th Term
2025.12.01	1st Extraordinary Meeting of the 5th Term	Submission of the financial improvement plan of the subsidiary Hua Nan Investment Trust.	Approved as proposed; submitted to the Board of Directors for resolution	2025.12.01	2nd Extraordinary Meeting of the 9th Term
2025.12.15	4th Meeting of the 5th Term	To comply with the requirements of the Company's internal rules and operational needs, motion to amend the Company's "Implementation Guidelines for Layered Responsibility" and the "Schedule" (Layered Responsibility Detailed Table). Submission of the Company's "2026 Audit Plan."	Approved as proposed; submitted to the Board of Directors for resolution	2025.12.29	7th Meeting of the 9th Term

(III) Items Disclosed in Accordance with the Corporate Governance Best Practice Principles for Financial Holding Companies

The Company's Corporate Governance Best Practice Principles and related rules and regulations have been disclosed on the Company's website; please refer to: <https://www.hnfhc.com.tw/HNFHC/company/f.do>

(IV) Corporate Governance Operations and Differences from the Financial Holding Company Corporate Governance Best-Practice Principles and Reasons

Evaluation Item	Operation			Differences from the Financial Holding Company Corporate Governance Best-Practice Principles and Reasons
	Yes	No	Summary	
I. Shareholding Structure and Shareholders' Equity of the Financial Holding Company				
(I) Has the Financial Holding Company established internal operating procedures for handling shareholder suggestions, inquiries, disputes, and litigation, and implemented them accordingly?	V		(I) The Company has established a spokesperson system, as well as dedicated units for investor relations and shareholder services, responsible for handling related matters. Contact information for relevant personnel is disclosed on the Company's official website to fully and properly address various opinions from investors and shareholders.	No difference
(II) Has the Financial Holding Company identified the major shareholders who actually control the Financial Holding Company and the list of ultimate controllers of such major shareholders?	V		(II) Major shareholders holding 5% or more of the Company's shares have completed the required filings in accordance with regulations. The Company has also promoted the relevant provisions of the Financial Holding Company Act to shareholders holding 1% or more of the shares, and the relevant regulations and application forms are disclosed on the Company's official website.	No difference
(III) Has the Financial Holding Company established and implemented risk control and firewall mechanisms with its affiliated enterprises?	V		(III) In order to regulate transactions with affiliated enterprises, in addition to conducting group related-party transactions in accordance with Articles 44 and 45 of the Financial Holding Company Act and relevant regulations, the Company has also established internal rules including the "Hua Nan Financial Holdings Co., Ltd. and Subsidiaries Related-Party Transaction Management Guidelines" and the "Hua Nan Financial Holdings Co., Ltd. Firewall Policy".	No difference
II. Composition and Responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated a diversification policy with specific management goals?	V		(I) The composition of Board members should take diversity into consideration. In addition to ensuring that Directors concurrently serving as General Managers of the Company should not exceed one-third of the total board seats, the Company shall formulate appropriate diversity guidelines based on its own operations, business model, and development needs. Professional knowledge and skills should include: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. Directors should generally possess the knowledge, skills, and competencies necessary to perform their duties. To achieve the ideal goals of corporate governance, the Board of Directors as a whole should possess the following capabilities: 1. Operational judgment capability. 2. Accounting and financial analysis capability. 3. Business management capability (including the management of subsidiaries). 4. Crisis management ability. 5. Industry knowledge. 6. International market perspective. 7. Leadership ability. 8. Decision-making ability. 9. Knowledge and ability in risk management.	No difference
(II) In addition to the Remuneration Committee and Audit Committee established as required by law, has the Financial Holding Company voluntarily established other functional committees?	V		(II) Article 27, Paragraph 2 of the Company's Articles of Incorporation stipulates that the Board of Directors may establish various functional committees. Currently, in addition to the Remuneration Committee and Audit Committee established in accordance with the law, the Company has also voluntarily established the Integrity Management Committee and the Sustainable Development Committee.	No difference
(III) Has the listed Financial Holding Company established performance evaluation methods for the Board of Directors and its evaluation approach, conducted regular annual performance evaluations, reported the results to the Board of Directors, and utilized the results as a reference for individual Director remuneration and nomination for re-election?	V		(III) 1. The Company has established the "Rules for Performance Evaluation of Board of Directors," the scope of which includes the performance evaluation of the Board of Directors and the functional committees (including the Remuneration Committee, the Audit Committee, the Integrity Management Committee, and the Sustainable Development Committee). A self-evaluation is conducted once a year, and an evaluation by an external professional independent institution is conducted once every three years, with a report submitted to the Board of Directors within 3 months after the year-end.	No difference

Evaluation Item	Operation			Differences from the Financial Holding Company Corporate Governance Best-Practice Principles and Reasons
	Yes	No	Summary	
(IV) Does the Financial Holding Company regularly assess the independence of its certified public accountants?	V		As for the evaluation method, since the external evaluation was commissioned to KPMG Taiwan in 2024, internal performance evaluation was adopted in 2025, conducted by the Administrative Management Division using an internal questionnaire. In terms of Board operations, director participation, and functional committees, it adopted directors' evaluation of Board operations, individual directors' evaluation of their own participation, and each functional committee's members' evaluation of the committee's operations. In January 2026, the Company completed the 2025 (covering the period from January 1 to December 31, 2025) performance evaluation of the Board of Directors, the directors, and the functional committees, and reported the evaluation results to the Board of Directors meeting held on January 26, 2026. All items of the 2025 evaluation measurement indicators were achieved, with an achievement rate of 95%–100%, and the performance evaluation result was "meets the standard." (For the measurement items of the performance evaluation, please refer to page 25 of this Annual Report) 2. The remuneration standard for Directors of the Company is a fixed monthly salary, with no additional Director compensation. (IV) 1. The Company conducts an annual review of the independence and competence of the certifying accountants, including whether they are Directors, shareholders, or receive a salary from the Company, to confirm they are not related parties. In addition, the Company strictly requires certifying accountants to implement a recusal system when they have direct or indirect conflicts of interest in commissioned matters, and to conduct internal rotation in accordance with regulations. 2. In addition to obtaining the "Statement of Independence" from the accountants for the most recent fiscal year, the Company also obtained "Audit Quality Indicators (AQIs)" for evaluation. The evaluation results were reviewed and approved by the Audit Committee on January 12, 2026, and subsequently approved by the Board of Directors on January 26, 2026.	No difference
III. Has the Financial Holding Company assigned an appropriate number of qualified corporate governance personnel and designated a corporate governance officer responsible for corporate governance-related matters (including but not limited to providing Directors and Supervisors with the information needed to perform their duties, assisting Directors and Supervisors in complying with laws and regulations, handling matters related to Board of Directors and shareholders' meetings in accordance with the law, and preparing minutes of Board of Directors and shareholders' meetings, etc.)?	V		In 2016, the Company established a Corporate Governance Division under the HNFHC Administrative Management Division to promote corporate governance affairs. On May 27, 2019, the Board of Directors approved the establishment of a corporate governance officer responsible for supervising Board of Directors meeting affairs, corporate governance matters, and assisting Directors in complying with laws and regulations. Corporate governance-related matters shall include at least the following: (1) Handling matters related to Board of Directors and shareholders' meetings in accordance with the law. (2) Preparing minutes of Board of Directors and shareholders' meetings. (3) Assisting Directors in their onboarding and continuing education. (4) Providing Directors with the information needed to perform their duties. (5) Assisting Directors in complying with laws and regulations. (6) Reporting to the Board of Directors on the review results of whether independent Directors meet the relevant laws and regulations during the nomination, election, and tenure processes. (7) Handling matters related to changes in Directors. (8) Other matters stipulated in the Articles of Incorporation or contracts.	No difference
IV. Has the Financial Holding Company established communication channels with stakeholders (including but not limited to shareholders, employees, and customers), set up a stakeholder section on the Company's website, and appropriately responded to important corporate social responsibility issues of concern to stakeholders?	V		The relevant departments of the Company communicate on various business matters, and a stakeholder section has been established on the Company's website, with dedicated personnel responding to related issues.	No difference
V. Information Disclosure (1) Has the Financial Holding Company established a website to disclose financial, business, and corporate governance information?	V		(1) The Company discloses relevant corporate information at any time through the Market Observation Post System, and maintains Chinese and English websites that are updated regularly with financial and business conditions as well as corporate governance information. An investor service section is also provided, which includes financial information disclosure and corporate governance operations.	No difference

Evaluation Item	Operation			Differences from the Financial Holding Company Corporate Governance Best-Practice Principles and Reasons
	Yes	No	Summary	
(II) (2) Has the Financial Holding Company adopted other methods of information disclosure (such as establishing an English-language website, designating specific personnel responsible for collecting and disclosing Financial Holding Company information, implementing a spokesperson system, and posting recordings of investor conferences on the Financial Holding Company's website)?	V		(II) 1. The Company maintains Chinese and English websites, and designated business personnel are responsible for collecting and disclosing corporate information. 2. The Company has established the "Public Affairs Management Guidelines," which set out unified spokesperson procedures within the Group. A spokesperson and deputy spokesperson are currently designated to speak on behalf of the Company. 3. The Company held investor conferences during the current year, and the relevant Chinese and English materials as well as audio-visual recordings of the investor conferences are disclosed on the Company's website in accordance with regulations.	No difference
(III) Has the Financial Holding Company, after the end of the accounting year, announced and filed its annual financial report within the prescribed deadline in accordance with the Financial Holding Company Act and relevant provisions of the Securities and Exchange Act, and announced and filed the first, second, and third quarter financial reports as well as monthly operating results ahead of the prescribed deadlines?	V		(III) The Company announces and files its annual financial report within the prescribed deadline in accordance with the Financial Holding Company Act and relevant provisions of the Securities and Exchange Act.	No difference
VI. Does the Financial Holding Company have any other important information that helps in understanding its corporate governance operations (including but not limited to employee rights, employee care, investor relations, stakeholder rights, Director and Supervisor continuing education, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for Directors and Supervisors, donations made to political parties, interested parties, and public interest organizations, etc.)?	V		(I) Employee Rights: In order to enhance employees' ethical awareness and clearly define employee rights, obligations, and various conduct standards, the Company has established "Employee Work Rules" as well as various additional measures and regulations, including a hierarchical responsibility schedule, employee promotion guidelines, employee attendance management guidelines, education and training implementation guidelines, and sexual harassment prevention and complaint handling measures. (II) Investor Relations: The Company discloses relevant corporate information at any time through the Market Observation Post System; maintains a corporate website that is updated regularly with financial and business conditions as well as corporate governance information; and provides an investor service section offering the latest financial and business updates. (III) Director Continuing Education: The Company proactively provides Directors with information on various continuing education opportunities for their reference, and registers them for relevant continuing education courses in accordance with their individual preferences. In addition, Director continuing education details are disclosed periodically as required by regulations. (IV) The Company's risk management Policy is to establish and implement a set of standards applicable to all members of Hua Nan Financial Holdings, and to identify, measure, control, assume, and manage risks accordingly, ensuring that all operational risks are controlled within tolerable limits and reflect the Group's business goals and corporate values. (V) Customer Policy: The Company complies with the "Financial Holding Company Act," the "Financial Holding Company Subsidiary Joint Marketing Management Regulations," the "Financial Consumer Protection Act," and relevant laws and regulations to safeguard customer rights and interests. (VI) Purchase of liability insurance for Directors and Supervisors: Since October 2006, the Company has purchased Directors, Supervisors, and Key Officers liability insurance from Fubon Insurance, and has continued to renew the policy to date. The coverage includes the past, present, or future Directors, Supervisors, and key officers of the Company, its subsidiaries (sub-subsidiaries), and appointed investee companies. (VII) Donations to political parties, interested parties, and public interest organizations: The Company has not made any donations to political parties, interested parties, or substantive related parties. For donations to public interest organizations, please refer to the "Implementation of Sustainable Development" section of this annual report.	No difference
VII. Please describe improvements made based on the results of the most recent Corporate Governance Evaluation issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and identify priority areas and measures for items that have not yet been improved.	V		The Company regularly conducts internal Assistant Auditor, self-inspection, and Legal Compliance self-assessment operations to ensure that the Company's internal controls and corporate governance matters comply with applicable laws and regulations, thereby safeguarding the best interests of shareholders. In addition, based on the results of the 12th Corporate Governance Evaluation by the Taiwan Stock Exchange, the Company ranks among the top 6%–20% of listed companies.	No difference

Note: (I) Based on the results of the 12th Corporate Governance Evaluation, the Company ranks among the top 6%–20% of listed companies.

(II) Improved indicators

Improved indicators for the year 2025	Improvement Status
Has the company established written guidelines for financial and business-related transactions with related parties, including management procedures for purchases, sales, acquisition or disposal of assets, and requirements that significant related transactions be approved by the Board of Directors and consented to or reported at the shareholders' meeting?	The Company has proposed amendments to the "Procedures for Acquisition or Disposal of Assets" for discussion at the 2025 shareholders' meeting, which have been reviewed and approved.
Indicators for Which Points Were Not Earned / Not Added in 2025	Areas for Improvement and Measures
Does the Board of Directors include at least one Director of a different gender? If each gender among the company's Directors accounts for at least one-third of the total Board seats, one additional point will be added to the total score.	As of the date of publication, each gender among the Company's Directors accounts for at least one-third of the total Board seats.

1. Continuing Education of Hua Nan Financial Holdings Directors

From January 1, 2025 to December 31, 2025

Title	Name	Date of Appointment	Training Start Date	Training End Date	Organizer	Course Title	Duration	Whether the Hours of Continuing Education Meet the Requirements	Note
Chairperson	Nancy Chen	2025.06.13	2025.02.11	2025.02.11	Taipei Foundation Of Finance	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3	Yes	None
			2025.04.14	2025.04.14	Securities & Futures Institute	Advanced Practical Seminar for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers [Treating Customers Fairly and Financial Consumer Protection]	3	Yes	None
			2025.07.14	2025.07.14	Taiwan Independent Director Association	Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3	Yes	None
			2025.10.13	2025.10.13	Taipei Foundation Of Finance	Corporate Governance – Building an Information Security Environment for Digital Nation 2.0	3	Yes	None
			2025.11.26	2025.11.26	Taipei Foundation Of Finance	"Friendly Finance 2.0": Inclusive Finance and Technological Innovation from the Perspective of the Board of Directors	3	Yes	None
Vice Chairperson	T. Lin	2025.06.13	2025.02.11	2025.02.11	Taipei Foundation Of Finance	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3	Yes	None
			2025.04.14	2025.04.14	Securities & Futures Institute	Advanced Practical Seminar for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers [Treating Customers Fairly and Financial Consumer Protection]	3	Yes	None
			2025.07.14	2025.07.14	Taiwan Independent Director Association	Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3	Yes	None
			2025.09.11	2025.09.11	Taiwan Independent Director Association	Case Analysis on the Practical Operation of Integrity Management and Prevention of Sexual Harassment	3	Yes	None
			2025.10.17	2025.10.17	Taipei Foundation Of Finance	Corporate Governance – Building an Information Security Environment for Digital Nation 2.0	3	Yes	None
			2025.11.18	2025.11.18	Taipei Foundation Of Finance	"Friendly Finance 2.0": Inclusive Finance and Technological Innovation from the Perspective of the Board of Directors	3	Yes	None
Director and President	Yao-Ching Li	2025.06.13	2025.02.11	2025.02.11	Taipei Foundation Of Finance	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3	Yes	None
			2025.07.14	2025.07.14	Taiwan Independent Director Association	Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3	Yes	None
			2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
Independent Director	Ming-Hsien Yang	2025.06.13	2025.02.11	2025.02.11	Taipei Foundation Of Finance	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3	Yes	None
			2025.04.14	2025.04.14	Securities & Futures Institute	Advanced Practical Seminar for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers [Treating Customers Fairly and Financial Consumer Protection]	3	Yes	None
			2025.07.14	2025.07.14	Taiwan Independent Director Association	Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3	Yes	None
			2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
			2025.10.13	2025.10.13	Taipei Foundation Of Finance	Corporate Governance – Building an Information Security Environment for Digital Nation 2.0	3	Yes	None
			2025.11.18	2025.11.18	Taipei Foundation Of Finance	"Friendly Finance 2.0": Inclusive Finance and Technological Innovation from the Perspective of the Board of Directors	3	Yes	None

Title	Name	Date of Appointment	Training Start Date	Training End Date	Organizer	Course Title	Duration	Whether the Hours of Continuing Education Meet the Requirements	Note
Independent Director	Sung-Tung Chen	2025.06.13	2025.02.11	2025.02.11	Taipei Foundation Of Finance	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3	Yes	None
			2025.04.14	2025.04.14	Securities & Futures Institute	Advanced Practical Seminar for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers [Treating Customers Fairly and Financial Consumer Protection]	3	Yes	None
			2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
			2025.09.11	2025.09.11	Taiwan Independent Director Association	Case Analysis on the Practical Operation of Integrity Management and Prevention of Sexual Harassment	3	Yes	None
			2025.10.17	2025.10.17	Taipei Foundation Of Finance	Corporate Governance – Building an Information Security Environment for Digital Nation 2.0	3	Yes	None
			2025.11.18	2025.11.18	Taipei Foundation Of Finance	"Friendly Finance 2.0": Inclusive Finance and Technological Innovation from the Perspective of the Board of Directors	3	Yes	None
Independent Director	Jui-Chia Lin	2025.06.13	2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
			2025.11.25	2025.11.25	Financial Examination Bureau, Financial Supervisory Commission	Internal Audit Seminar for Financial Holding Companies and Domestic Banks	3	Yes	None
			2025.11.27	2025.11.27	Corporate Operating and Sustainable Development Association	Promoting Corporate Sustainable Development through Risk Management	3	Yes	None
Independent Director	San-Chien Tu	2025.06.13	2025.07.14	2025.07.14	Taiwan Independent Director Association	Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3	Yes	None
			2025.09.12	2025.09.12	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3	Yes	None
			2025.12.17	2025.12.17	Taiwan Corporate Governance Association	Analysis of International IFRS Sustainability Disclosure Standards and Corporate Response Strategies	3	Yes	None
			2025.12.17	2025.12.17	Taiwan Corporate Governance Association	How Directors Should Review Financial Statements	3	Yes	None
Independent Director	E-Dawn Chen	2025.06.13	2025.02.11	2025.02.11	Taipei Foundation Of Finance	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3	Yes	None
			2025.04.14	2025.04.14	Securities & Futures Institute	Advanced Practical Seminar for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers [Treating Customers Fairly and Financial Consumer Protection]	3	Yes	None
			2025.07.14	2025.07.14	Taiwan Independent Director Association	Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3	Yes	None
			2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
			2025.09.11	2025.09.11	Taiwan Independent Director Association	Case Analysis on the Practical Operation of Integrity Management and Prevention of Sexual Harassment	3	Yes	None
			2025.10.17	2025.10.17	Taipei Foundation Of Finance	Corporate Governance – Building an Information Security Environment for Digital Nation 2.0	3	Yes	None
			2025.11.18	2025.11.18	Taipei Foundation Of Finance	"Friendly Finance 2.0": Inclusive Finance and Technological Innovation from the Perspective of the Board of Directors	3	Yes	None
Independent Director	Cheng-Yu Yan	2025.06.13	2025.07.14	2025.07.14	Taiwan Independent Director Association	Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3	Yes	None
			2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
			2025.11.18	2025.11.18	Ministry of Finance	2025 Corporate Governance Special Lecture	3	Yes	None
			2025.11.20	2025.11.20	Securities & Futures Institute	Series of Courses for Directors, Supervisors, and Corporate Governance Officers — Outlook for Global and Taiwan Economic Trends in 2026	3	Yes	None
			2025.11.25	2025.11.25	Financial Examination Bureau, Financial Supervisory Commission	Internal Audit Seminar for Financial Holding Companies and Domestic Banks	3	Yes	None

Title	Name	Date of Appointment	Training Start Date	Training End Date	Organizer	Course Title	Duration	Whether the Hours of Continuing Education Meet the Requirements	Note
Director	Chih-Yu Lin	2025.06.13	2025.02.11	2025.02.11	Taipei Foundation Of Finance	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3	Yes	None
			2025.04.14	2025.04.14	Securities & Futures Institute	Advanced Practical Seminar for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers [Treating Customers Fairly and Financial Consumer Protection]	3	Yes	None
			2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
			2025.09.11	2025.09.11	Taiwan Independent Director Association	Case Analysis on the Practical Operation of Integrity Management and Prevention of Sexual Harassment	3	Yes	None
			2025.10.17	2025.10.17	Taipei Foundation Of Finance	Corporate Governance – Building an Information Security Environment for Digital Nation 2.0	3	Yes	None
			2025.11.26	2025.11.26	Taipei Foundation Of Finance	"Friendly Finance 2.0": Inclusive Finance and Technological Innovation from the Perspective of the Board of Directors	3	Yes	None
Director	Chih-Yang Lin	2025.06.13	2025.02.11	2025.02.11	Taipei Foundation Of Finance	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3	Yes	None
			2025.04.14	2025.04.14	Securities & Futures Institute	Advanced Practical Seminar for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers [Treating Customers Fairly and Financial Consumer Protection]	3	Yes	None
			2025.07.14	2025.07.14	Taiwan Independent Director Association	Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3	Yes	None
			2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
			2025.09.11	2025.09.11	Taiwan Independent Director Association	Case Analysis on the Practical Operation of Integrity Management and Prevention of Sexual Harassment	3	Yes	None
			2025.10.13	2025.10.13	Taipei Foundation Of Finance	Corporate Governance – Building an Information Security Environment for Digital Nation 2.0	3	Yes	None
			2025.11.18	2025.11.18	Taipei Foundation Of Finance	"Friendly Finance 2.0": Inclusive Finance and Technological Innovation from the Perspective of the Board of Directors	3	Yes	None
Director	Yuan-Jen Hsu	2025.08.01	2025.11.19	2025.11.19	Taiwan Institute of Directors	Three Options in an Era of Transformation	3	Yes	None
			2025.12.08	2025.12.08	Taipei Foundation Of Finance	Business Value and Digital Risks of Generative AI	3	Yes	None
			2025.12.19	2025.12.19	Taipei Foundation Of Finance	Outlook for 2026: Key Indicators and Trend Analysis of the International Political and Economic Situation	3	Yes	None
Director	Yuan-Lin Li Hsu	2025.06.13	2025.04.14	2025.04.14	Securities & Futures Institute	Advanced Practical Seminar for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers [Treating Customers Fairly and Financial Consumer Protection]	3	Yes	None
			2025.10.17	2025.10.17	Taipei Foundation Of Finance	ESG Fundamentals: Decoding Taiwan's Sustainability Transition Roadmap	3	Yes	None
			2025.11.26	2025.11.26	Taipei Foundation Of Finance	"Friendly Finance 2.0": Inclusive Finance and Technological Innovation from the Perspective of the Board of Directors	3	Yes	None
			2025.12.01	2025.12.01	Taipei Foundation Of Finance	Corporate Governance Information Security — Personal Data Security Audit	3	Yes	None
Director	Shih-Ching Jeng	2025.06.13	2025.07.14	2025.07.14	Taiwan Independent Director Association	Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3	Yes	None
			2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
Director	Chen-Fang Lee	2025.06.13	2025.01.09	2025.01.09	Taiwan Corporate Governance Association	Everything Is Connected, Everything Can Be Hacked — IoT Information Security Starts with You and Me!	3	Yes	None
			2025.03.21	2025.03.21	Taiwan Academy of Banking and Finance	Information Security Governance Forum — Trends in FinTech and Information Security Risk Development	3	Yes	None
			2025.04.16	2025.04.16	Securities & Futures Institute	Series of Courses for Directors, Supervisors, and Corporate Governance Officers — Intellectual Property Management — Focusing on Patents and Trade Secrets	3	Yes	None
			2025.04.18	2025.04.18	Securities & Futures Institute	Series of Courses for Directors, Supervisors, and Corporate Governance Officers — Discussion on Green and Transition Finance Action Plans — Sustainable Development Blueprint and Directors' Responsibilities	3	Yes	None
			2025.08.04	2025.08.04	Taiwan Independent Director Association	Outlook on the Development of Financial Supervision and Financial Innovation	3	Yes	None
			2025.11.18	2025.11.18	Ministry of Finance	2025 Corporate Governance Special Lecture	3	Yes	None

Title	Name	Date of Appointment	Training Start Date	Training End Date	Organizer	Course Title	Duration	Whether the Hours of Continuing Education Meet the Requirements	Note
Director	Chien-Hung Lee	2025.06.13	2025.10.17	2025.10.17	Taiwan Corporate Governance Association	[Professional Course for Corporate Governance Officers] Corporate Governance Officers and Sustainability Governance	3	Yes	None
			2025.10.28	2025.10.28	Taiwan Corporate Governance Association	Board of Directors and Corporate Governance Practices	3	Yes	None
			2025.11.07	2025.11.07	Taiwan Corporate Governance Association	[Professional Course for Corporate Governance Officers] Corporate Governance Officers and Board Evaluation Development	3	Yes	None
			2025.12.19	2025.12.19	Taiwan Corporate Governance Association	International Trends and Experience Sharing on Corporate Integrity Management and Senior Executive Accountability System	3	Yes	None
Director	Yu-Hui Wu	2025.06.13	2025.04.01	2025.04.01	Securities & Futures Institute	Series of Courses for Directors, Supervisors, and Corporate Governance Officers — Sustainable Supply Strategy Amid Sharply Rising Global Risks	3	Yes	None
			2025.04.16	2025.04.16	Securities & Futures Institute	Series of Courses for Directors, Supervisors, and Corporate Governance Officers — Intellectual Property Management — Focusing on Patents and Trade Secrets	3	Yes	None
			2025.05.23	2025.05.23	Taiwan Corporate Governance Association	[Professional Course for Corporate Governance Officers] Duties and Roles of Corporate Governance Officers	3	Yes	None
			2025.05.27	2025.05.27	Taiwan Academy of Banking and Finance	Corporate Governance Forum — Net-Zero Challenges and Investment and Lending Strategies for Financial Institutions	3	Yes	None

2. Continuing Education and Training of Managerial Officers

From January 1, 2025 to December 31, 2025

Title	Name	Course Title	Duration
President	Yao-Ching Li	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3
		Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3
		Outlook on the Development of Financial Supervision and Financial Innovation	3
Vice President	Po-Hsun Chen	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3
		Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3
		Outlook on the Development of Financial Supervision and Financial Innovation	3
Vice President (Chief Compliance Officer)	Su-Jung Hsu	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3
		Treating Customers Fairly and Financial Consumer Protection	3
		Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3
		Outlook on the Development of Financial Supervision and Financial Innovation	3
		Case Analysis on the Practical Operation of Integrity Management and Prevention of Sexual Harassment	3
		Corporate Governance Special Lecture (12th Session of 2025) — Age-Friendly: Preparation for Dementia and Advance Directives	3
		Corporate Governance – Building an Information Security Environment for Digital Nation 2.0	3
		On-the-Job Training Course for Compliance Personnel Concurrently Serving as Anti-Money Laundering and Counter-Terrorism Financing Personnel	15
		How Insurers That Have Adopted IFRS 17 Internationally Communicate IFRS 17 Convergence Information with External Stakeholders	3
Chief Auditor concurrently serving as Head of the Board of Directors Audit Office	Pi-E Huang	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3
		Embracing Change — The Future of Internal Audit	7
		Internal Audit Seminar for Financial Holding Companies	3
		Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3
		Training Class for Auditors	7
		Outlook on the Development of Financial Supervision and Financial Innovation	3
		Internal Audit Seminar for Financial Holding Companies and Domestic Banks	3.5

Title	Name	Course Title	Duration
Head of the Administration Department	Fu-Hsing Kuo	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3
		Outlook on the Development of Financial Supervision and Financial Innovation	3
		2025 "Senior Executive Training Class for Public Stock Enterprises"	52
		Supervisory Officers of Anti-Money Laundering and Counter-Terrorism Financing Personnel — Domestic and International Newly Amended Laws and Regulations on Anti-Money Laundering and Counter-Terrorism Financing (2nd Session of 2025)	3
		Phase 2 CFP Certification Course of the "Certified Financial Planner (CFP) Certification Class" (2nd Class)	40
Head of the Marketing Department	Chao-Chih Yeh	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3
		Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3
		Sustainable Finance Empowerment — Co-creating Net-Zero Opportunities	3
Head of the Risk Management Department	Chang-Hao Li	2025 "Senior Executive Training Class for Public Stock Enterprises"	52
Head of the Information Technology Department concurrently serving as Chief Information Security Officer	Hsi-Han Chen	2025 Continuing Education Plan Series Course for Chief Information Security Officers of Financial Institutions — Building an Information Security Environment for Digital Nation 2.0	3
		Roadmap of Financial Intelligence Transformation in 2025	3
		Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3
		"2025 Information Technology Symposium" (Gartner IT Symposium/Xpo 2025)	28
Head of the Finance Department concurrently serving as Corporate Governance Officer	Shih-Wei Kuo	Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3
		Advanced Practical Seminar for Directors, Supervisors (Including Independent Directors), and Corporate Governance Officers [Treating Customers Fairly and Financial Consumer Protection]	3
		Latest Developments and Practices in Anti-Money Laundering and Countering the Financing of Terrorism	3
		Outlook on the Development of Financial Supervision and Financial Innovation	3
		Case Analysis on the Practical Operation of Integrity Management and Prevention of Sexual Harassment	3
		Corporate Governance – Building an Information Security Environment for Digital Nation 2.0	3
		"Friendly Finance 2.0": Inclusive Finance and Technological Innovation from the Perspective of the Board of Directors	3
		Training Class for Trust Management Personnel (On-the-Job)	12
		Practical Training Class for the Compilation and Reporting of Sustainability Information	6
		How to Apply "Robotic Process Automation" (RPA) to Enhance Internal Control Effectiveness	6
		Training Class for Trust Supervisory Personnel (On-the-Job)	6
Head of the Legal Compliance Department	Kun-Shu Hsu	2025 Financial Forum: "Implementing Fair Customer Treatment · Building Integrity in Finance"	3
		2025 Compliance Officer Networking Conference	3
		Training Class for Trust Supervisory Personnel (On-the-Job)	6
		Case Analysis on the Practical Operation of Integrity Management and Prevention of Sexual Harassment	3
		On-the-Job Training Course for Compliance Personnel Concurrently Serving as Anti-Money Laundering and Counter-Terrorism Financing Personnel	15
		Corporate Governance – ESG Sustainability Series Course – Science Based Targets initiative (SBTi)	3

(V) Composition, Duties, and Operations of the Remuneration Committee

In accordance with the "Regulations Governing the Appointment and Exercise of Powers of the Remuneration Committee of Listed Companies and Companies Whose Shares Are Traded on the Over-the-Counter Market," the Company has established the "Remuneration Committee Charter" and set up the Remuneration Committee, which is responsible for formulating and periodically reviewing the policies, systems, standards, and structures for the performance evaluation and remuneration of directors and managerial officers, periodically evaluating and determining the remuneration of directors and managerial officers, and submitting its recommendations to the Board of Directors for deliberation.

1. Information on the Members of the Remuneration Committee

Criteria	Conditions Name	Professional Qualifications and Experience	Status of Independence	Number of Concurrent Positions as a Member of the Compensation Committee of Other Publicly Listed Companies
Independent Director (Convener)	Ming-Hsien Yang	For the professional qualifications, experience, and independence of independent directors, please refer to the relevant information disclosed on pages 14–16.		0
Independent Director	Sung-Tung Chen			0
Independent Director	Jui-Chia Lin			0
Independent Director	San-Chien Tu			3
Independent Director	E-Dawn Chen			0
Independent Director	Cheng-Yu Yan			0

2. Information on the Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 6 members in total.
- (2) Term of the current Committee: The term of the 6th-term Committee runs from June 13, 2025 until the expiration of the term of the 9th-term Board of Directors. The Remuneration Committee held 8 meetings (A) in the most recent fiscal year; the qualifications and attendance of members are as follows:

Title	Name	Actual Attendance Times (B)	Number of Attendances by Proxy	Actual Attendance Rate (%) (B/A)	Note
Convener	Ming-Hsien Yang	8	0	100	Re-election on June 13, 2025 – Re-elected (was a member before re-election)
Members	Sung-Tung Chen	8	0	100	Re-election on June 13, 2025 – Re-elected
Members	Jui-Chia Lin	8	0	100	Re-election on June 13, 2025 – Re-elected
Members	San-Chien Tu	2	0	100	Re-election on June 13, 2025 – Newly appointed The Remuneration Committee held 2 meetings after the 2025 re-election
Members	E-Dawn Chen	2	0	100	Re-election on June 13, 2025 – Newly appointed The Remuneration Committee held 2 meetings after the 2025 re-election
Members	Cheng-Yu Yan	2	0	100	Re-election on June 13, 2025 – Newly appointed The Remuneration Committee held 2 meetings after the 2025 re-election
Convener	Kuo-Chuan Lin	6	0	100	Re-election on June 13, 2025 – Former (was Convener before re-election) The Remuneration Committee held 6 meetings before the 2025 re-election

Other Matters Required to Be Recorded:

- I. The Board of Directors did not refuse to adopt or amend the recommendations of the Remuneration Committee.
- II. No members expressed objections or qualified opinions regarding any resolutions of the Remuneration Committee.

3. The contents of motions, resolutions, and the Company's handling of the Remuneration Committee's opinions in 2025 are as follows:

Term of the Remuneration Committee	Content of Motion	Resolution	Company's Handling of the Remuneration Committee's Opinions
24th Meeting of the 5th Term, January 10, 2025	Motion to amend the "Employee Bonus Management Guidelines" of the subsidiary Hua Nan Securities Co., Ltd.	Resolution: Approved unanimously by all members present after canvassing by the Chair.	Submitted to and approved by the 32nd Meeting of the 8th-Term Board of Directors of the Company on January 21, 2025.
	Motion regarding the compensation of the Acting Chairman of the subsidiary Hua Nan Investment Trust.	Resolution: Approved as amended by all members present after canvassing by the Chair.	Submitted to and approved by the 32nd Meeting of the 8th-Term Board of Directors of the Company on January 21, 2025.
	Motion regarding the compensation of the Company's newly appointed Head of the Risk Management Department.	Resolution: Approved unanimously by all members present after canvassing by the Chair.	Submitted to and approved by the 32nd Meeting of the 8th-Term Board of Directors of the Company on January 21, 2025.
	Motion regarding the retirement pension of the Company's Executive Vice President Lin.	Resolution: Approved unanimously by all members present after canvassing by the Chair.	Submitted to and approved by the 32nd Meeting of the 8th-Term Board of Directors of the Company on January 21, 2025.
25th Meeting of the 5th Term, February 12, 2025	Motion regarding the compensation of the Company's newly appointed Head of the Administration Department.	Resolution: Approved unanimously by all members present after canvassing by the Chair. Recommendation: Suggesting that the Company's "Principles for the Determination of Salary upon Changes in Employee Job Title and Rank" be reviewed to clearly stipulate the salary adjustment principles applicable to inter-group personnel transferred to new positions within the Company.	Submitted to and approved by the 33rd Meeting of the 8th-Term Board of Directors of the Company on February 24, 2025.
	Motion regarding the compensation of the Company's newly appointed Executive Vice President.	Resolution: Approved unanimously by all members present after canvassing by the Chair.	Submitted to and approved by the 33rd Meeting of the 8th-Term Board of Directors of the Company on February 24, 2025.
26th Meeting of the 5th Term, March 6, 2025	Motion regarding the 2024 director compensation and employee compensation distribution ratios and amounts of the Company.	Resolution: Approved unanimously by all members present after canvassing by the Chair.	Submitted to and approved by the 34th Meeting of the 8th-Term Board of Directors of the Company on March 31, 2025.
27th Meeting of the 5th Term, March 21, 2025	Motion regarding the 2024 performance bonuses for personnel at the level of department head and above of the Company.	Resolution: Approved unanimously by all members present after canvassing by the Chair. Recommendation: Suggesting a review of the changes in the achievement rates of strategic performance indicators and the comparison results of external performance benchmark indicators over the past three years to serve as a reference for the Company's operational management.	Submitted to and approved by the 34th Meeting of the 8th-Term Board of Directors of the Company on March 31, 2025.
	Motion regarding the 2025 salary adjustments for personnel at the level of department head and above of the Company.	Resolution: Approved as amended by all members present after canvassing by the Chair. Recommendation: Suggesting a review of the reasonableness of the Company's recommended salary adjustment range table.	Submitted to and approved by the 34th Meeting of the 8th-Term Board of Directors of the Company on March 31, 2025.
28th Meeting of the 5th Term, April 18, 2025	Motion of subsidiary Hua Nan Commercial Bank regarding the payment of research fees to independent directors serving as members of the Audit Committee.	Resolution: Approved unanimously by all members present after canvassing by the Chair.	Submitted to and approved by the 35th Meeting of the 8th-Term Board of Directors of the Company on April 28, 2025.
29th Meeting of the 5th Term, May 19, 2025	Motion regarding the proposed payment of research fees by the subsidiary Hua Nan Securities to independent directors serving as members of the Audit Committee.	Resolution: Approved unanimously by all members present after canvassing by the Chair. Recommendation: Suggesting that the wording in Explanation 5 be revised to "The subsidiary references the payment practices of the Company and other subsidiaries within the Group for the Audit Committee..." and that Appendix 2 be deleted.	Submitted to and approved by the 36th Meeting of the 8th-Term Board of Directors of the Company on May 26, 2025.
	Motion regarding the compensation of the President of the subsidiary Hua Nan Securities.	Resolution: Approved unanimously by all members present after canvassing by the Chair.	Submitted to and approved by the 36th Meeting of the 8th-Term Board of Directors of the Company on May 26, 2025.

Term of the Remuneration Committee	Content of Motion	Resolution	Company's Handling of the Remuneration Committee's Opinions
1st Extraordinary Meeting of the 6th Term, June 20, 2025	Motion regarding the proposed payment of research fees by the subsidiary South China Insurance Company, Ltd. to independent directors serving as members of the Audit Committee.	Resolution: Approved unanimously by all members present after canvassing by the Chair.	Submitted to and approved by the 1st Meeting of the 9th-Term Board of Directors of the Company on June 30, 2025.
	Motion regarding the severance and retirement benefits of the Company's Vice Chairman Lin.	Resolution: Approved unanimously by all members present after canvassing by the Chair.	Submitted to and approved by the 1st Meeting of the 9th-Term Board of Directors of the Company on June 30, 2025.
	Motion regarding the concurrent-position compensation of the Company's Vice Chairman Lin.	Resolution: Approved unanimously by all members present after canvassing by the Chair. Recommendation: Requesting a review of the appropriateness of the wording of "concurrent appointment" or "concurrent position" in Article 2, Paragraph 4 of the Company's "Compensation Structure Standards for the Chairman and Vice Chairman."	Submitted to and approved by the 1st Meeting of the 9th-Term Board of Directors of the Company on June 30, 2025.
1st Meeting of the 6th Term, October 20, 2025	Motion regarding the payment of research fees to independent directors serving as members of the Sustainable Development Committee.	Resolution: Approved by all members present (excluding the two recused independent directors who were present, Ming-Hsien Yang and Jui-Chia Lin) after canvassing by the Acting Chair. Recommendation: Suggesting that the appendix include the payment practices for research fees of the Sustainable Development Committees of Taiwan Financial Holding and Land Bank of Taiwan.	Submitted to and approved by the 5th Meeting of the 9th-Term Board of Directors of the Company on October 27, 2025.

(VI) Implementation of Sustainable Development Promotion

1. Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof

Promotion Items	Implementation Results			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary	
1. Has the company established a governance framework for promoting Sustainable development, set up a dedicated (or concurrent) unit for promoting Sustainable development, authorized senior management to handle such matters by the Board of Directors, and established oversight mechanisms by the Board of Directors?	V		1. Governance Framework for Promoting Sustainable Development The Company established the "CSR Committee" in 2014, which was renamed the "Sustainable Development Committee" in 2022. In 2025, the Sustainable Development Committee was elevated to a functional committee under the Board of Directors. The Chairman of the financial holding company serves as the convener and meeting chairperson, the Vice Chairman serves as the deputy convener, and the remaining members consist of the Company's Director and General Manager and 2 Independent Directors, totaling 5 committee members. 2. Implementation of the Sustainable Development Committee (1) The administrative unit for the Sustainable Development Committee is the Administrative Management Department, which is responsible for assisting with agenda planning, convening notices, meeting proceedings, meeting minutes, and other related matters. At least 2 committee meetings are held per year to report on ESG-related issues of the Group, effectively managing the various promotion plans and execution of the Group's Sustainable development. The minutes of each committee meeting shall be submitted to the Board of Directors of the financial holding company for reporting. (2) Under the Sustainable Development Committee, 5 ESG sub-groups have been established: "Sustainable Governance," "Financial Services Industry," "Employee Development," "Environmental Sustainability," and "Social Well-being." Each sub-group has a responsible person and a secretary-general to promote relevant operations, plan and execute annual goals, track implementation results, and implement Sustainable development strategies. For detailed operations and annual implementation, please refer to the Company's Sustainability Report. (The 2025 Sustainability Report is expected to be published before the end of August 2026) (3) Dates of reports submitted to the Board of Directors during the year: A total of 4 meetings were held in 2025 (February 24, June 30, August 11, and December 29). The agenda items included: (A) Review of the annual Sustainability Report; (B) Revision of the Group's Sustainable development goals; (C) Annual implementation status of the Group's Sustainable development goals; (D) Revision of internal regulations related to sustainability issues. 3. Board of Directors' Oversight of Sustainable Development The Board of Directors regularly (at least twice a year) reviews the meeting minutes of the Sustainable Development Committee and deliberates on the annual Sustainability Report and revisions to the Group's Sustainable development goals. When necessary, the ESG sub-groups are prompted to make adjustments.	No difference

Promotion Items	Implementation Results			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof																							
	Yes	No	Summary																								
2. Does the company conduct risk assessments of environmental, social, and corporate governance issues related to its operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		1. This disclosure covers the Group's Sustainable development performance from January 2025 to December 2025. The risk assessment boundary encompasses the Company and all subsidiaries and sub-subsidiaries, consistent with the scope of the consolidated financial statements. 2. The Sustainable Development Committee conducts analysis based on the materiality principle of the Sustainability Report, communicates with internal and external stakeholders, and evaluates material sustainability issues by reviewing domestic and foreign research reports and literature, as well as integrating assessment data from various departments and subsidiaries. Based on this, the Committee formulates policies for monitoring and controlling risks and adopts specific action plans to reduce the impact of related risks. 3. Based on the assessed risks, the relevant risk management policies or strategies are formulated as follows: <table><tr><th>Material Topics</th><th>Risk Assessment Items</th><th>Description</th></tr><tr><td rowspan="6">Environment</td><td rowspan="6">Climate Change</td><td>(1) Since 2016, the Company has implemented "ISO 14064-1 Greenhouse Gas Inventory (Scope 1 and 2)" and has completed the Greenhouse Gas Inventory for all domestic and overseas operational sites of the Group by 2025.</td></tr><tr><td>(2) The Group has set carbon reduction targets in accordance with the Science Based Targets (SBT), aiming to reduce absolute emissions in its own operations (Scope 1 and 2) by 63% by 2035 compared to the base year 2024, with an average annual reduction of 5.73%.</td></tr><tr><td>(3) The Company obtained "ISO 14001" Environmental Management System certification in 2016 and "ISO 50001" Energy Management System certification in 2018, with periodic recertification thereafter.</td></tr><tr><td>(4) The Company's climate risk identification process has been established in accordance with the TCFD framework. Following cross-departmental discussions on climate risks and opportunities, a total of 9 opportunities and 6 risks have been identified.</td></tr><tr><td>(5) Since 2022, the Company has implemented the ISO 46001 Water Efficiency Management System, with periodic recertification thereafter.</td></tr><tr><td>(6) The Company established the "Group Climate Risk Management Policy" in 2022 and the "Group Fossil Fuels Investment and Financing Policy" in 2025.</td></tr><tr><td rowspan="2"></td><td>Occupational Safety</td><td>(1) In accordance with relevant regulations, the Company conducts regular annual employee health examinations and fire safety inspections to ensure the safety and health of employees. (2) Hua Nan Commercial Bank successfully passed the annual review for ISO 45001 Occupational Health and Safety Management System certification in 2025.</td></tr><tr><td>Protection of Customer Rights</td><td>(1) The "Hua Nan Financial Group Financial Consumer Protection Management Guidelines" have been established. To supervise the Group's subsidiaries in effectively protecting consumer rights and handling financial consumer disputes in a fair and reasonable manner. (2) The "Hua Nan Financial Group Wealth Management Product Review Guidelines" have been established. To evaluate whether the reasonableness and risks of the Group's wealth management products have been sufficiently disclosed. (3) Two-stage review for certain wealth management products. All Group products must comply with the regulations of each subsidiary and be reviewed by each subsidiary's product review committee. Certain higher-risk or complex wealth management products are subject to a second-stage review by the parent company's product review committee.</td></tr><tr><td rowspan="3"></td><td>Socioeconomic and Legal Compliance</td><td>(1) Through internal legal compliance advocacy and the implementation of internal control mechanisms, the Company ensures that all personnel and operations strictly adhere to relevant laws and regulations. (2) The Company's research and development results are protected through patent applications to safeguard the Company's rights and interests.</td></tr><tr><td>Strengthen the Functions of Directors</td><td>(1) Planning relevant continuing education topics for Directors, providing Directors with the latest regulations, institutional developments, and Policy on an annual basis. (2) Purchasing Directors' liability insurance for Directors to protect them in the event of litigation or claims.</td></tr><tr><td>Stakeholder Communication</td><td>(1) The Company analyzes stakeholders and their key issues of concern on an annual basis, serving as a reference for the preparation and disclosure of the Sustainability Report. (2) Establishing various communication channels to reduce confrontation and misunderstanding. Setting up an investor mailbox, managed and responded to by the spokesperson.</td></tr></table>	Material Topics	Risk Assessment Items	Description	Environment	Climate Change	(1) Since 2016, the Company has implemented "ISO 14064-1 Greenhouse Gas Inventory (Scope 1 and 2)" and has completed the Greenhouse Gas Inventory for all domestic and overseas operational sites of the Group by 2025.	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Occupational Safety	(1) In accordance with relevant regulations, the Company conducts regular annual employee health examinations and fire safety inspections to ensure the safety and health of employees. (2) Hua Nan Commercial Bank successfully passed the annual review for ISO 45001 Occupational Health and Safety Management System certification in 2025.	Protection of Customer Rights	(1) The "Hua Nan Financial Group Financial Consumer Protection Management Guidelines" have been established. To supervise the Group's subsidiaries in effectively protecting consumer rights and handling financial consumer disputes in a fair and reasonable manner. (2) The "Hua Nan Financial Group Wealth Management Product Review Guidelines" have been established. To evaluate whether the reasonableness and risks of the Group's wealth management products have been sufficiently disclosed. (3) Two-stage review for certain wealth management products. All Group products must comply with the regulations of each subsidiary and be reviewed by each subsidiary's product review committee. Certain higher-risk or complex wealth management products are subject to a second-stage review by the parent company's product review committee.		Socioeconomic and Legal Compliance	(1) Through internal legal compliance advocacy and the implementation of internal control mechanisms, the Company ensures that all personnel and operations strictly adhere to relevant laws and regulations. (2) The Company's research and development results are protected through patent applications to safeguard the Company's rights and interests.	Strengthen the Functions of Directors	(1) Planning relevant continuing education topics for Directors, providing Directors with the latest regulations, institutional developments, and Policy on an annual basis. (2) Purchasing Directors' liability insurance for Directors to protect them in the event of litigation or claims.	Stakeholder Communication	(1) The Company analyzes stakeholders and their key issues of concern on an annual basis, serving as a reference for the preparation and disclosure of the Sustainability Report. (2) Establishing various communication channels to reduce confrontation and misunderstanding. Setting up an investor mailbox, managed and responded to by the spokesperson.	No difference
Material Topics	Risk Assessment Items	Description																									
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		(2) The Group has set carbon reduction targets in accordance with the Science Based Targets (SBT), aiming to reduce absolute emissions in its own operations (Scope 1 and 2) by 63% by 2035 compared to the base year 2024, with an average annual reduction of 5.73%.																									
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		(5) Since 2022, the Company has implemented the ISO 46001 Water Efficiency Management System, with periodic recertification thereafter.																									
		(6) The Company established the "Group Climate Risk Management Policy" in 2022 and the "Group Fossil Fuels Investment and Financing Policy" in 2025.																									
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	Socioeconomic and Legal Compliance	(1) Through internal legal compliance advocacy and the implementation of internal control mechanisms, the Company ensures that all personnel and operations strictly adhere to relevant laws and regulations. (2) The Company's research and development results are protected through patent applications to safeguard the Company's rights and interests.																									
	Strengthen the Functions of Directors	(1) Planning relevant continuing education topics for Directors, providing Directors with the latest regulations, institutional developments, and Policy on an annual basis. (2) Purchasing Directors' liability insurance for Directors to protect them in the event of litigation or claims.																									
	Stakeholder Communication	(1) The Company analyzes stakeholders and their key issues of concern on an annual basis, serving as a reference for the preparation and disclosure of the Sustainability Report. (2) Establishing various communication channels to reduce confrontation and misunderstanding. Setting up an investor mailbox, managed and responded to by the spokesperson.																									
3. Environmental Issues (1) Has the Company established an appropriate Environmental Management System based on its industry characteristics?	V		1. The Group conducts a Greenhouse Gas Inventory annually in accordance with ISO 14064-1 standards, tracks emission reduction performance, and publicly discloses the results in the Sustainability Report. 2. The Company and its subsidiary Hua Nan Commercial Bank Ltd.'s domestic locations all follow ISO 14001 to establish an Environmental Management System and continuously pass third-party verification.	No difference																							

Promotion Items	Implementation Results			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof																																				
	Yes	No	Summary																																					
(2) Is the Company committed to improving energy use efficiency and using renewable materials with low environmental impact?	V		1. The Group actively promotes various energy reduction measures as follows: (1) Regularly conducting various ISO renewals and certifications. (2) Plan to replace air conditioning equipment and lighting fixtures at operating locations with energy-saving devices. (3) Actively obtaining green building certifications for operational locations. (4) Gradually replace fuel-powered company vehicles with hybrid or electric vehicles (5) Build own solar power generation facilities. (6) Purchase renewable energy and obtain its certificates. 2. In 2025, the Group's renewable energy consumption was 2,082,572 kWh. Based on the Group's total electricity consumption of 41,896,361 kWh in 2025, this accounts for 4.97%, and can reduce 987.14 tCO2e (calculated at 0.474 kg CO2e per kWh).. In July 2022, the Company signed its support for the Task Force on Climate-related Financial Disclosures (TCFD), implementing and operationalizing the TCFD framework to assess the degree to which clients are affected by climate risk and their management thereof, conducting climate risk management and review of investment and financing activities, in order to leverage capital influence and encourage clients to take climate risks and opportunities seriously. The Board of Directors serves as the highest authority responsible for the Group's climate risks and opportunities, approving, reviewing, and supervising the Group's climate risk management policies and management systems. The Risk Management Committee and Sustainable Development Committee under the Board are responsible for identifying and managing climate risks and opportunities. Additionally, through the three lines of defense in internal control, various units implement climate risk and opportunity management from top to bottom, incorporating climate risk management into the existing risk management framework. With reference to the Task Force on Climate-related Financial Disclosures (TCFD) guidelines and climate risk assessment reports published by financial industry peers, climate risks (physical and transition risks) and opportunities are identified based on business characteristics, and response measures are formulated, including regularly inventorying operational locations and real estate distribution to address operational interruptions or property losses caused by extreme weather events and natural disasters; reducing carbon emissions and conserving energy through purchasing green electricity, establishing solar-powered branches, and introducing the ISO 50001 Energy Management System; supporting green energy industries such as 'green energy technology,' 'new agriculture,' and 'circular economy,' and assisting enterprises in transitioning toward sustainable economic development; and by setting exposure limits for high climate risk industries, reducing or avoiding such business where related risks cannot be easily controlled after careful assessment. Detailed descriptions of the Company's climate change risks and opportunities analysis have been disclosed in the Company's Sustainability Report.	No difference																																				
(3) Has the Company assessed the potential risks and opportunities of climate change on the enterprise's present and future operations, and adopted relevant response measures?	V			No difference																																				
(4) Has the company calculated greenhouse gas emissions, water usage, and total waste weight over the past two years, and formulated policies for greenhouse gas reduction, water reduction, or other waste management?	V		1. Greenhouse Gas Emissions Management (1) The Group has set carbon reduction targets in accordance with the Science Based Targets (SBT). In terms of own operations (Scope 1+2), absolute emissions in 2035 will be reduced by 63% compared to the base year 2024, with an average annual reduction of 5.73%. The greenhouse gas emissions and reduction targets for 2025 and 2024 are as follows: Unit: tCO2e <table><tr><th>Item</th><th>2024</th><th>2025</th><th>2025 Target</th></tr><tr><td>Scope 1</td><td>2,552.07</td><td>2,256.02</td><td>2,405.90</td></tr><tr><td>Scope 2</td><td>22,188.46</td><td>18,888.78</td><td>20,917.66</td></tr><tr><td>Scope 1+2 Total</td><td>24,740.53</td><td>21,144.80</td><td>23,323.56</td></tr><tr><td>Emission Intensity (tCO2e / Million Revenue)</td><td>0.37</td><td>0.30</td><td>-</td></tr><tr><td>Scope 3 Investment and Financing</td><td>14,264,140.85</td><td>15,358,789.80</td><td>-</td></tr><tr><td>Scope 3 Non-Investment and Financing</td><td>13,512.14</td><td>42,261.36</td><td>-</td></tr><tr><td>Scope 3 Total</td><td>14,277,652.99</td><td>15,401,051.16</td><td>-</td></tr><tr><td>Total (Scope 1-3)</td><td>14,302,393.52</td><td>15,422,195.96</td><td>-</td></tr></table> Note 1: The data coverage includes the Company and all subsidiaries within the financial statements. Note 2: The above data has been verified by SGS Taiwan Ltd., with Scope 1 and Scope 2 at a reasonable assurance level, and Scope 3 at a limited assurance level. [Complete assurance information will be disclosed in the Sustainability Report]. (2) Promotion Measures - Scope 1 and 2: A. Regularly conducting various ISO renewals and certifications (A) ISO 14064-1 Greenhouse Gas Inventory and verification to monitor and manage own carbon emissions (B) ISO 14001 Environmental Management System renewal (C) ISO 46001 Water Efficiency Management System renewal (D) ISO 50001 Energy Management System renewal	Item	2024	2025	2025 Target	Scope 1	2,552.07	2,256.02	2,405.90	Scope 2	22,188.46	18,888.78	20,917.66	Scope 1+2 Total	24,740.53	21,144.80	23,323.56	Emission Intensity (tCO2e / Million Revenue)	0.37	0.30	-	Scope 3 Investment and Financing	14,264,140.85	15,358,789.80	-	Scope 3 Non-Investment and Financing	13,512.14	42,261.36	-	Scope 3 Total	14,277,652.99	15,401,051.16	-	Total (Scope 1-3)	14,302,393.52	15,422,195.96	-	No difference
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(3) Promotion Measures - Scope 3 Investment and Financing: Unit: Cubic meters <table><tr><th>Emission Category</th><th>Definition</th><th>Methodology</th><th>Science-Based Target</th></tr><tr><td>Investments and Financing (Coal, Oil and Gas Industry)</td><td>All investment and financing activities where counterparties are listed on the Global Oil and Gas Exit List (GOGEL) or the Global Coal Exit List (GCEL) published by international organizations</td><td>Fossil Fuel Finance Method (FFF Method)</td><td>(1) Annually disclose the outstanding amount and greenhouse gas emissions of such investment and financing positions. (2) Immediately cease investments (no new investment positions) and financing activities (no new cases or additional lending on existing cases) involving the following activities: (a) New coal mine construction and coal mine expansion, (b) New coal-fired power plants not equipped with carbon capture technology, (c) Capacity-expanding upstream oil and gas (including unconventional oil and gas), and related midstream infrastructure. And by 2040, fully cease all investment and financing activities related to 'coal enterprises' and 'unconventional oil and gas enterprises'. (3) Reduce greenhouse gas emissions from fossil fuel industry-related investment and financing activities by 63% from 2024 to 2035, compared to the base year of 2024. (4) By 2035, reduce greenhouse gas emissions from coal industry-related investment and financing activities by 69% compared to the base year of 2024. (5) For coal industry activities not intended for decommissioning purposes, all investment and financing activities shall be fully ceased by 2040.</td></tr><tr><td>Power Generation Project Finance</td><td>Project financing where funds are used for renewable and zero-carbon energy projects such as solar power generation, wind power generation, and other electricity supply industries</td><td>Sectoral Decarbonization Approach (SDA Method)</td><td>Maintain the emission intensity of the base year 2024 before 2030, and only provide financing for renewable energy power generation projects that are aligned with the 1.5°C target.</td></tr><tr><td>Commercial Real Estate Loans</td><td>Loans secured by commercial real estate purchased by enterprises</td><td>Sectoral Decarbonization Approach (SDA Method)</td><td>By 2035, reduce the greenhouse gas emissions per square meter of the commercial real estate loan portfolio by 79% compared to the base year of 2024.</td></tr><tr><td>General Commercial Loans (Excluding Coal, Oil and Gas Industry)</td><td>General credit facilities including publicly listed companies, the Bank's large corporate clients, and overseas syndicated loan cases</td><td>Temperature Rating Method (TR Method)</td><td>(1) Scope 1 and Scope 2 Portfolio Temperature Score, reduced from 3.2°C in 2024 to 2.56°C by 2030 (2) Scope 1, Scope 2, and Scope 3 portfolio temperature score, reduced from 3.2°C in 2024 to 2.66°C by 2030</td></tr><tr><td>Financed Emissions (excluding coal, oil, and natural gas industries)</td><td>Publicly issued corporate bonds, common stocks, preferred stocks, REITs, ETFs, and other funds.</td><td>Temperature Rating Method (TR Method)</td><td>(1) Scope 1 and Scope 2 Portfolio Temperature Score, reduced from 3.2°C in 2024 to 2.56°C by 2030 (2) Scope 1, Scope 2, and Scope 3 portfolio temperature score, reduced from 3.2°C in 2024 to 2.66°C by 2030</td></tr></table>		Emission Category	Definition	Methodology	Science-Based Target	Investments and Financing (Coal, Oil and Gas Industry)	All investment and financing activities where counterparties are listed on the Global Oil and Gas Exit List (GOGEL) or the Global Coal Exit List (GCEL) published by international organizations	Fossil Fuel Finance Method (FFF Method)	(1) Annually disclose the outstanding amount and greenhouse gas emissions of such investment and financing positions. 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			(4) Achievement Status: A. Scope 1 emissions in 2025 were 2,256.02 tCO₂e, which is 149.88 tCO₂e or 6.23% less than the annual target of 2,405.90 tCO₂e. This was mainly due to the replacement of fuel-powered official vehicles with hybrid vehicles in 2025, resulting in reduced fuel consumption, as well as lower diesel fuel additions to generators compared to the base year																										

Promotion Items	Implementation Results			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof																								
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			B. Scope 2 emissions in 2025 were 18,888.78 tCO₂e, which is 2,028.88 tCO₂e or 9.70% less than the annual target of 20,917.66 tCO₂e. This was mainly due to the continued replacement of energy-saving devices at operational locations and increased use of green energy in 2025. C. Scope 3 emissions in 2025 were 15,401,051.16 tCO₂e, an increase of 1,123,398.17 tCO₂e or 7.87% compared to 14,277,652.99 tCO₂e in 2024. This was mainly due to increased carbon emissions disclosed by credit customers in 2025 and higher emission factors adopted for credit customers' industry categories. 2. Water Consumption Management (1) The Group has set a water resource reduction management policy for 2025, targeting a 0.45% decrease in Group water intensity compared to the previous year. The reduction limit is expected to be reached by 2030, with the management goal after 2031 planned to maintain water consumption at zero growth. Unit: cubic meters <table><tr><th>Item</th><th>2024</th><th>2025</th><th>2025 Target</th></tr><tr><td>Total Water Consumption</td><td>288,116</td><td>275,295</td><td>286,819</td></tr><tr><td>Per Capita Water Consumption</td><td>24.91</td><td>24.32</td><td>-</td></tr></table> Note: The data coverage includes the Company and all subsidiaries within the financial statements, and verification is conducted together with Scope 3. (2) Promotion Measures: A. Regularly conducting ISO 46001 Water Efficiency Management Systems renewal certification B. Install rainwater harvesting equipment. C. Reuse recycled water and air conditioning condensate water. D. Replace with sensor-based, low-flow bubbler faucets. E. Replace with water-saving toilet equipment and water-saving electronic flush urinals. F. Promote and post water-saving slogans. (3) Achievement Status: Water consumption in 2025 was 275,295 units, which is 11,524 units or 4.02% less than the target of 286,819 units. This was mainly due to the continued replacement of equipment with water-saving devices and a reduction in the number of employees in 2025. 3. Waste Management (1) The Group has set a waste and resource recycling management policy for 2025, with a target of reducing total waste by 1% annually Unit: kg <table><tr><th>Item</th><th>2024</th><th>2025</th><th>2025 Target</th></tr><tr><td>Non-Recyclable</td><td>447,162</td><td>305,574</td><td>442,690</td></tr><tr><td>Recyclable</td><td>277,269</td><td>67,103</td><td>274,496</td></tr></table> Note 1: The data coverage includes the Company and all subsidiaries within the financial statements, and verification is conducted together with Scope 3. Note 2: Waste activity data is based on the weight of general waste collected at Hua Nan Commercial Bank Ltd.'s headquarters building and all domestic branches in 2025, divided by the number of personnel at the aforementioned locations. The average daily general waste generated per person is 0.1102 kg. Based on 246 working days in 2025 as announced by the Directorate-General of Personnel Administration, the estimated waste generated per person during working days in 2025 is: 0.0271 metric tons [0.1102 kg/day × 246 days ÷ 1,000]. Total waste is then calculated based on the number of employees at each Group company. (2) Promotion Measures: A. Implement waste sorting. B. Promote bringing own tableware in employee cafeterias. C. Implement waste weighing to accurately grasp the amount of waste generated. (3) The Group's total non-recyclable waste in 2025 was 305.57 metric tons, a decrease of 141.59 metric tons, or 31.66%, compared to 447.16 metric tons in 2024. This was mainly due to a decrease in the Group's employee count in 2025, and the waste generation per person during working hours decreased from 0.0386 metric tons in 2024 to 0.0271 metric tons in 2025.	Item	2024	2025	2025 Target	Total Water Consumption	288,116	275,295	286,819	Per Capita Water Consumption	24.91	24.32	-	Item	2024	2025	2025 Target	Non-Recyclable	447,162	305,574	442,690	Recyclable	277,269	67,103	274,496	
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4. Social Issues																												
(1) Has the Company formulated relevant management policies and procedures in accordance with applicable laws and regulations and international human rights conventions?	V		1. To fulfill its corporate social responsibility and protect basic human rights, the Company supports and respects the principles set forth in international human rights conventions such as the United Nations "Universal Declaration of Human Rights," the "Global Compact," and the "International Labour Organization Conventions," and has formulated the "Human Rights Policy." This policy was formulated by the HNFHC Administrative Management Division and approved by resolution of the Board of Directors, with its scope of application extending to the entire group. The content of the policy is as follows:	No difference																								

Promotion Items			Implementation Results	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof																
	Yes	No	Summary																	
			Article 1 (Purpose and Basis of Formulation) To fulfill its corporate social responsibility and protect the basic human rights of employees, customers, and other stakeholders, the Company supports and respects international human rights conventions such as the United Nations "Universal Declaration of Human Rights," the "Global Compact," and the "International Labour Organization Conventions," and has formulated this policy in accordance with the relevant provisions of the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and the "Hua Nan Financial Group Corporate Social Responsibility Best Practice Principles." Article 2 (Scope of Application) This policy applies to the Company and its subsidiaries. Article 3 (Strict Compliance with Labor and Human Rights Norms) The Company strictly complies with the government's labor-related laws and regulations, and prohibits any form of discrimination, forced labor, and the employment of child labor. Article 4 (Providing a Safe and Healthy Working Environment) The Company complies with occupational safety and health-related laws and regulations, continuously improves the safety and health of the working environment, reduces the risk of occupational hazards, and protects employees' safety and physical and mental health. Article 5 (Building a Diverse and Equitable Workplace) The Company implements workplace diversity, and does not engage in differential treatment or unfair treatment on the basis of an individual's race, class, language, thought, religion, party affiliation, place of ancestral origin, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, physical or mental disability, astrological sign, blood type, or past union membership, among others. Article 6 (Respecting Freedom of Assembly and Association) The Company respects employees' freedom of assembly and association, maintains smooth communication channels with employees, and is committed to building a harmonious labor-management workplace environment. Article 7 (Protecting Privacy) The Company safeguards the privacy rights of employees, customers, and other stakeholders, and ensures that the collection, processing, and use of personal data comply with laws and regulations. Article 8 (Human Rights Policy Promotion) In addition to actively practicing corporate social responsibility and the human rights protection policy itself, the Company holds its cooperation partners, including suppliers, to the same standards, jointly striving to enhance attention to human rights-related issues and to attach importance to the management of related risks. Article 9 (Approval Level) This policy shall be implemented after being approved by the Board of Directors. The same shall apply to amendments. Article 10 (Amendment History) This policy was formulated on November 25, 2021. 2. To implement human rights risk management, with reference to international human rights development trends and others, the Company has screened out 10 human rights issues that may potentially arise in the course of corporate operations, and through a questionnaire survey, assessed the probability of the potential risk of the human rights issues occurring and the degree of impact on the Company's operations. For the high-risk human rights issues identified, mitigation and compensation measures are formulated, and the improvement status and effectiveness are continuously tracked. The employee human rights due diligence process is as follows: <table><tr><th>(1) Identifying risks</th><th>(2) Assessing risks</th><th>(3) Mitigation measures</th><th>(4) Evaluating effectiveness</th></tr><tr><td>With reference to international human rights development trends and peer information, the human rights issues relevant to the Company's own operations are identified.</td><td>The probability of occurrence of the human rights issues and the impact on the Company's operations are assessed, and a risk matrix is prepared.</td><td>The high-risk human rights issues are reviewed, and mitigation measures are planned to reduce the probability of occurrence.</td><td>The coverage rate and improvement rate of the measures are continuously tracked.</td></tr></table> The supplier human rights due diligence process is as follows: <table><tr><th>(1) Identifying risks</th><th>(2) Assessing risks</th><th>(3) Mitigation measures</th><th>(4) Evaluating effectiveness</th></tr><tr><td>Violation records are checked at the Ministry of Labor — Inquiry System for Business Entities Violating Labor Laws.</td><td>Risk analysis is conducted based on the number of violations and high-risk human rights issues, among others.</td><td>The high-risk human rights issues are reviewed, and mitigation measures are planned to reduce the probability of occurrence.</td><td>The coverage rate and improvement rate of the measures are continuously tracked.</td></tr></table>	(1) Identifying risks	(2) Assessing risks	(3) Mitigation measures	(4) Evaluating effectiveness	With reference to international human rights development trends and peer information, the human rights issues relevant to the Company's own operations are identified.	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			Survey scope and subjects: <table><tr><th>Survey Scope</th><th>Survey Subjects</th><th>Survey Method</th></tr><tr><td>Own operations</td><td>Employees</td><td>Employee human rights due diligence</td></tr><tr><td>Value chain</td><td>Suppliers</td><td>Ministry of Labor — Inquiry System for Business Entities Violating Labor Laws</td></tr><tr><td>New business relationships (Note)</td><td>Business partners</td><td>Employee human rights due diligence</td></tr></table> (Note): The Group had no new business relationships (such as mergers, acquisitions, or joint ventures) in 2025, so no human rights due diligence on new business relationships was conducted. (1) Employees' main (material) risk issues and mitigation measures <table><tr><th>Probability of Risk Occurrence</th><th>Key Risk Issues</th><th>Overall Risk Occurrence Rate</th><th>Mitigation Measures</th><th>Remedial Measures</th><th>Implementation Rate of Mitigation and Remedial Measures</th></tr><tr><td>0.04%</td><td>Sexual Harassment</td><td rowspan="3">1.83%</td><td> - Announce sexual harassment prevention regulations on bulletin boards, systems, and other channels to strengthen employee awareness and promote prevention concepts. </td><td> - According to internal case handling procedures, the cases were appropriately handled and closed. </td><td rowspan="3">100%</td></tr><tr><td>0%</td><td>Workplace Bullying</td><td> - Announce prevention regulations on bulletin boards, internal systems, and other channels to strengthen employee awareness and promote prevention concepts. - Conduct workplace bullying prevention education and training. </td><td> - According to internal case handling procedures, the cases were appropriately handled and closed. </td></tr><tr><td>0%</td><td>Labor-Management Disputes</td><td> - Strictly follow labor laws and regulations, and clearly stipulate them in employee work rules and relevant regulations. - Promote various communication channels for colleagues to express their opinions. </td><td> - Regularly hold labor-management meetings to promote communication on various welfare systems, work environment, and labor-management cooperation. </td></tr><tr><td>1.79%</td><td>Abnormal Work Overload</td><td></td><td> - Overtime work requires prior application, and supervisors should be reminded to allocate work appropriately. If employees have no overtime needs and stay in the office, they should be advised to leave as soon as possible. - Implement "Abnormal Workload-Induced Disease Prevention Plan" and "Ergonomic Hazard Prevention Plan", with employees regularly completing questionnaires for evaluation and follow-up management. </td><td> - Overtime hours are compensated through overtime pay or time off in lieu is provided according to the law. - Supervisors regularly have interviews with colleagues regarding the appropriateness of work allocation. </td><td></td></tr></table> (2) Suppliers' main (material) risk issues and mitigation measures <table><tr><th>Probability of Risk Occurrence</th><th>Key Risk Issues</th><th>Overall Risk Occurrence Rate</th><th>Mitigation Measures</th><th>Remedial Measures</th></tr><tr><td>8.33%</td><td>Violation of Occupational Safety and Health</td><td rowspan="2">12.5%</td><td rowspan="2"> - In accordance with Hua Nan Financial Group's Supplier Code of Conduct, suppliers are required to sign the Supplier Commitment Letter when entering into procurement contracts with the Group. This ensures they uphold corporate social responsibility, adhere to integrity management, promote environmental sustainable development, and protect basic human rights. - Regularly monitor whether suppliers have received any regulatory penalties. </td><td rowspan="2">100%</td></tr><tr><td>4.17%</td><td>Violation of Labor Rights</td></tr></table>	Survey Scope	Survey Subjects	Survey Method	Own operations	Employees	Employee human rights due diligence	Value chain	Suppliers	Ministry of Labor — Inquiry System for Business Entities Violating Labor Laws	New business relationships (Note)	Business partners	Employee human rights due diligence	Probability of Risk Occurrence	Key Risk Issues	Overall Risk Occurrence Rate	Mitigation Measures	Remedial Measures	Implementation Rate of Mitigation and Remedial Measures	0.04%	Sexual Harassment	1.83%	Announce sexual harassment prevention regulations on bulletin boards, systems, and other channels to strengthen employee awareness and promote prevention concepts.	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Promotion Items	Implementation Results			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof				
	Yes	No	Summary					
(2) Has the Company established and implemented reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately reflected business performance or results in employee compensation?	V		(3) Human Rights Protection Education and Training at Hua Nan Financial Group in 2025 <table><tr><th>Total Training Hours</th><th>Total Number of Trainees</th></tr><tr><td>63,963.4</td><td>48,023</td></tr></table> Note: Education and training course topics include labor laws and regulations, sexual harassment and workplace bullying prevention, occupational safety and health, and privacy protection. 1. Employee Compensation The overall remuneration system design of the Company is based on individual position responsibilities, performance, and ability to determine salary, and is linked to external benchmarked markets. Through a fair and rigorous performance evaluation system, the Company implements a differentiated overall remuneration mechanism to attract and motivate outstanding talents and strengthen the Company's competitiveness. 2. Employee Benefits Measures The Company has established an Employee Welfare Committee to boost employee morale, promote labor-management cooperation, and enhance employee benefits. The Committee plans and provides a variety of quality benefits for employees, such as marriage subsidies, childbirth subsidies, parental leave subsidies, birthday celebrations, funeral subsidies, children's education scholarships, and also provides employee health check-ups and employee psychological counseling services. A generous leave system that exceeds statutory requirements is in place (employees are exempt from salary deductions for up to 14 days of personal leave and 30 days of sick leave; additionally, maternity leave of 58 days, prenatal checkup leave of 8 days, and paternity/prenatal accompaniment leave of 8 days are provided). For details, please refer to pages 106 and 107 of this Annual Report. 3. Retirement System The Company has established a comprehensive retirement system in accordance with applicable laws and regulations, including the Labor Standards Act and the Labor Pension Act. In accordance with the Labor Standards Act, a Labor Retirement Reserve Supervisory Committee has been established, and monthly contributions to the labor pension reserve under the old pension system are made to a dedicated labor pension account at Taiwan Bank; for employees subject to the new labor pension system, monthly contributions of 6% of monthly salary are made to individual retirement accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act. For employees who wish to make voluntary pension contributions, the voluntary contribution rate is deducted from their monthly salary on their behalf and remitted to their individual retirement accounts at the Bureau of Labor Insurance. 4. Workplace Diversity and Equality The Group values equal work rights for both genders and provides fair and reasonable treatment, as well as diverse employment and career development opportunities for all employees, in response to the United Nations Sustainable Development Goal of gender equality. As of December 31, 2025, female full-time employees accounted for 60.80% of the Group; in terms of management positions, female managers accounted for 52.23% of the total number of managers. 5. Operational Performance Reflected in Employee Compensation (1) Articles of Incorporation: Pursuant to Article 36, if the Company has a profit in a given year, then before deducting director and employee compensation from the pre-tax profit, the director remuneration shall not exceed 1% and the employee compensation shall be 0.02% to 0.15%, of which the proportion distributed to grassroots employees shall not be less than 1% of the actual amount of employee compensation allocated for that year. The Board of Directors is authorized to determine this annually within that range; however, where there are still accumulated losses, the amount to be offset shall be deducted in advance. (2) Overall Remuneration Policy: The Company reviews market salary levels and the Company's revenue and profits each year to assess annual salary adjustments, in order to maintain overall compensation competitiveness. In 2025, the average salary adjustment rate for the Group was 5.63%.	Total Training Hours	Total Number of Trainees	63,963.4	48,023	No difference
Total Training Hours	Total Number of Trainees							
63,963.4	48,023							
(3) Does the Company provide employees with a safe and healthy working environment and conduct regular safety and health education for employees?	V		1. Occupational Safety and Health Policy: (1) To enhance occupational safety and health awareness across the Group, the Company's President has signed and submitted the occupational safety and health policy for discussion and approval at the labor-management meeting. All companies within the Group are requested to strictly comply with the Occupational Safety and Health Act and other relevant regulations, and to adopt appropriate measures and implement them accordingly. The commitments are as follows: A. Comply with occupational safety and health regulations. B. Establish a safe and healthy workplace. C. Manage occupational safety and health risks. D. Strengthen occupational safety and health education and training. E. Ensure consultation and participation with workers. F. Continuously optimize the occupational safety and health system.	No difference				

Promotion Items	Implementation Results			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary	
(4) Has the company established effective career development and training programs for employees?	V		(2) In the event that an employee sustains an injury while performing job duties or while commuting between their place of residence and the workplace, the Company will proactively investigate the cause of the incident and provide health care support. The Company will also assist in applying for occupational injury and disease-related benefits in accordance with relevant labor insurance regulations and grant official injury/illness leave accordingly. As of December 31, 2025, the Group recorded 86 occupational accident cases in fiscal year 2025, involving 74 injured employees, representing 0.66% of the total workforce. 2. Facility Safety: (1) Elevator Equipment Safety: To ensure the safety of all personnel using elevator equipment, the Company regularly commissions vendors to perform maintenance on all passenger and freight elevator equipment and conducts annual inspections. (2) Access Control Security: To ensure the personal safety of all employees, the Company not only engages an external security company to maintain access control security, but also implements electronic access card systems on each floor to enforce strict personnel entry and exit controls, thereby safeguarding the personal safety of employees at all levels. 3. Environmental Hygiene and Safety: To provide employees with a superior hygienic environment, the Company engages an external cleaning company to conduct scheduled environmental cleaning and tidying twice daily, and also performs environmental disinfection on a non-scheduled basis to ensure environmental hygiene and safety. 4. Fire Safety: In accordance with fire safety regulations, the Company has established a comprehensive fire protection system, including alarm systems, fire sprinkler systems, and evacuation systems, and conducts regular fire safety equipment inspections. 5. The Company's work environment and employee personal safety protection measures are further disclosed in the Corporate Sustainable Development section of the official website at https://www.hnfhc.com.tw/HNFHC/. 6. Verification Status: The Company's and its subsidiary bank's head office building have obtained ISO 45001 Occupational Health and Safety Management System certification, with a validity period from June 16, 2025 to June 15, 2028. 7. Sexual Harassment Prevention Measures: Each subsidiary of the Group has established sexual harassment prevention measures and complaint and disciplinary procedures, and has publicly disclosed the procedures and complaint channel information (dedicated telephone line, fax, and mailbox) in the workplace, so that employees clearly understand the concept of sexual harassment, its prevention, and how to respond to and handle it. The Company has planned comprehensive competency training for managers and employees at all levels, including new employee training, professional advancement training, and management training, to assist employees in continuous learning and growth through diversified learning methods. The Company has also incorporated corporate ethics concepts into relevant training courses to cultivate employees' key competencies. In 2025, the Group's education and training adopted both in-person and online diversified teaching methods. The average training hours per employee was approximately 58.8 hours, with total training expenditures of approximately NT\$104.24 million. During the annual performance review interviews, supervisors and employees jointly discuss and set individual annual competency development plans to help employees tailor the best development plans for themselves.	No difference
(5) Regarding issues such as customer health and safety, customer privacy, marketing, and labeling of products and services, does the company comply with relevant regulations and international standards, and has it formulated relevant policies and complaint procedures to protect consumer or customer rights?	V		1. The Company has established the "Hua Nan Financial Group Wealth Management Product Review Guidelines" to evaluate whether the reasonableness and risks of the Group's wealth management products have been fully disclosed. 2. The Company has established the "Hua Nan Financial Group Financial Consumer Protection Management Guidelines" to supervise the Group's subsidiaries to effectively protect consumer rights and handle financial consumer disputes in a fair and reasonable manner.	No difference
(6) Has the company formulated a supplier management policy requiring suppliers to comply with relevant regulations on environmental protection, occupational health and safety, or labor and human rights issues, and what is the implementation status?	V		1. The Company has established the "Hua Nan Financial Group Supplier Code of Conduct." When entering into procurement contracts with the Group, suppliers are required to sign the "Supplier Commitment Letter." In accordance with this code, the Company implements integrity management, promotes environmental sustainable development, protects basic human rights, and ensures occupational safety internally. 2. The procurement units of Group members shall complete the "Supplier Checklist" when signing the aforementioned contracts, and may conduct unannounced audits of suppliers providing goods and services in accordance with the Code of Conduct. If a supplier is found to have violated the Code of Conduct in a serious manner or fails to make improvements, Group members reserve the right to terminate or dissolve the cooperative relationship. 3. Suppliers shall comply with local government regulations, international conventions, and industry-related ethics and Integrity Management principles, including but not limited to clean business operations, fair trade, avoidance of improper benefit exchange and false advertising, and compliance with intellectual property regulations. Suppliers shall conduct transactions in an open and transparent manner and strive to implement a corporate culture of Integrity Management. Suppliers shall comply with local labor laws and regulations to protect employees' lawful rights and interests, including working environment, working hours and remuneration, freedom of association, and the right to collective bargaining, while respecting internationally recognized fundamental labor and human rights principles. The employment of child labor, involvement in human trafficking, any form of forced labor, and other violations of human rights are strictly prohibited. Suppliers shall not discriminate against or treat employees differently based on gender, race, socioeconomic class, age, marital status, or family status.	No difference

Promotion Items	Implementation Results			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof										
	Yes	No	Summary											
			4. Suppliers shall respect employees' right to privacy and fulfill their responsibilities in protecting personal data. 5. Supplier management process:<table><tr><th>Total Training Hours</th><th>Total Number of Trainees</th></tr><tr><td>Supplier evaluation</td><td>All cooperative suppliers must sign the "Supplier Commitment Letter", which forms part of the contract. If a supplier is found to have violated the terms of the Commitment Letter, immediate corrective action shall be taken. However, if improvement is not possible or the violation is of a serious nature, the Company reserves the right to unconditionally terminate or dissolve the contract.</td></tr><tr><td>Supplier Assistant Auditor</td><td>Prior to contract signing, a "Supplier Checklist" shall be attached to confirm whether the supplier has any violations in the environmental, social, and governance dimensions.</td></tr><tr><td>Supplier training</td><td>The Company invites suppliers to participate in the "Joint Supplier Conference for State-owned Financial Enterprises" annually, and organizes supplier seminars on an irregular basis. Topics include carbon inventory, climate change, and workplace safety, continuously communicating and promoting sustainability-related issues to suppliers.</td></tr><tr><td>Supplier forum and recognition</td><td>The Company participates annually in the "Joint Supplier Conference of Government-Owned Financial Enterprises" hosted under the guidance of the Ministry of Finance. In addition to continuously promoting sustainable transformation, the Company also shares sustainability-related information with its suppliers and credit customers, advancing together toward sustainable development.</td></tr></table>	Total Training Hours	Total Number of Trainees	Supplier evaluation	All cooperative suppliers must sign the "Supplier Commitment Letter", which forms part of the contract. If a supplier is found to have violated the terms of the Commitment Letter, immediate corrective action shall be taken. However, if improvement is not possible or the violation is of a serious nature, the Company reserves the right to unconditionally terminate or dissolve the contract.	Supplier Assistant Auditor	Prior to contract signing, a "Supplier Checklist" shall be attached to confirm whether the supplier has any violations in the environmental, social, and governance dimensions.	Supplier training	The Company invites suppliers to participate in the "Joint Supplier Conference for State-owned Financial Enterprises" annually, and organizes supplier seminars on an irregular basis. Topics include carbon inventory, climate change, and workplace safety, continuously communicating and promoting sustainability-related issues to suppliers.	Supplier forum and recognition	The Company participates annually in the "Joint Supplier Conference of Government-Owned Financial Enterprises" hosted under the guidance of the Ministry of Finance. In addition to continuously promoting sustainable transformation, the Company also shares sustainability-related information with its suppliers and credit customers, advancing together toward sustainable development.	
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Supplier forum and recognition	The Company participates annually in the "Joint Supplier Conference of Government-Owned Financial Enterprises" hosted under the guidance of the Ministry of Finance. In addition to continuously promoting sustainable transformation, the Company also shares sustainability-related information with its suppliers and credit customers, advancing together toward sustainable development.													
5. Does the Company prepare sustainability reports or other reports disclosing non-financial information by referencing internationally recognized report preparation standards or guidelines? Have the aforementioned reports obtained assurance or guarantee opinions from a third-party verification body?	V		The Company prepares its Sustainability Report in accordance with the standards issued by the Global Reporting Initiative (GRI), disclosing material topics and impacts identified by the Company. The Company also references the Sustainability Accounting Standards Board (SASB) standards to disclose industry indicator information and provides a SASB index mapping to the report content. The Company's 2025 Sustainability Report has been independently assured with limited assurance by Deloitte & Touche, in accordance with the Statement on Auditing Standards No. 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation.	No difference										
6. If the Company has established its own Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancies between its operations and the established principles:														
The Company's Board of Directors approved the adoption of the "Group Corporate Social Responsibility Best Practice Principles" in June 2015. In December 2022, in alignment with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," the title was changed to the "Group Sustainable Development Best Practice Principles," under which the risks and impacts of the Group's business operations on the economy, environment, and society are managed. The Company regularly reviews its implementation status in accordance with the principles and makes improvements accordingly. No discrepancies have been identified to date.														
7. Other important information that may assist in understanding the implementation of sustainable development initiatives:														
Please refer to the descriptions on pages 40 to 43 of the Annual Report and the Company's Sustainability Report. (The 2025 Sustainability Report is expected to be published before the end of August 2026)														

To promote social prosperity and stability, the Group integrates all of its resources to undertake public-welfare activities, with "public-welfare participation, knowledge promotion, arts and cultural creativity, and sports development" as the main pillars of its public-welfare strategy, assisting in the stable development of society and fulfilling its corporate social responsibility. The key sponsorships, donations, and public-welfare activities held in 2025 are as follows:

Item	Name	Date	Description
1	The 4th "Hua Nan Financial Holdings Youth Baseball Catcher Intensive Training Camp"	January 7–9, 2025	The Youth Baseball Catcher Intensive Training Camp continues to be held. The trainees are catchers from junior high school hardball baseball teams, with the aim of improving the defensive skills and concepts of domestic youth baseball catchers and laying the foundations for Taiwan's baseball.
2	Industry Response Forum	April 28, 2025	Sponsored the "Industry Response Forum" organized by the Liberty Times, on the theme of "The Impact of US Reciprocal Tariffs on Industries and Response Strategies."
3	2025 TLLB CUP U13 Taiwan Community Baseball Championship	May 3, 4, 10, and 11, 2025	Continued support for the "TLLB CUP U13 Taiwan Community Baseball Championship." The WHB Magicians won the championship and represented Taiwan in the LLB 50/70 Asia-Pacific and Middle East Regional Qualifier.
4	2025 Hua Nan Financial Holdings Cup National Little League Baseball Championship	May 24–31, 2025	Title-sponsored the "2025 Hua Nan Financial Holdings Cup National Little League Baseball Championship." The representative team of Taipei City won the national little league championship and earned the right to be selected and trained as the Chinese Taipei team for the "2025 8th WBSC U-12 Baseball World Cup."
5	2025 Hua Nan Financial Holdings Cup National Youth Baseball Championship	May 30 – June 8, 2025	Title-sponsored the "2025 Hua Nan Financial Holdings Cup National Youth Baseball Championship." The representative team of New Taipei City won the national youth baseball championship and earned the right to be selected and trained as the Chinese Taipei team for the "2025 12th BFA U-15 Baseball Championship."
6	2025 Little League Baseball (LLB) Intermediate Division (50/70) Asia-Pacific and Middle East Regional Qualifier	June 16–21, 2025	Sponsored the "2025 Little League Baseball (LLB) Intermediate Division (50/70) Asia-Pacific and Middle East Regional Qualifier," held in Taiwan for the first time. Taiwan finished in third place.
7	2025 Masters Forum	June 20, 2025	Sponsored the "2025 Masters Forum" organized by the Economic Daily News, with 2010 Nobel Laureate in Economics Christopher Pissarides as the keynote speaker.
8	2025 Wealth Magazine Impact Forum	July 3, 2025	Sponsored the "2025 Wealth Magazine Impact Forum" organized by Wealth Magazine, with Richard c. Kuo, Chief Economist of Nomura Research Institute (Japan), as the keynote speaker, on the theme of "The Return of the Liquidity Wave: Asia as the Bright Spot of the Global Economy."
9	Post-Disaster Reconstruction Work after Typhoon Danas	July 6, 2025	Typhoon Danas made landfall in Budai, Chiayi, late on the night of July 6, 2025, causing severe damage to central and southern Taiwan. The Group donated NT\$2.5 million to assist disaster areas in their swift recovery.
10	2025 8th WBSC U-12 Baseball World Cup	July 25 – August 3, 2025	For the eighth consecutive year, sponsored the U-12 Baseball World Cup held in Taiwan. The current edition was held simultaneously at the main and secondary U-12 fields of the Asia-Pacific International Baseball Training Center in Tainan, with Taiwan finishing in fourth place.
11	Post-Disaster Reconstruction Work after Devastating Heavy Rains	July 28, 2025	On July 28, 2025, affected by a tropical depression and the southwesterly flow, multiple areas in counties and cities in central and southern Taiwan were flooded. The Group donated NT\$8.5 million to assist disaster areas in their swift recovery.
12	2025 National Community Student Baseball Tournament	Two consecutive weeks, Saturdays and Sundays, from August 9 to 17, 2025	For the fourth consecutive year, sponsored the National Community Student Baseball Tournament. In 2025, a total of 299 teams registered to participate in the tournament, setting a new historical record.
13	2025 12th BFA U-15 Baseball Championship	August 17–23, 2025	Sponsored the "2025 12th BFA U-15 Baseball Championship" held at the Asia-Pacific International Baseball Training Center in Tainan, with Taiwan winning the championship.
14	Tunghai University Department of Finance "Asset Management Project Research" and "Asset Management Practice" Course Project	September 8, 2025 - January 10, 2026	Sponsored the Tunghai University Department of Finance "Asset Management Project Research" and "Asset Management Practice" course project, allowing students to gain an understanding of financial industry practices through visits, proposals, lectures, and other course activities.

Item	Name	Date	Description
15	2025 Hua Nan Financial Group Badminton and Table Tennis Tournament	September 27, 2025	Joint teams composed of current employees or retired colleagues from the various companies of the Group competed. A total of 12 teams with nearly 200 participants took part. The strength of each team was very competitive, with the Financial Holding-Bank Joint Team ultimately winning the badminton championship and the Bank Central-South Region Joint Team winning the table tennis championship.
16	37th Accounting Elites Cup Debate Competition	October 18–19, 2025	Sponsored the "37th Accounting Elites Cup Debate Competition" organized by the Accounting Research and Development Foundation, in which teams from 14 schools participated. Fu Jen Catholic University won the team championship.
17	Ministry of Finance 2025 Uniform Invoice Cup Road Race	October 26, 2025	Co-organized the "Ministry of Finance 2025 Uniform Invoice Cup Road Race" to encourage the public to develop regular exercise habits and promote sports for all.
18	"The Hua Nan is Great, Forever Young" Elderly Appreciation event (1st Event)	October 28, 2025	Together with volunteers from the Hondao Senior Citizen's Welfare Foundation, the Group accompanied nearly 60 elderly individuals living alone in disadvantaged circumstances on a visit to the Taipei Children's Amusement Park. During the luncheon, financial anti-fraud games were used to build seniors' awareness of fraud prevention, and gift bags of daily necessities were presented.
19	"The Hua Nan is Great, Forever Young" Elderly Appreciation event (2nd Event)	November 7, 2025	Together with volunteers from the Hondao Senior Citizen's Welfare Foundation, the Group accompanied nearly 50 elderly individuals living alone in disadvantaged circumstances on a visit to Taichung Lihpao Land. During the luncheon, financial anti-fraud games were used to build seniors' awareness of fraud prevention, and gift bags of daily necessities were presented.
20	2025 Financial Services Love and Public Welfare Carnival (Chiayi Event)	November 8, 2025	Participated in the "2025 Financial Services Love and Public Welfare Carnival (Chiayi Event)" organized by the Taiwan Federation of Financial Services. The Group set up two booth activities to promote knowledge of financial fraud prevention.
21	2025 "Grassroots Baseball Development Fund"	November 8, 2025	Donated to the 2025 "Grassroots Baseball Development Fund" to purchase baseball equipment worth a total of NT\$1 million, which was presented to the baseball teams of Liu Lin Elementary School, Hsiu Lin Elementary School, Min Ho Junior High School, and Chung Ho Junior High School in Chiayi County.
22	Dream Baseball Camp	November 8, 2025	Invited approximately 100 players from the baseball teams of five elementary schools in Chiayi County — Liu Lin, Hsiu Lin, He Hsing, Ta Tung, and Tai Bao — to participate, with former professional baseball player Ting-Yao Wang serving as head coach and Chiayi-born professional baseball pitcher Chun-Chang Su sharing his experience, enabling players to learn more diverse baseball skills.
23	Leaping on Paper. HOSS Illustration Awards	November 15–23, 2025	Sponsored the "Leaping on Paper.HOSS Illustration Awards" organized by the HOSS Cultural Foundation, exhibiting outstanding illustration works at the Songshan Cultural and Creative Park to promote the development of domestic arts and cultural activities.
24	Organic Transition Plan for Tea Farmers in Shiding District, New Taipei City	November 27, 2025	Sponsored a 4-year organic transition plan (2026 to 2029) for "Chang's Tea Estate" and "Wang Lai Tea Garden" in Shiding District, New Taipei City, to support the organic transition of domestic agriculture.
25	Investment Forum	November 28, 2025	Sponsored the "Investment Forum" organized by the Liberty Times, on the theme of "Responding to International Changes: Seizing Investment Opportunities for the Future."
26	Presidential and Youth Forum	November 29, 2025	For 10 consecutive years, sponsored the "Presidential and Youth Forum" organized by Business Today. The 2025 forum theme was "Youth in Progress, Taiwan's Future," with President Lai Ching-te invited to deliver a speech and engage with high school student representatives.
27	Chinese National Association of Industry and Commerce Activities	January – December 2025	Donated the 2025 operating funds to the Chinese National Association of Industry and Commerce, Tainan (CNAIC).



1. The 4th "Hua Nan Financial Holdings Youth Baseball Catcher Training Camp" — 30 catchers from junior high school hardball baseball teams.
2. Press conference for the opening of the "2025 TLLB CUP U13 Taiwan Community Baseball Championship." Ying-Hwa Huang, Chairman of the Taiwan Little League Baseball Association (sixth from right, front row); Chu-Ping Yu, Director-General of the Taipei City Government Sports Administration (fifth from right, front row); and Fu-Hsing Kuo, Department Head of Hua Nan Financial Holdings (seventh from right, front row), cheered on the participating team representatives.
3. Launch ceremony of "Dream Takes Flight" for the "2025 Hua Nan Financial Holdings Cup National Little League and Youth Baseball Championships," with Hua-Wei Lin, Vice Chairman of the Chinese Taipei Baseball Association (ninth from left, last row); Nancy Chen, Chairman of Hua Nan Financial Holdings and Hua Nan Commercial Bank (eighth from left, last row); Yao-Ching Li, then President of Hua Nan Financial Holdings (seventh from left); Chun-Chih Huang, President of Hua Nan Commercial Bank (tenth from left); Chin-Ming Huang, Chairman of Hua Nan Securities Co., Ltd. (sixth from left); Wen-Chih Chen, President of South China Insurance Co., Ltd. (eleventh from left), cheering on the participating players.
4. Chun-Chih Huang, President of Hua Nan Commercial Bank (center), and Chen-Chuan Chou, MVP of the previous tournament (second from right), served as ceremonial first-pitchers at the championship game of the 2025 Hua Nan Financial Holdings Cup National Little League Baseball Championship.

5. Po-Hsun Chen, Executive Vice President of Hua Nan Financial Holdings (center, front row), and Cheng-Tso Liu, MVP of the previous tournament (second from right, front row), served as ceremonial first pitchers at the championship game of the 2025 Hua Nan Financial Holdings Cup National Youth Baseball Championship.
6. Group photo of guests at the "2025 Wealth Impact Forum," including Ming-Hsin Kung, then Secretary-General of the Executive Yuan (fifth from left); Richard c. Kuo, Chief Economist of Nomura Research Institute (Japan) (sixth from left); Chin-Ho Hsieh, President of Wealth Magazine (fourth from left); Nancy Chen, Chairman of Hua Nan Financial Holdings and Hua Nan Commercial Bank (third from left); and other attending guests.
7. Sanxia Marines won the U-12 championship at the 2025 National Community Youth Baseball Tournament. Ying-Hwa Huang, Chairman of TLLB (second from left, front row); Chung-Yi Tsai, Section Chief of the Sports Administration, Ministry of Education (first from right, front row); and Fu-Hsing Kuo, Department Head of Hua Nan Financial Holdings (first from left, front row), happily posed for a photo with players and parents.
8. Hua Nan Financial Holdings's support of the Tunghai University Department of Finance Asset Management Project Research and Practice Courses, with T. Lin, Vice Chairman of Hua Nan Financial Holdings and Hua Nan Commercial Bank (center); Hsi Chang, Professor at Tunghai University (second from left); Yao-Ching Li, then President of Hua Nan Financial Holdings (first from left); Chao-Chih Yeh, then Acting Chairman of Hua Nan Investment Trust (second from right); and Chia-Chin Wu, President (first from right).



9. Opening ceremony of the "2025 Hua Nan Financial Group Badminton and Table Tennis Tournament," with Nancy Chen, Chairman of Hua Nan Financial Holdings and Hua Nan Commercial Bank (fourth from left); T. Lin, Vice Chairman (fifth from left); Yao-Ching Li, then President of Hua Nan Financial Holdings (third from left); and the heads of each subsidiary.
10. Hua Nan Financial Holdings continues to support the Hondao Senior Citizen's Welfare Foundation. Yao-Ching Li, then President of Hua Nan Financial Holdings (right), presented a donation of NT\$1.8 million on behalf of the Company to Mei-Yu Liu, Director of the Hondao Senior Citizen's Welfare Foundation (left).
11. On the first day of winter (Lidong), Hua Nan Financial Holdings and the volunteers of the Hondao Senior Citizen's Welfare Foundation spread warmth, accompanying seniors on a visit to Lihpao Land.
12. "2025 Financial Services Love and Public Welfare Carnival (Chiayi Event)," with Chin-Lung Peng, Chairperson of the Financial Supervisory Commission (sixth from left, front row); Jui-Pin Tung, Chairman of the Taiwan Federation of Financial Services (eighth from left, front row); and Nancy Chen, Chairman of Hua Nan Financial Holdings and Hua Nan Commercial Bank (seventh from left, front row), posing with colleagues.
13. Nancy Chen, Chairman of Hua Nan Financial Holdings and Hua Nan Commercial Bank (fifth from left, last row), presented a donation of NT\$1 million to the Grassroots Baseball Development Fund on behalf of the Company. The funds were used to purchase baseball equipment for the baseball teams of four schools in Chiayi County: Liu Lin Elementary School, Hsiu Lin Elementary School, Min Ho Junior High School, and Chung Ho Junior High School.

14. Hua Nan Financial Holdings held the "Dream Baseball Camp" inviting the youth baseball teams from five elementary schools in Chiayi County — Liu Lin, Hsiu Lin, He Hsing, Ta Tung, and Tai Bao — to enable young players to learn more diverse baseball skills.
15. Hua Nan Financial Holdings supports the organic transition plan for tea farmers in Shiding District, New Taipei City. Yao-Ching Li, then President of Hua Nan Financial Holdings (fourth from left); Ming-Cheng Kuo, former President of National Chengchi University (third from left); Chih-Hsiang Chang of Chang's Tea Estate (second from left); and Cheng-Yi Chou of Wang Lai Tea Garden (third from right).
16. Hua Nan Financial Holdings has supported the "Presidential and Youth Forum" for 10 consecutive years. President Lai Ching-te (center) happily posed for a group photo with young students.
17. Hua Nan Financial Holdings has been honored with the "Sports Promoter Award" for 14 consecutive years. The award was presented by Yang Lee, Minister of Sport (left), with Yao-Ching Li, then President of Hua Nan Financial Holdings (right), receiving the award on behalf of the Company.

2. Climate-Related Information of the Company

(1) Implementation Status of Climate-Related Information

Item	Implementation Status
1. Describe the Board of Directors' and the management's oversight and governance of climate-related risks and opportunities.	1. The Company has set 2050 as its strategic target for net-zero emissions. The Board of Directors is the highest governance body for climate matters, responsible for approving, reviewing, and supervising the Group's climate risk management policies and management systems. The "Risk Management Committee" and the "Sustainable Development Committee" are responsible for the identification and management of climate-related risks and opportunities. In addition, through the three lines of defense of internal control, each unit promotes climate risk and opportunity management from the top down, integrating climate risk management into the existing risk management framework.
2. Describe how identified climate risks and opportunities affect the enterprise's business, strategy, and finances (short-, medium-, and long-term).	2. The identification of climate risks and opportunities is mainly based on the industry characteristics of the subsidiaries. Each year, the impact of climate risks and opportunities on the enterprise's operations, products/services, and business activities, as well as potential financial impacts, linkage with existing traditional risks, and the impact period are reviewed. Through climate scenario analysis, the degree to which investment, lending, and operating activities are affected by climate risks is assessed, material financial or operational impacts are identified, and after comprehensively considering the results of climate risk and opportunity identification and assessment, short-, medium-, and long-term response strategies and action plans are formulated.
3. Describe the impact of extreme climate events and transition actions on finances.	3. To grasp the impact of extreme climate events and transition actions on finances, in 2025, it was identified that if the "frequency of extreme climate events increases," claim amounts would rise. Based on the location of insured properties for which large-amount typhoon and flood riders have been underwritten, the proportion of high-risk cases is estimated to be approximately 0.1% of the total. Therefore, the Company plans to incorporate climate change risk assessment into the underwriting process and strengthen reinsurance. If "flooding caused by extreme climate" were to cause losses at the Company's and its subsidiaries' business locations, it is estimated that the operating losses at high-risk areas with flooding of 3 meters or more by 2050 would account for approximately 0.07% of the Company's and its subsidiaries' operating expenses in 2025. The Company will continue to refine its physical risk scenario analysis to conduct risk-change assessments of its business locations. Additionally, if the "government imposes a carbon fee," this would increase the operating costs of domestic investment and lending clients, thereby reducing their repayment capability. Under the orderly transition scenario by 2050, the carbon fee expenditures of domestic investment and lending clients are projected to have the greatest impact on the electricity supply industry by 2050. The Company is setting carbon reduction targets and pathways in accordance with the SBTi methodology and is currently applying for SBTi validation, after which the Company will continue to commit to its clients' low-carbon transition.
4. Describe how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.	4. The Company signed in support of the Task Force on Climate-related Financial Disclosures (TCFD) in July 2022, formulated the Group's climate risk management policy in 2023, implemented exposure limit controls and differentiated management for investment and lending clients in high-climate-risk industries, and through the continued adoption and implementation of the TCFD framework, incorporated the processes for identifying, assessing, and managing climate risks into investment, lending, and underwriting operations to strengthen review and monitoring of high-climate-risk industries. Since 2022, climate risk management reports have been submitted to the Board of Directors annually to supervise and track the climate risk management of the Group's members. Beginning in 2025, third-party verification of the carbon inventory of Scope 3 Category 15 investment and lending portfolios will be conducted to strengthen the data quality of the inventory results.
5. If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios, parameters, assumptions, analytical factors, and main financial impacts used shall be described.	5. The Company employs climate scenario analysis to assess the extent to which investment, lending, and operating activities are affected by climate risks, identify material financial or operational impacts, and, by comprehensively considering the results of climate risk and opportunity identification and assessment, formulate response strategies and plans. The summary of adopted scenario analysis is as follows: 5.1 Transition risks (1) The Company adopts the NGFS orderly transition, disorderly transition, and hot-house world (uncontrolled global warming) scenarios, assuming that high-carbon-emission industry investments and loans in 2030, 2040, and 2050 will be affected by transition risk factors (such as carbon fee imposition). (2) After calculations based on the projected carbon fee parameters for the respective years above, under the orderly transition scenario by 2050, the high-carbon-emission industry investment targets as of the end of 2025 would be required to pay the highest carbon fee expenditures, with the electricity supply industry being most severely affected. 5.2 Physical Risks (1) Using the National Science and Technology Center for Disaster Reduction (NCDR) flood hazard risk map physical risk scenario, the Company simulates and assumes that towns and townships across Taiwan will be affected by physical risk factors (such as flood disasters) under the most severe climate change scenario by the mid-21st century. (2) After reviewing the domestic business locations of the Company and its subsidiaries as of the end of 2025 and calculating exposure and hazard parameters, the proportion of domestic business locations of the Company and its subsidiaries classified as high-risk is approximately 14.4%.
6. If a transition plan for responding to and managing climate-related risks exists, describe the content of the plan and the indicators and targets used to identify and manage physical risks and transition risks.	6. In response to its net-zero strategy, the Company identifies and manages physical risks and transition risks and plans related carbon reduction measures. A summary is as follows: (1) Completed ISO 14064-1 greenhouse gas inventory at the locations of each Group company, and set a reduction target of a 2% decrease in Scope 1 and Scope 2 emissions compared to the previous year. In addition, the Group committed to joining the SBTi on August 9, 2024, and underwent SBTi carbon reduction target validation in 2025. (2) As of the end of Q4 2025, the subsidiary Hua Nan Commercial Bank's investment in sustainable development bonds accounted for approximately 9.56% of the balance of NTD bonds, and its investment in the constituent stocks of the "Taiwan Sustainability Index" jointly compiled by the Taiwan Index Plus Corporation and FTSE Russell accounted for over 90% of total holdings (short-term investments). (3) Established the "Group Supplier Code of Conduct," requiring suppliers to fill out a "Supplier Commitment Letter" at the time of procurement, undertaking to make their best efforts under conditions of cost-effectiveness and technical feasibility to reduce adverse impacts on human health and the environment. (4) Hua Nan Commercial Bank has received Letters of Appreciation for Outstanding Performance in "Green Procurement" from the Ministry of Environment for 10 consecutive years from 2016 to 2025. Green procurement accounted for 16.26% of total procurement in 2025 (the final amount shall be subject to the amount reported and recognized by the Environmental Protection Administration). (5) Regarding the green buildings of the subsidiary Hua Nan Commercial Bank, in addition to the three existing Diamond-level green building structures — the headquarters building, the Songjiang Training Center, and the Yuanlin Branch — the new information building completed in 2023 has also been certified as a Gold-level green building. Hua Nan Commercial Bank also actively pursues partial renovations of older buildings: in 2024, two Diamond-level and one Bronze-level green building certifications were obtained; in 2025, three Diamond-level and one Building Energy Efficiency Level 3 certifications were obtained. The number of premises holding green building certifications continues to grow each year. (6) Continued planning to replace air-conditioning equipment and lighting fixtures at business locations with energy-saving devices, and to gradually replace fuel-powered official vehicles with hybrid or all-electric vehicles.

Item	Implementation Status
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be described.	7. Regarding procurement policy and internal carbon management, the Group has implemented the following measures: (1) Procurement policy: To enhance the efficiency of energy use and change the internal behavior of the enterprise, the Group has implemented the "Equipment Procurement Carbon Emission Cost Assessment Principles." The carbon emissions of procured equipment shall be calculated based on its electricity consumption, with the general rate of the "Carbon Fee Rate" announced by the Ministry of Environment serving as the internal carbon price. The carbon emission costs (i.e., the implicit cost of carbon emissions) of the equipment are calculated to facilitate a comprehensive consideration of equipment procurement prices and carbon emission costs in making procurement decisions. In 2025, 32 carbon emission cost assessment cases were undertaken across the Group's companies, with a total procurement amount of NT\$36,769,790. (2) Internal carbon management: A. The Group publishes the results of its greenhouse gas verification annually on the Sustainability section of the official website for the carbon reduction management of Group companies and for investor reference. B. The subsidiary Hua Nan Commercial Bank has implemented an internal carbon pricing system since 2024, calculating the carbon reduction cost per metric ton based on the investment amount and carbon reduction benefits of energy-saving and carbon-reduction improvement projects. Going forward, the carbon emissions generated by each branch's electricity consumption (which accounts for approximately 75% of total emissions) will serve as the comparison basis for internal carbon pricing. C. In addition, since energy-saving benefits follow a diminishing growth curve, the principle in the initial stage of promoting internal carbon pricing is that each branch's electricity consumption shall not grow (i.e., the goal is not to exceed the previous year's electricity consumption). The "Domestic Business Unit Carbon Management and Electricity Saving Competition" is held, and in the first quarter of the following year, the achievement rate of carbon reduction is calculated. Awards are given to the top five branches with the highest achievement rates and to colleagues who propose creative and practical energy-saving highlight programs, gradually fostering colleagues' awareness that carbon has a price and improving the internal carbon pricing system.
8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning timeline, and annual achievement progress, among other information, shall be described. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon reduction credits offset or the quantity of Renewable Energy Certificates (RECs) shall be described.	8. The Company has set 2050 as its target for net-zero emissions and is actively pursuing environmental and energy management as well as Group-wide carbon reduction planning. The climate-related targets are described as follows: (1) The Group has set carbon reduction targets in accordance with Science Based Targets (SBT). For its own operations (Scope 1 + 2), absolute emissions in 2035 shall be reduced by 63% compared to the 2024 base year, representing an average annual reduction of 5.73%. (2) Activities covered include direct emissions of Scope 1 (natural gas, gasoline and diesel consumption, refrigerants, and fugitive emissions from fire-fighting equipment materials) and indirect greenhouse gas emissions of Scope 2 (electricity energy). (3) Achievement of Reduction Targets: A. Scope 1 emissions in 2025 were 2,256.02 tCO₂e, which is 149.88 tCO₂e or 6.23% less than the annual target of 2,405.90 tCO₂e. This was mainly due to the replacement of fuel-powered official vehicles with hybrid vehicles in 2025, resulting in reduced fuel consumption, as well as lower diesel fuel additions to generators compared to the base year. B. Scope 2 emissions in 2025 were 18,888.78 tCO₂e, a reduction of 2,028.88 tCO₂e or 9.70% compared to the annual target emissions of 20,917.66 tCO₂e, mainly attributable to the continued replacement of equipment at business locations with energy-saving devices and the increased use of green electricity in 2025. C. Scope 1 and Scope 2 emissions totaled 21,144.80 tCO₂e, a reduction of 2,178.76 tCO₂e or 9.34% compared to the annual target emissions of 23,323.56 tCO₂e, achieving the SBT 2025 carbon reduction target.
9. Greenhouse Gas Inventory and Assurance Status, Reduction Targets, Strategies, and Specific Action Plans	Please refer to (1)-1 and (1)-2 for explanation

(1)-1 Greenhouse Gas Inventory and Assurance Status of the Company in the Most Recent Two Fiscal Years

(1)-1-1 Greenhouse Gas Inventory Information

Item	2024		2025	
	Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT\$ million in revenue)	Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT\$ million in revenue)
Scope 1	2,552.07	0.04	2,256.02	0.03
Scope 2	22,188.46	0.33	18,888.78	0.27
Total of Scope 1 + Scope 2	24,740.53	0.37	21,144.80	0.30
Scope 3 Investment and Financing	14,264,140.85	5.58	15,358,789.80	6.25
Scope 3 Non-Investment and Financing	13,512.14	-	42,261.36	-
Scope 3 Total	14,277,652.99	-	15,401,051.16	-
Total (Scope 1 – Scope 3)	14,302,393.52	-	15,422,195.96	-

Note 1: The data coverage includes the Company and all subsidiaries within the financial statements.

Note 2: Scopes 1 and 2 intensity is calculated based on the Company's net income: NT\$69,492.35 million in 2025 and NT\$66,778.79 million in 2024.

Note 3: Intensity of Scope 3 investment and lending emissions = total emissions (tCO₂e) / total value of investment and lending portfolio (NT\$ million)

(1)-1-2 Greenhouse Gas Assurance Information

Item	2024	2025
Assurance Provider	Taiwan Industrial Services Ltd. (SGS)	Taiwan Industrial Services Ltd. (SGS)
Description of Assurance Status	The Company's total greenhouse gas emissions disclosure has been assured by an assurance provider in accordance with the ISO 14064-1: 2018 standard. Scopes 1 and 2 are at the reasonable assurance level; Scope 3 is at the limited assurance level.	The Company's total greenhouse gas emissions disclosure has been assured by an assurance provider in accordance with the ISO 14064-1: 2018 standard. Scopes 1 and 2 are at the reasonable assurance level; Scope 3 is at the limited assurance level. [Complete assurance information will be disclosed in the Sustainability Report]

(1)-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

- Greenhouse gas reduction base year and data: The Company's reduction base year is 2024, with Scope 1 and 2 emissions of 24,740.53 tCO₂e and Scope 3 investment and lending emissions of 14,264,140.85 tCO₂e.
- Scope 1 and 2 emissions reduction target: The Group has set carbon reduction targets in accordance with Science Based Targets (SBT). For its own operations (Scope 1 + 2), absolute emissions in 2035 shall be reduced by 63% compared to the 2024 base year, representing an average annual reduction of 5.73%. The reduction target for 2025 is Scope 1 and 2 emissions below 23,323.56 tCO₂e.
- Scope 1 and 2 emissions strategy and specific action plans:
 - Regularly conducting various ISO renewals and certifications
 - ISO 14064-1 Greenhouse Gas Inventory and verification to monitor and manage own carbon emissions
 - ISO 14001 Environmental Management System renewal
 - ISO 46001 Water Efficiency Management System renewal
 - ISO 50001 Energy Management System renewal
 - Plan to replace air conditioning equipment and lighting fixtures at operating locations with energy-saving devices.
 - Actively Obtaining Green Building Certifications for Operating Locations
 - Gradually replace fuel-powered company vehicles with hybrid or electric vehicles
 - Build own solar power generation facilities.
 - Purchase renewable energy and obtain its certificates.
- Scope 3 investment and lending emissions reduction target, strategy, and specific action plans:

Emission Category	Definition	Methodology	Science Based Targets
Investments and Financing (Coal, Oil and Gas Industry)	All investment and financing activities where counterparties are listed on the Global Oil and Gas Exit List (GOGEL) or the Global Coal Exit List (GCEL) published by international organizations	Fossil Fuel Finance Method (FFF Method)	(1) Annually disclose the outstanding amount and greenhouse gas emissions of such investment and financing positions. (2) Immediately cease investments (no new investment positions) and financing activities (no new cases or additional lending on existing cases) involving the following activities: (a) New coal mine construction and coal mine expansion, (b) New coal-fired power plants not equipped with carbon capture technology, (c) Capacity-expanding upstream oil and gas (including unconventional oil and gas), and related midstream infrastructure. And by 2040, fully cease all investment and financing activities related to 'coal enterprises' and 'unconventional oil and gas enterprises'. (3) Reduce greenhouse gas emissions from fossil fuel industry-related investment and financing activities by 63% from 2024 to 2035, compared to the base year of 2024. (4) By 2035, reduce greenhouse gas emissions from coal industry-related investment and financing activities by 69% compared to the base year of 2024. (5) For coal industry activities not intended for decommissioning purposes, all investment and financing activities shall be fully ceased by 2040.
Power Generation Project Finance	Project financing where funds are used for renewable and zero-carbon energy projects such as solar power generation, wind power generation, and other electricity supply industries	Sectoral Decarbonization Approach (SDA Method)	Maintain the emission intensity of the base year 2024 before 2030, and only provide financing for renewable energy power generation projects that are aligned with the 1.5°C target.
Commercial Real Estate Loans	Loans secured by commercial real estate purchased by enterprises	Sectoral Decarbonization Approach (SDA Method)	By 2035, reduce the greenhouse gas emissions per square meter of the commercial real estate loan portfolio by 79% compared to the base year of 2024.
General Commercial Loans (Excluding Coal, Oil and Gas Industry)	General credit facilities including publicly listed companies, the Bank's large corporate clients, and overseas syndicated loan cases	Temperature Rating Method (TR Method)	(1) Scope 1 and Scope 2 Portfolio Temperature Score, reduced from 3.2°C in 2024 to 2.56°C by 2030 (2) Scope 1, Scope 2, and Scope 3 portfolio temperature score, reduced from 3.2°C in 2024 to 2.66°C by 2030
Financed Emissions (excluding coal, oil, and natural gas industries)	Publicly issued corporate bonds, common stocks, preferred stocks, REITs, ETFs, and other funds.	Temperature Rating Method (TR Method)	(1) Scope 1 and Scope 2 Portfolio Temperature Score, reduced from 3.2°C in 2024 to 2.56°C by 2030 (2) Scope 1, Scope 2, and Scope 3 portfolio temperature score, reduced from 3.2°C in 2024 to 2.66°C by 2030

- Achievement of Reduction Targets:
 - Scope 1 emissions in 2025 were 2,256.02 tCO₂e, which is 149.88 tCO₂e or 6.23% less than the annual target of 2,405.90 tCO₂e. This was mainly due to the replacement of fuel-powered official vehicles with hybrid vehicles in 2025, resulting in reduced fuel consumption, as well as lower diesel fuel additions to generators compared to the base year.
 - Scope 2 emissions in 2025 were 18,888.78 tCO₂e, which is 2,028.88 tCO₂e or 9.70% less than the annual target of 20,917.66 tCO₂e. This was mainly due to the continued replacement of energy-saving devices at operational locations and increased use of green energy in 2025.
 - Scope 3 emissions in 2025 were 15,401,051.16 tCO₂e, an increase of 1,123,398.17 tCO₂e or 7.87% compared to 14,277,652.99 tCO₂e in 2024. This was mainly due to increased carbon emissions disclosed by credit customers in 2025 and higher emission factors adopted for credit customers' industry categories.

(VII) Implementation of Integrity Management

Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Therefor

Evaluation Item	Operation			Differences from the Integrity Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof
	Yes	No	Summary	
I. Establishment of Integrity Management Policy and Programs				
(I) Has the Company formulated an integrity management policy approved by the Board of Directors, and has it clearly stated in its rules and external documents the policies and practices for integrity management, as well as the commitments of the Board of Directors and senior management to actively implement the management policy?	V		(I) 1. The Company has established the "Employee Work Rules" and the "Integrity Management Best Practice Principles," both approved by the Board of Directors. These rules constitute the Company's integrity management policy. 2. These rules clearly stipulate the integrity-related conduct that employees shall observe. The Board of Directors and the management also comply with the Company Act, the Securities and Exchange Act, other related laws and regulations, and the Company's internal procedures to actively implement the Company's integrity management.	No difference
(II) Has the Company established a risk assessment mechanism for dishonest conduct, periodically analyzing and assessing business activities with a higher risk of dishonest conduct within its scope of business and accordingly formulating programs to prevent dishonest conduct, covering at least preventive measures for the conduct set forth in the various subparagraphs of Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(II) 1. The Company convenes at least one Integrity Management Committee meeting each year, composed of all independent directors, to periodically review whether any Group members have any disciplinary cases related to integrity management. Based on the identified business activities related to dishonest conduct and the recommendations of the Integrity Management Committee, related preventive measures are established. 2. In addition, the Company's risk assessment mechanism for dishonest conduct also includes assessing the conduct set forth in the various subparagraphs of Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," and has identified procurement operations as business activities with a higher risk of dishonest conduct. (1) On September 19, 2025, the Company amended the relevant provisions of the "Hua Nan Financial Group Supplier Code of Conduct." (2) The action plans are as follows: A. In addition to requiring suppliers to sign supplier commitment letters, Group members shall fill out supplier checklists when signing procurement contracts to identify potential dishonest conduct. B. Periodically promote among Group members the various provisions of the Company's Integrity Management Best Practice Principles. C. The Company's "Employee Work Rules" clearly stipulate that personnel shall not engage in favoritism or fraud, or accept gifts, rebates, or other improper benefits; the Company has also established internal control procedures for donations. D. In addition to having legal personnel assist in reviewing various contracts to prevent contracts from being signed that may be in violation of the law, internal auditors also conduct ad-hoc audits and continuously track the implementation of improvements.	No difference
(III) Has the Company clearly stipulated operating procedures, guidelines for conduct, disciplinary measures for violations, and a grievance system within its programs to prevent dishonest conduct, and implemented them effectively while periodically reviewing and amending the aforementioned programs?	V		(III) Regarding the prevention of dishonest conduct, the Company has stipulated related disciplinary and reward provisions in the "Employee Work Rules," implements legal compliance training for new and incumbent personnel, and reviews and amends the above-mentioned programs as appropriate or on a periodic basis.	No difference
II. Implementation of Integrity Management				
(I) Does the Company assess the integrity records of its business counterparts and clearly stipulate integrity conduct clauses in the contracts signed with such counterparts?	V		(I) When engaging in business activities, the Company first assesses whether its business counterparts have any record of dishonest conduct, to ensure fairness in business conduct, and does not request, provide, or accept gifts, rebates, or other improper benefits.	No difference
(II) Has the Company established a dedicated unit subordinated to the Board of Directors for promoting corporate integrity management, and does it periodically (at least once a year) report to the Board of Directors on the implementation of its integrity management policy and the program to prevent dishonest conduct, as well as the status of supervisory implementation?	V		(II) Since 2016, the Company has established the Integrity Management Committee under the Board of Directors, composed of all independent directors, responsible for assisting in integrating integrity and ethical values into the Company's business strategy, coordinating with the establishment of statutory systems, ensuring preventive measures related to integrity management, planning the whistleblower system and ensuring its effective implementation, promoting integrity policy awareness training and coordination, and other matters related to the formulation and supervisory implementation of integrity management policies. The Committee convenes at least one meeting per year; a total of 3 meetings were held in 2025, and the minutes of all meetings are submitted to the Board of Directors and recorded as material Company documents. In addition, the implementation status of integrity management in 2025 is as follows: 1. Suppliers Commitment (1) Through the supplier commitment letter and supplier checklist, cooperating vendors are required to comply with the Company's integrity management norms. (2) As of the end of 2025, in accordance with each subsidiary's norms, 100% of the suppliers required to sign have signed the Supplier Commitment Letter. 2. Education and Training On October 2, 2025, a dedicated training session on "Integrity Management and Workplace Unlawful Infringement" was held, with Mr. Chen-Wei Chang, Assistant Vice President of Deloitte & Touche, as the keynote speaker. 3. Commitment All colleagues (including new employees) of each company of the Group have 100% acknowledged the content of the norms of the "Integrity Management Best Practice Principles Commitment Letter."	No difference

Evaluation Item	Operation			Differences from the Integrity Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary	
			4. Promotion (1) To integrate the integrity management culture into the Group culture, the integrity culture is promoted through channels such as the elevator TV walls, periodicals, and email, in order to ensure the implementation of the integrity management culture. (2) Whistleblower Channels - Whistleblower mailbox: P.O. Box 143, Taipei Xinyi Post Office - Dedicated telephone line: (02) 2723-2098 - Fax: (02) 2723-2099 - Email: whistle@hnfhc.com.tw Additionally, the Administration Department serves as the responsible unit, with each Department implementing internal controls and audit systems. Job duties are clearly defined, employee evaluations are strengthened, periodic audits are conducted, and operational reports are submitted to the Board of Directors. Internal auditors submit their audit reports to the Board of Directors, and the Company's various units must make improvements to address management deficiencies.	
(III) Has the Company formulated policies to prevent conflicts of interest, provided appropriate communication channels, and implemented them effectively?	V		(III) In the "Rules of Procedure for Board of Directors Meetings," the Company has established a director recusal system in cases of conflicts of interest. The Company and each subsidiary have also established "Operating Guidelines for Transactions with Stakeholders" to prevent conflicts of interest from arising.	No difference
(IV) To implement integrity management, has the Company established an effective accounting system and internal control system, and has the internal audit unit, based on the results of risk assessments of dishonest conduct, formulated relevant audit plans, and accordingly examined compliance with the program to prevent dishonest conduct, or engaged CPAs to conduct such examinations?	V		(IV) To ensure the implementation of the integrity management policy, the Company has established effective related management rules and accounting systems, with internal auditors periodically examining the implementation of these systems.	No difference
(V) Does the Company periodically hold internal and external training on integrity management?	V		(V) The Company regularly sends integrity management compliance promotion materials to directors and senior executives, and arranges for them to attend external professional courses. Furthermore, the Company periodically holds integrity management training. On October 2, 2025, a dedicated training session (2.5 hours) on "Integrity Management and Workplace Unlawful Infringement" was held, with Mr. Chen-Wei Chang, Assistant Vice President of Deloitte & Touche, as the keynote speaker. Participants included the Company's directors, managerial officers, and employees, with a total of 120 participants. The completion rate among the Company's employees reached 100%, the same as the 2024 completion rate.	No difference
III. Operations of the Company's Whistleblower System				
(I) Has the Company formulated a specific whistleblower and incentive system, established convenient whistleblower channels, and designated appropriate dedicated personnel to handle reported matters concerning the persons being reported?	V		(I) The Company has formulated specific methods for reporting violations of the Integrity Management Best Practice Principles, whistleblower channels, and units responsible for handling reports, and has announced these on the Company's official website.	No difference
(II) Has the Company formulated standard operating procedures for the investigation of reported matters, follow-up measures to be taken after the completion of investigations, and related confidentiality mechanisms?	V		(II) 1. The Company has established the "Integrity Management Best Practice Principles" and the "Whistleblower Operating Guidelines," under which the identity of whistleblowers and the content of reports shall be kept strictly confidential. 2. Investigation procedures may include document review, confidential interviews with relevant personnel, or other methods that help clarify the facts of the case, conducted on the basis of fairness and independence. Where necessary, external independent professionals may be engaged to assist. Upon completion of the investigation, an investigation report shall be prepared on the reported case and submitted to the supervising officer for approval.	No difference
(III) Has the Company adopted measures to protect whistleblowers from being subject to improper treatment as a result of their reports?	V		(III) The Company has formulated the Integrity Management Best Practice Principles and undertakes that whistleblowers shall not be subject to improper treatment as a result of their reports.	No difference
IV. Strengthening Information Disclosure				
Does the Company disclose the content of its Integrity Management Best Practice Principles and the effectiveness of its promotion on its website and the Market Observation Post System?	V		The Company has established websites in both Chinese and English, and discloses its Integrity Management Best Practice Principles on the Chinese website. In accordance with regulations, the Company publishes material information announcements on the Market Observation Post System so that investors are informed of the Company's material information.	No difference
V. If the Company has established its own integrity management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe any discrepancies between its operations and the established principles: The Company has established its own Integrity Management Best Practice Principles and established the Integrity Management Committee. The Company's operations are carried out in accordance with the provisions of the Integrity Management Best Practice Principles.				
VI. Other important information that helps in understanding the Company's integrity management operations (such as the Company's review and amendment of its established Integrity Management Best Practice Principles): The Company's operations are conducted in accordance with the provisions of the Integrity Management Best Practice Principles, and information disclosure is carried out in accordance with regulations.				

(VIII) Other important information that helps in understanding the Company's corporate governance operations: None.

(IX) Implementation Status of the Internal Control System

1. Internal Control System Statement:

Please refer to <https://mops.twse.com.tw/mops/#/web/t06sg20>

2. The Company has not engaged CPAs to conduct a special review of the internal control system.

(X) Material Resolutions of the Shareholders' Meetings and Board of Directors Meetings in 2025 and up to the Printing Date of the Annual Report

1. Material Resolutions of the Board of Directors

Term	Material Resolutions
32nd Meeting of the 8th Term	1. The engagement and remuneration for the audit and certification of the Company's 2025 financial statements and tax certification on business income tax.
	2. The pre-approval case for non-attestation services provided to the Company by Deloitte & Touche, the Company's certifying CPA firm for financial statements, and its related organizations.
	3. Motion to retain the Company's 2024 capital expenditure budget.
	4. 2025 Group credit risk concentration limits, high-climate-risk industry limits, trading book market risk limits, banking book loss warning thresholds, and capital adequacy ratio warning levels.
	5. Personnel motion of the subsidiary Hua Nan Venture Capital Co. Ltd.
	6. Motion to amend the "Employee Bonus Management Guidelines" of the subsidiary Hua Nan Securities Co., Ltd.
	7. Motion regarding the compensation of the Acting Chairman of the subsidiary Hua Nan Investment Trust.
	8. Motion regarding the compensation of the Company's newly appointed Head of the Risk Management Department.
	9. Motion regarding the retirement pension of the Company's Executive Vice President Lin.
	10. Personnel motion of the Company.
	11. Personnel motion of the subsidiary Hua Nan Commercial Bank.
33rd Meeting of the 8th Term	1. Motion that the subsidiary Hua Nan Commercial Bank apply to the Financial Supervisory Commission for the issuance of a revolving line of US\$100 million (or equivalent in foreign currency) of unsecured senior foreign-currency bank debentures.
	2. Personnel motion of the subsidiary Hua Nan Securities.
	3. Personnel motion of the subsidiary South China Insurance Company.
	4. Motion regarding the compensation of the Company's newly appointed Head of the Administration Department.
	5. Motion regarding the compensation of the Company's newly appointed Executive Vice President.
	6. Motion regarding the 2024 performance evaluation of the Company's President.
5th Extraordinary Meeting of the 8th Term	1. Matters relating to the time, location, and reasons for convening the Company's 2025 General Shareholders' Meeting.
	2. Motion regarding the 2024 distribution of director compensation and employee compensation of the Company.
	3. The Company's 2024 financial statements and business report.
	4. Motion regarding the Company's proposed investment in Taipei Financial Center Corp.
	5. Personnel motion of the subsidiary Hua Nan Commercial Bank.
	6. Personnel motion of the subsidiary Hua Nan Securities.
	7. Personnel motion of the subsidiary South China Insurance Company.
34th Meeting of the 8th Term	1. The Company's 2024 "Internal Control System Statement."
	2. Motion to amend the "Organizational Regulations" of the subsidiary Hua Nan Commercial Bank.
	3. Motion regarding the planning of the seats for the Company's 9th-term directors.
	4. Matters relating to the acceptance of nominations for and the public notice of candidates for the Company's 9th-term directors.
	5. Motion regarding the 2024 performance bonuses for personnel at the level of department head and above of the Company.
	6. Motion regarding the 2025 salary adjustments for personnel at the level of department head and above of the Company.
	7. To facilitate the Company's capital management, motion to apply to financial institutions for a one-year credit line.
35th Meeting of the 8th Term	1. Motion regarding the 2024 earnings distribution (loss compensation) of each subsidiary.
	2. Motion regarding the Company's 2024 earnings distribution.
	3. Motion to amend the Company's "Articles of Incorporation."
	4. Motion to amend certain provisions of the Company's "Procedures for the Acquisition or Disposal of Assets (Draft)."
	5. Submission of the amendment to the "Operating Guidelines for the Monetary Threshold for Reporting Material Asset Transactions of the Subsidiary Hua Nan Asset Management Co., Ltd. to Hua Nan Financial Holdings Co., Ltd. for Approval (Draft)."
	6. Motion regarding the issuance of new shares from the Company's 2024 earnings capitalization.
	7. Motion for review of the nomination of candidates for the 9th-term directors and independent directors by shareholders holding 1% or more of the Company's shares.
	8. Motion to submit to this year's general shareholders' meeting the release of the 9th-term directors of the Company from the non-competition restrictions.
	9. Motion regarding the proposed payment of research fees by the subsidiary Hua Nan Commercial Bank to independent directors serving as members of the Audit Committee.
	10. Personnel motion of the subsidiary Hua Nan Commercial Bank.

Term	Material Resolutions
36th Meeting of the 8th Term	1. The Company's Q1 2025 financial statements.
	2. Motion to amend the "Articles of Incorporation" of the subsidiary Hua Nan Commercial Bank.
	3. Motion to amend certain provisions of the Company's "Whistleblower System Operating Guidelines."
	4. Motion regarding the proposed payment of research fees by the subsidiary Hua Nan Securities to independent directors serving as members of the Audit Committee.
	5. Motion regarding the compensation of the President of the subsidiary Hua Nan Securities.
1st Extraordinary Meeting of the 9th Term	1. Motion regarding the method by which the Company's Board of Directors elects the Chairman, whether by recommendation or by vote.
	2. Motion regarding the election of the Chairman of the Company.
	3. Motion regarding the method by which the Company's Board of Directors elects the Vice Chairman, whether by recommendation or by vote.
	4. Motion regarding the election of the Vice Chairman of the Company.
	5. Motion regarding the appointment of members of the Company's Remuneration Committee.
	6. Motion regarding the Company's execution of an industry-academia cooperation and academic feedback mechanism contract with National Yang Ming Chiao Tung University.
1st Meeting of the 9th Term	1. Motion to amend the "Organizational Regulations" of the subsidiary South China Insurance Company, Ltd.
	2. Submission of the Company's 2024 Sustainability Report.
	3. Motion regarding the proposed payment of research fees by the subsidiary South China Insurance Company to independent directors serving as members of the Audit Committee.
	4. Motion regarding severance and retirement benefits for the Company's Vice Chairman Ming-Cheng Lin.
	5. Motion regarding the concurrent-position compensation for the Company's Vice Chairman T. Lin.
2nd Meeting of the 9th Term	1. Motion regarding the disposal of shares of Taiwan Urban Regeneration Financial Services Co Ltd
	2. Motion to set August 19, 2025 as the base date for the Company's distribution of cash dividends and issuance of new shares from earnings capitalization.
	3. Motion regarding the definition of the Company's grassroots employees.
	4. Submission of the amendment to the "Hua Nan Financial Group Wealth Management Product Review Guidelines."
	5. Motion regarding the redesignation of directors of the subsidiary Hua Nan Investment Trust.
3rd Meeting of the 9th Term	1. The Company's Q1 2025 financial statements.
	2. Motion to amend the "Hua Nan Financial Holdings Co., Ltd. All Subsidiaries' Large Exposure Limit Management Guidelines for the Same Person, Same Related Party, or Same Related Enterprise."
	3. Motion to issue the "Hua Nan Financial Holdings Co., Ltd. Inclusive Finance Statement."
	4. Motion regarding the Company's proposed donation of NT\$600,000 to the Chinese National Association of Industry and Commerce.
	5. Motion to elevate the Company's Sustainable Development Committee to a Board-level functional committee.
	6. Motion to newly establish the "Hua Nan Financial Holdings Co., Ltd. Sustainable Development Committee Organizational Regulations."
	7. Personnel motion of the subsidiary Hua Nan Securities.
	8. Personnel motion of the subsidiary Hua Nan Securities.
	9. Personnel motion of the subsidiary Hua Nan Investment Trust.
4th Meeting of the 9th Term	1. The Company's tax governance policy.
	2. Motion regarding the annual renewal of the Group's directors' and officers' liability insurance.
5th Meeting of the 9th Term	1. Personnel motion of the subsidiary Hua Nan Investment Trust.
	2. Motion regarding the payment of research fees to independent directors serving as members of the Sustainable Development Committee.
6th Meeting of the 9th Term	1. Motion to amend the "Hua Nan Financial Group Corporate Banking Credit Risk Management Policy."
	2. In response to certain subsidiaries establishing Audit Committees in lieu of supervisors, motion to amend the relevant internal rules and regulations.
	3. The Company's Q3 2025 financial statements.
	4. To align with the adoption of IFRS 17 "Insurance Contracts" from 2026 onward, motion to amend the Company's accounting system.
	5. Personnel motion of the Company.
2nd Extraordinary Meeting of the 9th Term	1. Motion regarding the financial improvement plan of the subsidiary Hua Nan Investment Trust.

Term	Material Resolutions
7th Meeting of the 9th Term	1. Motion to amend the Company's "Group Information Strategy Committee Establishment Guidelines."
	2. Motion to amend the Company's "Implementation Guidelines for Layered Responsibility" and the "Schedule" (Layered Responsibility Detailed Table).
	3. Motion to amend the "Organizational Regulations" of the subsidiary HNAMC.
	4. Motion regarding the 2026 budgets of the subsidiaries.
	5. Motion regarding the Company's 2026 budget.
	6. Personnel motion of the subsidiary Hua Nan Venture Capital.
	7. Personnel motion of the subsidiary Hua Nan Investment Trust.
	8. The Company's "2026 Audit Plan."
8th Meeting of the 9th Term	1. Motion to amend the Company's "Employee Work Rules."
	2. 2026 Group credit risk concentration limits, high-climate-risk industry limits, trading book market risk limits, banking book loss warning thresholds, and capital adequacy ratio warning levels.
	3. Motion to retain the Company's 2025 capital expenditure budget.
	4. Motion regarding the change of the Company's certifying CPAs.
	5. The engagement and remuneration for the audit and certification of the Company's 2026 financial statements and tax certification on business income tax.
	6. The pre-approval case for non-attestation services provided to the Company by Deloitte & Touche, the Company's certifying CPA firm for financial statements, and its related organizations.
	7. Motion regarding the proposed payment of research fees by the subsidiary South China Insurance Company, Ltd. to independent directors and directors serving as members of the Risk Management Committee.
	8. Motion regarding the compensation of the Company's newly appointed Chief Auditor Mr. Tsao.
	9. Motion regarding the retirement pension of the Company's Chief Auditor Ms. Huang.
	10. Personnel motion of the subsidiary Hua Nan Venture Capital.
9th Meeting of the 9th Term	1. Motion to amend the "Hua Nan Financial Group Joint Marketing Management Guidelines."
	2. Motion regarding the 2025 performance evaluation of the Company's President.
	3. Motion regarding the concurrent-position compensation of the Chairman and President of the subsidiary Hua Nan Venture Capital Co. Ltd.
	4. Motion regarding the appointment of the Company's President.
	5. Motion regarding the appointment of new directors and the recommendation of the Chairman of the subsidiary Hua Nan Investment Trust.
3rd Extraordinary Meeting of the 9th Term	1. Motion regarding the 2025 distribution of director compensation and employee compensation of the Company.
	2. The Company's 2025 financial statements and business report.
10th Meeting of the 9th Term	1. The Company's 2025 "Internal Control System Statement."
	2. Matters relating to the time, location, and reasons for convening the Company's 2026 General Shareholders' Meeting.
	3. Motion that the subsidiary Hua Nan Securities apply to the competent authority for an issuance line of unsecured long-term subordinated corporate bonds within the range of NT\$3.5 billion.
	4. To facilitate the Company's capital management, motion to apply to financial institutions for a one-year credit line.
	5. Personnel motion of reinvested enterprises.
	6. Motion regarding the compensation of the Company's President Ms. Hsiao.
	7. Motion regarding the retirement pension of the Company's former President Mr. Li.
	8. Motion regarding the 2025 performance bonuses for personnel at the level of department head and above of the Company.
	9. Motion regarding the 2026 salary adjustments for personnel at the level of department head and above of the Company.

2. Material Resolutions of the 2025 General Shareholders' Meeting and Implementation Status

(1) Approved the Company's 2024 business report and financial statements.

Implementation status: Handled in accordance with relevant laws and regulations.

(2) Approved the Company's 2024 earnings distribution proposal.

Implementation status: The shareholders' meeting approved a cash dividend of NT\$1.25 per share, totaling NT\$17,223,966,695, and a stock dividend of NT\$0.10 per share, totaling NT\$1,377,917,330. The Board of Directors set August 19, 2025 as the ex-rights and ex-dividend base date, with August 29, 2025 as both the cash dividend payment date and the date on which the new share entitlement certificates were listed.

(3) Approved the motion to amend the Company's Articles of Incorporation.

Implementation status: The amendment was filed for recordation by the Financial Supervisory Commission on July 7, 2025 by Letter No. Jin-Guan-Yin-Kong-Zi 1140219972, and approved for change registration by the Ministry of Economic Affairs on August 7, 2025 by Letter No. Jing-Shou-Shang-Zi 11430101380. The amendment has been disclosed on the Company's external website.

(4) Approved the motion to amend the Company's "Procedures for the Acquisition or Disposal of Assets."

Implementation status: Disclosed on the Market Observation Post System and the Company's external website.

(5) Approved the motion to undertake the issuance of new shares from the Company's 2024 earnings capitalization.

Implementation status: The 137,791,733 common shares issued from the earnings capitalization were approved for capital change registration on September 30, 2025, and the dividends were distributed on October 9, 2025.

(6) Elected the Company's 9th-term directors.

Implementation status: The 9th-term directors took office on June 13, 2025, with a term of 3 years, from June 13, 2025 to June 12, 2028.

(7) Approved the release of the Company's directors from non-competition restrictions.

Implementation status: Material information disclosure was made on June 13, 2025.

(XI) Material content of any cases in 2025 and up to the printing date of the annual report where directors expressed objections to material resolutions approved by the Board of Directors with records or written statements: No such circumstances exist.

(XII) Whether the Company has disclosed in detail in the annual report the opinions of independent directors on material motions of the Board of Directors and the Company's handling of such opinions: No such circumstances exist.

(XIII) Intellectual Property Management

Report on Hua Nan Commercial Bank's 2025 Intellectual Property Management Plan and Implementation Status

1. Hua Nan Commercial Bank's 2025 Intellectual Property Management Plan

(1) In response to technological innovation and market demand, Hua Nan Commercial Bank continues to promote its digital transformation plan, deepens its engagement in the fintech field, encourages financial innovation and R&D, and through its intellectual property management system, actively protects Hua Nan Commercial Bank's R&D achievements and intellectual property rights, while continuing to strengthen the intellectual property and trade secret awareness of all colleagues.

(2) In addition, in response to the government's ESG policy and the "Green and Transition Finance Action Plan," Hua Nan Commercial Bank will continue to implement the "Plan, Do, Check, and Act" intellectual property management cycle, promote the R&D of green fintech, invest in the application and development of ESG topics, and continue to accumulate Hua Nan Commercial Bank's intellectual property capabilities, achieving the development goals of sustainable finance.

2. 2025 Intellectual Property Management Implementation Status

- (1) Hua Nan Commercial Bank's 2025 intellectual property management system implementation status was reported at the 10th Meeting of the 27th Term (December 29, 2025) of the Board of Directors.
- (2) Hua Nan Commercial Bank passed its TIPS (Grade A) re-certification (covering patents and trademarks) in 2025, with the certificate valid until December 31, 2027. The implementation status of the 2025 intellectual property management plan is as follows:
 - A. In 2025, three meetings of the Intellectual Property Management System Working Group were convened to continuously discuss and review the implementation of the intellectual property management system.
 - B. In 2025, internal rules and forms related to intellectual property were revised twice, with continuous review and adjustment of internal regulations.
 - C. Starting in April 2025, training courses were conducted for all employees, with a total of 7,799 employees completing the training. A FinTech patent lecture was also held.
 - D. In June 2025, training for the working group was completed, with a total of 35 employees completing the training.
 - E. In July 2025, the self-assessment of the intellectual property management system was completed.

(3) Intellectual Property Inventory and Achievements

Regarding Hua Nan Commercial Bank's current status of patents and trademarks obtained, as of October 31, 2025, the number of approved and published patent rights totaled 343 (187 invention patents, 155 utility model patents, and 1 design patent), with 31 invention patents and 5 utility model patents under review, for a total of 379 patents. The number of approved and published trademark rights totaled 39.

3. Outlook on Intellectual Property Management

Hua Nan Commercial Bank will continue to deepen the linkage between intellectual property management and corporate governance, strengthen the protection of fintech R&D achievements and patent portfolios, foster employee awareness of intellectual property and trade secret protection, improve the assessment mechanism, and continue to integrate ESG with green finance to expand the value of intellectual property utilization and promote the development goals of sustainable finance.

IV. Information on CPA Professional Fees:

Amount Unit: NT\$ thousand

Name of the CPA Firm	Certifying Accountant	Auditing Period	Audit Fees	Non-Audit Fees (Note)	Total	Note
Deloitte & Touche, Taiwan	Yi-Chun Wu	2025.01.01 - 2025.12.31	2,600	6,997	9,597	-
	Han-Ni Fang					

Note: Non-audit fees include fees for tax certification, the BEPS Action Plan, IFRS sustainability disclosure, salary information verification for non-managerial-level employees, the personal data management system maintenance project, information security management system maintenance verification consulting services, and the climate risk and carbon emission factor maintenance services project.

- (I) Audit fees refer to the fees paid by the Company to the certifying CPAs for the audit, review, re-review, and review of financial forecasts of the financial statements.
- (II) Where there has been a change of CPA firm and the audit fees paid in the year of change are lower than those paid in the year prior to the change, the amounts of audit fees before and after the change and the reasons therefor shall be disclosed: No such circumstances exist.
- (III) Where audit fees have decreased by 10% or more compared to the previous year, the amount, percentage, and reasons for the decrease in audit fees shall be disclosed: No such circumstances exist.

V. CPA Change Information:

- (I) Regarding the predecessor CPAs: None.
- (II) Regarding the successor CPAs: None.
- (III) Replies from the predecessor CPAs on the matters set forth in Article 10, Paragraph 6, Subparagraph 1, and Subparagraph 2, Item 3 of these Regulations: None.

VI. Whether the Chairperson, President, or Chief Financial Officer held positions at the independent audit firm or its affiliated company within the most recent fiscal year: None

VII. Any Transfer or Pledge of Equity Interests in the Most Recent Year up to the Date of Publication of the Annual Report by a Director, Manager, or Individual or Related Party Holding Shares of the Same Financial Holding Company with Voting Rights Issued over a Certain Ratio Set Forth in Article 11 of the Regulations

- (I) Equity transfers: Please refer to the Market Observation Post System > Single Company > Equity Changes / Securities Issuance > Equity Transfer Information Query > Insider Shareholding Change Subsequent Filing Form (https://mops.twse.com.tw/mops/#/web/query6_1).
- (II) Changes in equity pledges: Please refer to the Market Observation Post System > Single Company > Equity Changes / Securities Issuance > Insider Pledge and Release of Pledge > Insider Pledge and Release of Pledge Announcement (https://mopsov.twse.com.tw/mops/web/STAMAK03_1).

VIII. Information on Relationship if among Top 10 Shareholders Any One Is a Related Party or a Relative within the Second Degree of Kinship of Another

Date: April 20, 2026

Name	Shares Held in Own Name		Shares Held by Spouse and Minor Children		Total Shares Held in Other Persons' Names		Where any of the top ten shareholders are related parties to one another or have a spousal or second-degree-of-kinship relationship, their names and relationships		Note
	Number of Shares (shares)	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name	Relationship	
Bank of Taiwan Co., Ltd. (Chung-Yuan Ling)	2,954,745,814	21.23%	0	0	0	0	Ministry of Finance	The Ministry of Finance holds 100% of the shares of Taiwan Financial Holding, the parent company of Bank of Taiwan	None
							BankTaiwan Life Insurance	Bank of Taiwan and BankTaiwan Life Insurance are both wholly-owned subsidiaries 100% held by Taiwan Financial Holdings	None
							First Commercial Bank	Bank of Taiwan invests in First Financial Holding, the parent company of First Commercial Bank	None
Yuanta/P-shares Taiwan Dividend Plus ETF	540,208,134	3.88%	0	0	0	0	None	None	None
Bank Taiwan Life Insurance Co., Ltd. (Chih-Hung Chang)	534,774,048	3.84%	0	0	0	0	Ministry of Finance	The Ministry of Finance holds 100% of the shares of Taiwan Financial Holding, the parent company of BankTaiwan Life Insurance	None
							Bank of Taiwan	BankTaiwan Life Insurance and Bank of Taiwan are both wholly-owned subsidiaries of Taiwan Financial Holding 100% held by Taiwan Financial Holding	None
First Commercial Bank Co., Ltd. (Yueh-Chin Chiu)	339,808,359	2.44%	0	0	0	0	Ministry of Finance	The Ministry of Finance invests in First Financial Holding, the parent company of First Commercial Bank	None
							Bank of Taiwan	Bank of Taiwan invests in First Financial Holding, the parent company of First Commercial Bank	None
Yuan Ding Investment Co., Ltd. (An-Lan Hsu Chen)	302,530,284	2.17%	0	0	0	0	None	None	None
Yung Tsai Investment Co., Ltd. (Zhi-Mei Huang Yan)	267,968,909	1.93%	0	0	0	0	The Memorial Scholarship Foundation to Hsiung-Chen Lin	The representative of Yong Tsai Investment Co., Ltd. and the representative of The Memorial Scholarship Foundation to Lin Hsiung Chen have a relationship within the second degree of kinship	None
Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Volatility ETF	246,166,000	1.77%	0	0	0	0	None	None	None
The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin (Ming-Cheng Lin)	245,783,768	1.77%	0	0	0	0	Yung Tsai Investment Co., Ltd.	The representative of The Memorial Scholarship Foundation to Lin Hsiung Chen and the representative of Yong Tsai Investment Co., Ltd. have a relationship within the second degree of kinship	None
Ministry of Finance (Tsui-Yun Chuang)	236,569,156	1.70%	0	0	0	0	Bank of Taiwan, BankTaiwan Life Insurance	The Ministry of Finance holds 100% of the shares of Taiwan Financial Holding, the parent company of Bank of Taiwan and BankTaiwan Life Insurance	None
							First Commercial Bank	The Ministry of Finance invests in First Financial Holding, the parent company of First Commercial Bank	None
HWATAI Bank as custodian of Trust Account	187,879,023	1.35%	0	0	0	0	None	None	None

IX. Total Number of Shares Held by the Company and Subsidiaries, Directors, Managers, and Businesses either Directly or Indirectly Controlled by the Company as a Result of Investment, and the Ratio of Shares Held

Unit: Shares; %

Reinvested Enterprises (Note)	Investment by the Company		Investments by Directors, Managerial Officers, and Directly or Indirectly Controlled Enterprises		Aggregate Investments	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Hua Nan Commercial Bank Ltd.	10,630,500,000	100.00	-	-	10,630,500,000	100.00
Hua Nan Securities Co., Ltd.	654,774,346	100.00	-	-	654,774,346	100.00
South China Insurance Co., Ltd.	200,138,625	100.00	-	-	200,138,625	100.00
Hua Nan Investment Trust Co., Ltd.	50,000,001	100.00	-	-	50,000,001	100.00
Hua Nan Venture Capital Co., Ltd.	200,000,000	100.00	-	-	200,000,000	100.00
Hua Nan Assets Management Co., Ltd.	100,000,000	100.00	-	-	100,000,000	100.00
Taiwan Depository & Clearing Corporation	2,518,691	0.25	4,179,867	0.41	6,698,558	0.66
Hua Nan Securities Investment Management Co., Ltd.	-	-	3,718,319	99.95	3,718,319	99.95
Hua Nan Securities Holdings Corp.	-	-	100,000	100.00	100,000	100.00
Hua Nan Futures Co., Ltd.	-	-	43,413,000	99.80	43,413,000	99.80
Hua Nan International Leasing Co., Ltd.	-	-	150,000,000	100.00	150,000,000	100.00
Hua Nan International Leasing Corp.	-	-	-	100.00	-	100.00

Note: This refers to investments made by the Company in accordance with Article 36 of the Financial Holding Company Act.

Efficiency

Fast action and instant response
Exceed customers' expectations



III. Capital Overview

I. Capital and Shares

(I) Sources of Capital Stock

Unit: Shares; NTD

Period	Price at issuance	Authorized capital		Paid-in Capital		Remarks	
		Number of shares	Amount	Number of shares	Amount	Sources of Capital Stock	Others
2001.12	\$10	10,000,000,000	100,000,000,000	4,146,799,357	41,467,993,570	Share Conversion 41,467,993,570	None
2002.08	\$10	10,000,000,000	100,000,000,000	4,478,543,305	44,785,433,050	Capital Surplus Capitalization 3,317,439,480	Ministry of Economic Affairs, 2002.10.25, Letter No. 09101432670
2003.08	\$10	10,000,000,000	100,000,000,000	4,728,503,594	47,285,035,940	Share Conversion - South China Insurance Company: 1,696,952,890 Hua Nan Investment Trust: 802,650,000	Ministry of Economic Affairs, 2003.08.15, Letter No. 09201240920 Ministry of Economic Affairs, 2003.08.27, Letter No. 09201253580
2004.08	\$10	10,000,000,000	100,000,000,000	5,579,634,240	55,796,342,400	Retained Earnings and Capital Surplus Capitalization 8,511,306,460	Ministry of Economic Affairs, 2004.09.10, Letter No. 09301166350
2005.08	\$10	10,000,000,000	100,000,000,000	5,970,208,636	59,702,086,360	Capitalization of Retained Earnings 3,905,743,960	Ministry of Economic Affairs, 2005.09.05, Letter No. 09401173590
2008.08	\$10	10,000,000,000	100,000,000,000	6,089,612,808	60,896,128,080	Capitalization of Retained Earnings 1,194,041,720	Ministry of Economic Affairs, 2008.08.28, Letter No. 09701216840
2009.09	\$10	10,000,000,000	100,000,000,000	6,272,301,192	62,723,011,920	Capitalization of Retained Earnings 1,826,883,840	Ministry of Economic Affairs, 2009.09.04, Letter No. 09801205810
2010.08	\$10	10,000,000,000	100,000,000,000	6,617,277,757	66,172,777,570	Capitalization of Retained Earnings 3,449,765,650	Ministry of Economic Affairs, 2010.08.27, Letter No. 09901194810
2011.09	\$10	10,000,000,000	100,000,000,000	7,014,314,422	70,143,144,220	Capitalization of Retained Earnings 3,970,366,650	Ministry of Economic Affairs, 2011.09.06, Letter No. 10001207630
2011.12	\$16.67	10,000,000,000	100,000,000,000	8,214,314,422	82,143,144,220	Cash Capital Increase 12,000,000,000	Ministry of Economic Affairs, 2012.01.17, Letter No. 10101009540
2012.09	\$10	10,000,000,000	100,000,000,000	8,625,030,143	86,250,301,430	Capitalization of Retained Earnings 4,107,157,210	Ministry of Economic Affairs, 2012.09.07, Letter No. 10101185540
2013.09	\$10	10,000,000,000	100,000,000,000	9,056,281,650	90,562,816,500	Capitalization of Retained Earnings 4,312,515,070	Ministry of Economic Affairs, 2013.09.04, Letter No. 10201181880
2014.09	\$10	10,000,000,000	100,000,000,000	9,327,970,099	93,279,700,990	Capitalization of Retained Earnings 2,716,884,490	Ministry of Economic Affairs, 2014.09.19, Letter No. 10301189410

Period	Price at issuance	Authorized capital		Paid-in Capital		Remarks	
		Number of shares	Amount	Number of shares	Amount	Sources of Capital Stock	Others
2015.09	\$10	10,000,000,000	100,000,000,000	9,906,304,245	99,063,042,450	Capitalization of Retained Earnings 5,783,341,460	Ministry of Economic Affairs, 2015.09.24, Letter No. 10401204820
2016.09	\$10	18,000,000,000	180,000,000,000	10,520,495,108	105,204,951,080	Capitalization of Retained Earnings 6,141,908,630	Ministry of Economic Affairs, 2016.09.20, Letter No. 10501226210
2017.09	\$10	18,000,000,000	180,000,000,000	11,046,519,863	110,465,198,630	Capitalization of Retained Earnings 5,260,247,550	Ministry of Economic Affairs, 2017.09.18, Letter No. 10601130940
2018.09	\$10	18,000,000,000	180,000,000,000	11,543,613,256	115,436,132,560	Capitalization of Retained Earnings 4,970,933,930	Ministry of Economic Affairs, 2018.09.17, Letter No. 10701116700
2019.09	\$10	18,000,000,000	180,000,000,000	12,172,740,178	121,727,401,780	Capitalization of Retained Earnings 6,291,269,220	Ministry of Economic Affairs, 2019.09.18, Letter No. 10801126120
2020.09	\$10	18,000,000,000	180,000,000,000	12,854,778,810	128,547,788,100	Capitalization of Retained Earnings 6,820,386,320	Ministry of Economic Affairs, 2020.09.23, Letter No. 10901172000
2021.10	\$10	18,000,000,000	180,000,000,000	13,194,144,970	131,941,449,700	Capitalization of Retained Earnings 3,393,661,600	Ministry of Economic Affairs, 2021.10.18, Letter No. 11001188530
2022.09	\$10	18,000,000,000	180,000,000,000	13,642,745,898	136,427,458,980	Capitalization of Retained Earnings 4,486,009,280	Ministry of Economic Affairs, 2022.09.21, Letter No. 11101172820
2024.08	\$10	18,000,000,000	180,000,000,000	13,779,173,356	137,791,733,560	Capitalization of Retained Earnings 1,364,274,580	Ministry of Economic Affairs, 2024.09.06, Letter No. 11330161830
2025.08	\$10	18,000,000,000	180,000,000,000	13,916,965,089	139,169,650,890	Capitalization of Retained Earnings 1,377,917,330	Ministry of Economic Affairs, 2025.09.30, Letter No. 11430143480

Unit: shares

Kind of Stock	Authorized capital			Remarks
	Outstanding capital stock	Un-issued shares	Total	
Common stock	13,916,965,089	4,083,034,911	18,000,000,000	Listed Stock

(II) List of Major Shareholders

Shareholders with shareholding ratio of 1% or more, or the top ten shareholders by shareholding ratio

Date: April 20, 2026

Name of Major Shareholders	Shares	Shares of holding (shares)	Shareholding Percentage (%)
Bank of Taiwan		2,954,745,814	21.23%
Yuanta/P-shares Taiwan Dividend Plus ETF		540,208,134	3.88%
Bank Taiwan Life Insurance Co., Ltd.		534,774,048	3.84%
First Commercial Bank		339,808,359	2.44%
Yuan Ding Investment Co., Ltd.		302,530,284	2.17%
Yung Tsai Investment Co., Ltd.		267,968,909	1.93%
Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Volatility ETF		246,166,000	1.77%
The Memorial Scholarship Foundation to Mr. Hsiung-Chen Lin		245,783,768	1.77%
Ministry of Finance		236,569,156	1.70%
HWATAI Bank as custodian of Trust Account		187,879,023	1.35%
Yuanta/P-shares Taiwan Top 50 ETF		179,064,967	1.29%

(III) Dividend Policy and Implementation

1. In order to continuously expand its scale and increase profitability while complying with relevant regulations, the Company adopts a residual dividend policy.

If the Company has a surplus in the annual final accounts, after paying taxes in accordance with the law and making up for losses from previous years, a statutory surplus reserve shall be set aside, and special surplus reserves shall be set aside or reversed as required by laws and regulations or business needs. Together with undistributed earnings from previous years, 30% to 100% of the distributable amount may be resolved by the shareholders' meeting to distribute dividends to shareholders. Shareholder dividends will be distributed in the form of stock dividends and cash dividends based on the Company's operational plan; however, cash dividends shall not be less than 10% of the total dividend distribution. If the cash dividend per share is less than NT\$0.1, no distribution shall be made unless otherwise resolved by the shareholders' meeting.

2. Proposed dividend distribution for this shareholders' meeting: The Annual General Meeting proposes to distribute a cash dividend of NT\$1.35 per share, totaling NT\$18,787,902,870, and a stock dividend of NT\$0.10 per share, totaling NT\$1,391,696,500, for a combined distribution of NT\$1.45 per share. The cash dividend of NT\$1.35 per share accounts for approximately 93% of the total dividend of NT\$1.45 per share, and the stock dividend of NT\$0.10 per share accounts for approximately 7% of the total dividend of NT\$1.45 per share.

(IV) Impact of the Proposed Bonus Share Distribution at This Shareholders' Meeting on Operating Performance and Earnings Per Share

In accordance with the provisions of the "Regulations Governing the Publication of Financial Forecasts by Public Companies" and the "Criteria for Determining Whether Listed Companies Should Publicly Disclose Complete Financial Forecasts," the Company has not publicly disclosed financial forecasts for the year 2026. Therefore, predictive information such as operating revenue, profit and loss, and earnings per share cannot be disclosed, and this item is not applicable.

(V) Remuneration for Employees and Directors

1. The percentage and scope of remuneration for directors and employees as stipulated in the Articles of Incorporation:

If the Company generates a profit in a given fiscal year, the Board of Directors is authorized to determine the following amounts annually on the basis of profit before tax and before deduction of employees' and directors' remuneration; provided, however, that any accumulated deficits shall first be offset against such profit:

- (1) Directors' remuneration shall not exceed 1% at maximum.
 - (2) Employees' remuneration shall range from 0.02% to 0.15%, of which the proportion distributed to entry-level employees shall not be less than 1% of the actual employees' remuneration appropriated for the year, to be distributed in the form of shares or cash. The recipients may include employees of subsidiaries meeting certain criteria, and the applicable rules shall be separately established by the Board of Directors.
2. The basis for estimating directors' and employees' remuneration for the current period, the basis for calculating the number of shares for distributing employees' remuneration in stock, and the accounting treatment in the event of any discrepancy between the actual distributed amount and the estimated amount:

The basis for estimating the directors' and employees' remuneration for the Company's fiscal year 2025 was determined in accordance with the Articles of Incorporation and taking into account the Company's profitability for fiscal year 2025, as approved by the Remuneration Committee and the Board of Directors. There is no discrepancy between the actual distributed amount and the estimated amount. In addition, the Company does not distribute employee stock remuneration.

3. Distribution of directors' and employees' remuneration as approved by the Board of Directors:
 - (1) The directors' remuneration for 2025 amounted to NT\$266,945 thousand, and employees' remuneration amounted to NT\$21,582 thousand, both to be distributed entirely in cash.
 - (2) The amount of employees' remuneration distributed in shares and its percentage of the after-tax net income and total employees' remuneration in the current period's individual financial report: Not applicable, as the Company does not distribute employee stock remuneration.
4. Distribution of directors' and employees' remuneration for the prior fiscal year:

In 2025, the Company distributed directors' remuneration for fiscal year 2024 in the amount of NT\$237,668 thousand and employees' remuneration in the amount of NT\$20,978 thousand.

(VI) Repurchase of the Company's shares by the Financial Holding Company: As of the date of publication of the annual report, the Company has not repurchased any treasury shares.

II. Corporate Bond Issuance Status

Corporate bond category		2017 First term of unsecured ordinary corporate bonds— Issue B	2019 First term of unsecured ordinary corporate bonds	2022 First term of unsecured ordinary corporate bonds— Issue A	2022 First term of unsecured ordinary corporate bonds— Issue B	2022 First term of unsecured ordinary corporate bonds— Issue C
Issuance (Processing) Date		January 9, 2018	January 9, 2020	December 22, 2022	December 22, 2022	December 22, 2022
Face Value		NT\$10 million	NT\$10 million	NT\$10 million	NT\$10 million	NT\$10 million
Issuance and Trading Location		R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.
Issuance Price		Issued at 100% of Face Value	Issued at 100% of Face Value	Issued at 100% of Face Value	Issued at 100% of Face Value	Issued at 100% of Face Value
Total Amount		NT\$50 billion	NT\$50 billion	NT\$30 billion	NT\$31 billion	NT\$31 billion
Interest Rate		Fixed Annual Interest Rate of 1.75%	Fixed Annual Interest Rate of 0.88%	Fixed Annual Interest Rate of 2.15%	Fixed Annual Interest Rate of 2.40%	Fixed Annual Interest Rate of 2.70%
Term		10-year term, maturity date January 9, 2028	10-year term, maturity date January 9, 2030	5-year term, maturity date December 22, 2027	7-year term, maturity date December 22, 2029	10-year term, maturity date December 22, 2032
Seniority		Subordinated	Senior	Senior	Subordinated	Subordinated
Guarantor		None	None	None	None	None
Trustee		Yuanta Commercial Bank Trust Department	Yuanta Commercial Bank Trust Department	Yuanta Commercial Bank Trust Department	Yuanta Commercial Bank Trust Department	Yuanta Commercial Bank Trust Department
Underwriter		Hua Nan Securities	Hua Nan Securities	Hua Nan Securities	Hua Nan Securities	Hua Nan Securities
Certifying Attorney		Libra Attorneys-at-law Attorney Tobias Zhan	Libra Attorneys-at-law Attorney Tobias Zhan	Tobias Zhan Law Office Attorney Tobias Zhan	Tobias Zhan Law Office Attorney Tobias Zhan	Tobias Zhan Law Office Attorney Tobias Zhan
Certifying Accountant		Deloitte & Touche Firm: Wu Yi-Chun, Lai Guan-Zhong	Deloitte & Touche Firm: Chang Ting-Sheng, Lai Guan-Zhong	Deloitte & Touche Firm: Wu Yi-Chun, Fang Han-Ni	Deloitte & Touche Firm: Wu Yi-Chun, Fang Han-Ni	Deloitte & Touche Firm: Wu Yi-Chun, Fang Han-Ni
Redemption Method		Bullet repayment at maturity	Bullet repayment at maturity	Bullet repayment at maturity	Bullet repayment at maturity	Bullet repayment at maturity
Outstanding Principal		NT\$50 billion	NT\$50 billion	NT\$30 billion	NT\$31 billion	NT\$31 billion
Redemption or Early Repayment Terms		None	None	None	None	None
Restrictive Clauses		If the payment of interest or principal on the Bonds would cause the Company's capital adequacy ratio to fall below the statutory requirement, such payments shall be suspended until the ratio meets the applicable regulatory requirements, at which point principal and interest shall be paid. Any deferred interest shall accumulate, and both deferred interest and principal shall accrue at the original coupon rate.	None	None	If the payment of interest or principal on the Bonds would cause the Company's capital adequacy ratio to fall below the statutory requirement, such payments shall be suspended until the ratio meets the applicable regulatory requirements, at which point principal and interest shall be paid. Any deferred interest shall accumulate, and both deferred interest and principal shall accrue at the original coupon rate.	If the payment of interest or principal on the Bonds would cause the Company's capital adequacy ratio to fall below the statutory requirement, such payments shall be suspended until the ratio meets the applicable regulatory requirements, at which point principal and interest shall be paid. Any deferred interest shall accumulate, and both deferred interest and principal shall accrue at the original coupon rate.
Whether Counted as Qualifying Capital		Yes	No	No	Yes	Yes
Credit Rating Agency Name, Rating Date, and Corporate Bond Rating Result		None	None	None	None	None
Other Appended Rights	Amount Converted (Exchanged or Subscribed) into Common Shares, Global Depositary Receipts, or Other Securities as of the Annual Report Publication Date	None	None	None	None	None
	Issuance and Conversion (Exchange or Subscription) Methods	None	None	None	None	None
Issuance and Conversion, Exchange or Subscription Methods, Possible Dilution of Equity under Issuance Terms, and Impact on Existing Shareholders' Interests		None	None	None	None	None
Name of Custodian Institution for Exchange Underlying Securities		None	None	None	None	None

- III. Issuance of Preferred Stock: None.
- IV. Issuance of Global Depositary Receipts: None.
- V. Employee Stock Warrants and Status of Restricted Stock Awards for Employees: None
- VI. Mergers with or Acquisition of Other Financial Institutions: Not applicable; the Company has had no such circumstances.
- VII. Implementation of Fund Utilization Plan: As of the quarter prior to the annual report publication date, all previous securities issuances have been fully executed and the planned benefits have been realized.

Activeness

**Enthusiasm and caring spirit
Provide innovative integration
services**



IV. Business Overview

I. Principal Activities

(I) Hua Nan Financial Holdings

1. Business Scope

(1) Principal Activities

A. The Company is a financial holding company enterprise. In accordance with the Financial Holding Company Act, the Company shall ensure the sound operation of its subsidiaries' businesses, and its business is limited to investment and the management of investee enterprises.

B. Pursuant to Article 36 of the Financial Holding Company Act, the following businesses may be invested in:

- | | |
|------------------------------|---|
| a. Financial Holding Company | g. Securities Industry |
| b. Banking Industry | h. Futures Industry |
| c. Bills Finance Industry | i. Venture Capital Enterprise |
| d. Credit Card Industry | j. Foreign financial institutions approved for investment by the competent authority |
| e. Trust Industry | k. Other enterprises related to financial businesses as recognized by the competent authorities |
| f. Insurance Industry | |

C. Furthermore, pursuant to Article 37 of the Financial Holding Company Act, the Company may apply to the competent authority for approval to invest in enterprises other than those specified in Paragraph 2 of Article 36 of the Financial Holding Company Act. Unless approved by the competent authority, the financial holding company and its representatives shall not serve as directors or supervisors of such enterprises, nor shall designated personnel be appointed as managers of such enterprises. The total investment in other enterprises shall not exceed 15% of the net worth of the financial holding company; and the financial holding company's investment in any other enterprise shall not exceed 5% of the total number of issued voting shares of the investee enterprise.

D. Hua Nan Financial Holdings has six subsidiaries, including Hua Nan Commercial Bank, Hua Nan Securities, South China Insurance Company, Hua Nan Investment Trust, Hua Nan Venture Capital, and Hua Nan Assets Management. In accordance with relevant laws and regulations, the Group actively promotes cross-selling among subsidiaries, integrating diversified financial services including deposits, credit cards, securities, funds, and insurance.

E. Through the in-depth integration of Group resources, the Group not only deepens its engagement with existing customers, but also provides customized financial product portfolios and services for high-asset clients and corporate clients. By leveraging cross-selling and complementary resources among subsidiaries, the Group maximizes operational synergies, and creates the greatest value for the Group.

(2) Revenue Breakdown for the Most Recent Two Fiscal Years

Unit: NT\$ thousand

Item	Year	2025		2024	
		Amount	%	Amount	%
Investment Income Recognized under the Equity Method	Hua Nan Commercial Bank	24,152,741	87	21,605,622	87
	Hua Nan Securities	2,064,133	7	1,907,134	8
	South China Insurance	1,802,287	6	1,292,965	5
	Hua Nan Investment Trust	(267,045)	-1	(5,917)	-
	Hua Nan Venture Capital	85,787	-	78,154	-
	Hua Nan Assets Management	(27,897)	-	19,698	-
	Subtotal	27,810,006	99	24,897,656	100
Other revenues		139,101	1	79,667	-
Total		27,949,107	100	24,977,323	100

2. 2026 business plan:

The Company's 2026 business plan is carried out under five major strategies: "Improving Capital Efficiency," "Strengthen Management of Financial and Risk," "Performance Evaluation and Reward System Optimization," "Leveraging Financial Technology for Innovative Services," and "Adapt to the Trend of Sustainable Financial Development." Detailed descriptions are as follows:

(1) Improving Capital Efficiency

- A. Focus on profit generation and structural adjustment as the core business strategy, concentrate on niche businesses that enhance customer contribution, expand derivative opportunities for group corporate customers, and increase overall profitability.
- B. Focus on serving SMEs and payroll account customers, expand overseas earning assets to widen interest spreads, strengthen integrated services for corporate and retail banking, balance the development of various wealth management businesses, increase the proportion of fee income, and optimize the overall profit structure.
- C. Actively deploy in the high-net-worth asset market, capture development opportunities in the Asia Bay Area, and by integrating financial asset management and financial product financing planning, introduce family office consulting and cross-border financial services to create new highlights in high-net-worth services and become the preferred wealth navigator for clients.
- D. Continuously monitor market trends, strengthen the allocation of financial trading resources and operational performance, build short-, medium-, and long-term investment positions, balance risk control with profitability, and improve the utilization efficiency of risk-weighted assets.

(2) Strengthen Management of Financial and Risk

- A. In accordance with the Ministry of Finance's "Financial Holding Company Double-engine, Banks Double-wing" 2.0 blueprint and the Company's "5-Year Profit Enhancement Plan," profit targets for subsidiaries are set top-down at the group level, with annual rolling reviews that adjust the 5-year profit targets in line with changes in peer profitability for the year of execution.
- B. Dividend policy and asset allocation are dynamically allocated based on business development.
- C. Monitor external changes to make timely adjustment to various risk indicators and implement oversight, ensuring exposure control remain within the Group's risk appetite.
- D. Regularly review subsidiaries' exposure and reported data to timely identify abnormal information, provide necessary analytical suggestions, or request subsidiaries to evaluate and respond accordingly.
- E. Review the Science Based Targets initiative (SBTi) and strategies for investment and financing portfolios.
- F. The Group's capital adequacy ratio is managed with a target of maintaining 115%, in coordination with the Company's financial planning blueprint, to strengthen capital utilization efficiency management.

(3) Performance Evaluation and Reward System Optimization

- A. Strengthen the Company and subsidiaries' reward and performance evaluation systems, company strategic focus, and the performance rankings of their respective industries. This encourages employees to actively contribute to business growth and motivates each company to increase profits, thereby improving the Group's overall ranking and market position.
- B. The selection of key financial indicators focuses on growth in operational efficiency, such as Return on Assets (ROA), Return on Equity (ROE), and Earnings Per Share (EPS), to avoid driving Senior Vice Presidents & General Managers and employees to pursue scale and numerical targets, thereby ensuring that each company enhances profitability while also maintaining asset and capital utilization efficiency.
- C. The performance bonus system of each company adopts a two-way adjustment mechanism, where the overall company performance is directly reflected in bonus payout levels. This approach ensures clear rewards and penalties while enhancing behavioral incentives to effectively guide managers and employees toward greater efficiency. As the Company's core business expands and overall performance improves, resulting in the achievement of performance indicators and strong peer-relative outcomes, employee bonuses increase accordingly. This allows employees to share in the Company's growth, improve their

personal remuneration, and the attraction and retention of top talent, reduce turnover rates, and thereby enhance the Company's competitiveness.

- D. To strengthen the supervision and management of performance bonuses for subsidiaries, the Company takes into account factors such as each subsidiary's annual performance evaluation results and degree of policy compliance to approve and distribute the total annual employee performance bonuses and the performance bonuses for heads of subsidiaries, with the aim of enhancing the overall operational synergy of the Group.
- (4) Leveraging Financial Technology for Innovative Services
- A. Building intelligent services – The bank plans to introduce generative AI agent employee teams, design internal application scenarios to improve work efficiency, optimize internal operational processes, continue to implement digital process integration, identify high-value automatable operations, and increase per-capita contribution.
 - B. Creating data value – Expand data analytics and business application scenarios, promote a data-as-a-service architecture, and enhance the efficiency of data utilization and the value of data applications.
 - C. Leveraging cloud flexibility – Build a flexible, automated, and securely integrated "Hua Nan Cloud Platform," continuously develop cloud-native technologies, expand cloud service application scenarios, and introduce collaborative work frameworks to improve employee productivity.
 - D. Strengthen information security resilience - Improve information security resilience by implementing a zero-trust framework, implement defense drills, and cultivate information security talents.
- (5) Adapt to the Trend of Sustainable Financial Development
- A. Strengthen the Group's legal compliance management and improve its operational efficiency
 - a. Improve the Group's compliance with regulatory risk control mechanism

Establish a group-wide regulatory management system that uses AI functionality for preliminary regulatory comparison and analysis, tracks regulatory changes and rule revisions across group companies, to respond promptly to regulatory updates, reduce operational costs and control risks.
 - b. Enhance anti-money laundering operational efficiency

Drawing on recent trends in regulatory compliance and financial technology development, plan to utilize RPA in various AML/CFT operations to improve the operational quality and efficiency of Group companies.
 - c. Strengthen personal data protection measures

In response to domestic legislative trends and compliance requirements, continue to review and optimize personal data risk assessment operations and encourage group companies to implement personal data certification systems.
 - d. Strengthen whistleblower case management

To promote sound Group operations, continuously optimize the Group's whistleblowing process and establish management reports for Group whistleblowing cases to facilitate the improvement and management of whistleblowing case quality.
 - B. In addition to the aforementioned optimization measures, we continue to manage subsidiaries' legal compliance, legal affairs, and anti-money laundering matters through risk-based classification. Through monthly reports, group compliance communication meetings, and reporting mechanisms, we stay informed of subsidiaries' compliance and anti-money laundering related issues. Furthermore, through project implementation effectiveness inspections, analysis and management of violation cases, we verify the effectiveness of subsidiaries' compliance systems, whistleblowing mechanisms, and fair customer treatment principles. This enables us to promptly identify compliance weaknesses, protect company interests, reduce legal risks, and ultimately enhance compliance management and operational efficiency.

- C. The Group continues to strengthen corporate governance, fulfill corporate social responsibility, and practice environmental sustainability. In addition to complying with the Sustainable Development Action Plans for TWSE and TPEX Listed Companies, the Green and Transition Finance Action Plan, the FSC's ESG Initiative Platform specific implementation plans, and the Sustainability Accounting Standards (SASB) issued by the FSC, the Group also implements the IFRS S1 and S2 Sustainability Disclosure Standards adoption plan in accordance with the FSC's "Blueprint for Taiwan's Adoption of IFRS Sustainability Disclosure Standards." Regular sustainability-related education and training are also conducted to integrate sustainability issues into Group operations, uphold the ESG spirit in business activities, align with responsible investment and financing, and support the sustainable development of industries such as green energy technology and the circular economy.
- D. Clarify the fundamental concerns of each ESG element within a sound sustainable governance framework, establish main work items, and set short-, medium-, and long-term targets for each item. Furthermore, in addition to monitoring target attainment on a regular basis, rolling adjustments are made every year. Through the department of labor and cooperation of the Group's companies, it will work together to achieve the goals one by one while growing sustainably with the country and society.

3. Industry Overview

(1) Financial Management

According to data released by the Financial Supervisory Commission (FSC) on the profitability of the three financial sectors — banking, insurance, and securities — in 2025, cumulative pre-tax net profit reached NT\$988 billion, the second highest on record, representing a year-on-year decline of 6.69%. Among the three sectors, banking delivered the strongest performance, posting a full-year profit of NT\$627.9 billion and accounting for 63.5% of total financial industry profits, maintaining its position as the most profitable sector in the industry. Life insurance profits were cut by approximately half, owing to provisions for foreign exchange reserves. A breakdown by sector is provided below:

A. Banking Sector Overview

In 2025, the banking sector's net profit before tax was NT\$627.9 billion, an increase of 11.01%, primarily due to increases in net interest and fee income and a decrease in bad debt expenses.

B. Securities, Futures, and Investment Trust Sector Overview

In 2025, the net profit before tax of the securities, futures, and investment trust sector was NT\$166.4 billion, an increase of 9.69%, primarily benefiting from the enhanced status of Taiwan's capital market, which drove trading activity and investment returns.

C. Insurance Sector Overview

In 2025, the insurance industry recorded a net profit before tax of NT\$193.7 billion, representing a decrease of approximately 43%. Of this, the life insurance sector earned NT\$156.9 billion, a decrease of 50.3%, while the non-life insurance sector earned NT\$36.8 billion, an increase of 41.5%. The decline was primarily attributed to reduced investment returns and provisions for foreign exchange price variation reserves due to fluctuations in foreign exchange and stock markets.

(2) Marketing

Over the next three years, financial technology will continue to drive structural adjustments in financial services, expanding toward financial ecosystems, cross-domain collaboration, and intelligent service offerings. The overall industry development can be categorized into the following core pillars:

A. Deepening Artificial Intelligence (AI) and Governance Maturity

Artificial intelligence will gradually expand from existing applications in risk management, service experience, and automation into areas such as scenario-based finance, intelligent engines, and model governance. As mechanisms for explainability, fairness, and risk control mature, AI adoption will progress from the experimental stage to institutionalized implementation, becoming an essential tool for risk management and operations in the financial industry.

B. Digital Economy and Platform-Based Finance

Digital transactions, cloud services, and platform models will drive more financial services to be delivered via APIs, mobile devices, and cloud architectures. User experience will evolve from a "multi-channel" approach to a fully integrated "all-scenario" model, with financial services becoming increasingly reliant on data infrastructure, process automation, and platform connectivity.

C. Open Finance Advancing Data Sharing Applications

Data sharing and API integration will remain a critical foundation of financial technology. In the future, financial data sharing will extend beyond basic customer information to progressively encompass transaction data, risk data, and cross-industry data models, fostering broader applications in insurance, investment, credit, and lifestyle payments, while enhancing cross-industry integration and product innovation efficiency.

D. Accelerating Expansion of Embedded Finance

Financial services will continue to be embedded into vertical sectors such as transportation, shopping, travel, healthcare, and logistics, becoming an integral part of the user journey. Embedded scenarios are progressively forming financial ecosystems, requiring financial institutions to develop capabilities in APIs, identity verification, payment clearing and settlement, financial product bundling, and risk management in order to address the risks and service demands of new scenarios.

4. Research and Development

(1) Marketing

A. Research and Development Achievements over the Past Two Years

a. Artificial Intelligence (AI)

Promoting the application of AI technology in intelligent financial scenarios to enhance risk identification, fraud prevention, and intelligent investment experience. By enhancing AI assistants and intelligent wealth management tools, integrating information push notifications and intelligent decision support, strengthening fraud detection and risk early-warning capabilities, and launching data-driven personal investment strategy features, the aim is to improve customers' wealth management experience and operational efficiency.

b. Digital Economy

Actively promoting digital channel and platform integration through a "customer-centric" digital service strategy, optimizing the user experience of mobile banking, internet banking, securities trading apps, and non-life insurance online policy applications. Financial Fast-ID has also been introduced to improve the efficiency of customers' online application processes, thereby enhancing the convenience and security of digital channels.

c. Open Finance

Expanding the open finance ecosystem and API application scenarios, promoting API data connectivity, facilitating cross-institutional information sharing, and enhancing fund management and transaction integration. The Phase 3 "Transaction Information" services under "Open Banking" have been completed, establishing a comprehensive, secure, and flexible open finance environment. Meanwhile, the Group joined the financial technology industry alliance. Through exchanges and collaboration within the financial industry, the Group keeps abreast of the development trends in financial technology applications and Policy, and promotes the innovative implementation of financial technology and the formation of ecosystem collaboration models.

d. Embedded finance

By deeply integrating Financial Services Industry into customers' commonly used digital scenarios through digital platforms, the Group continuously drives collaboration between the Group and cross-industry partners to connect touchpoints between lifestyle services and financial services, enabling finance to be seamlessly embedded into customers' digital journeys. Through ecosystem collaboration models, the Group progressively builds an integrated financial ecosystem to strengthen customer experience and market penetration.

B. Future Research and Development Plans

Hua Nan Financial Holdings will continue to deepen the three strategic directions of "Converging Value-Added Information, Enhancing Synergistic Services, and Accompanying Customer Journeys," in alignment with financial technology Policy and market evolution, as follows:

a. Converging Value-Added Information

- (a) Establish a digital integrated marketing team that combines generational research reports with product propositions to drive data integration and insights, and to implement precision marketing.
- (b) Manage the Group's brand image through digital channels, and optimize customer experience through data analytics management.
- (c) Build a financial holding data platform, planning the system architecture, data layer architecture, and business application tools of the data platform at the Group level.

b. Enhancing Synergistic Services

- (a) Promote cross-subsidiary data collaboration and process integration within the Group to strengthen co-selling capabilities and Financial Services Industry connectivity.
- (b) Continuously explore cross-industry scenario collaboration and lay out embedded finance and ecosystem applications.

c. Accompanying Customer Journeys

- (a) Continuously conduct generational customer research and behavioral analysis to develop differentiated financial communication strategies.
- (b) Leverage AI and data tools to enhance personalized service design and experience optimization.

(2) Risk Management

A. Achieving a Balance Between Risk and Return

In alignment with the management directions deliberated by the Group's Capital Planning Committee, develop plans for capital adequacy ratio and capital utilization efficiency disclosure and management for the Group and its subsidiaries, in order to maintain the Group's sound capital adequacy.

B. Strengthening Climate Disclosure Information

In alignment with the Financial Supervisory Commission's roadmap for convergence with International Financial Reporting Standards sustainability standards, continuously enrich disclosures on climate-related issues.

C. Enhancing the Credibility of Carbon Inventory

In 2025, the Group conducted and passed third-party verification of the Scope 3 Category 15 investment and financing portfolio carbon inventory for the first time, strengthening the data quality of inventory results.

D. Refining risk management Systems

Formulate Science Based Targets initiative (SBTi) and strategies for the Scope 3 Category 15 investment and financing portfolio, and optimize the current risk management system.

5. Long-term and Short-term Business Development Plans

(1) Financial Management

A. Short-term

- a. Improving Capital Efficiency.
- b. Strengthen Management of Financial and Risk.
- c. Performance Evaluation and Reward System Optimization.
- d. Leveraging Financial Technology for Innovative Services.
- e. Adapt to the Trend of Sustainable Financial Development.

B. Long-term

Pursue capital efficiency to enhance peer rankings, green and digital dual-axis transformation, and the transition to a high-quality financial institution with sustainable operations.

(2) Marketing Management

A. Short-term Business Development Plan:

- a. Continuously refine the Group's individual customer segmentation and tiered management, expand customer sources through digital channels and contextual marketing, utilize data analytics to plan tailored product portfolio solutions for different customer segments, identify real-time opportunities for cross-selling and value-added services, strengthen the management of high-potential and core customers, integrate products and service resources across the Group, design differentiated services and product portfolios, and enhance the contribution of the Group's individual customers.
- b. Continuously promote the Group's corporate client management, conduct comprehensive and systematic reviews of the Group's corporate client volume, client composition structure, and industry structure, plan key corporate client management, drive one-stop service integrating Group resources, and enhance the depth of cooperation and client contribution from corporate clients.
- c. Integrate subsidiaries' products into innovative composite products, plan suitable composite product marketing activities targeting the value propositions of different generational customer segments, to meet the packaged financial product needs of various customer groups and maximize Group marketing synergies.
- d. Continue the operation of the Group's Digital Transformation Office, accelerate the digitalization process through cross-subsidiary collaboration mechanisms, and simultaneously promote digital and data-related infrastructure to strengthen data circulation and service capabilities. A Digital Integrated Marketing Team will be established to drive data integration and insights by combining generational research reports with product value propositions, in order to implement precision marketing and enhance digital channel effectiveness. Additionally, the Group will continue to participate in industry alliances to keep abreast of technology developments and ecosystem collaboration opportunities, while closely tracking regulatory policy trends and proactively responding to market demands and technological changes.
- e. Guide employees in obtaining various business and marketing licenses to strengthen the professional image and business capabilities of Group employees, provide customers with professional consultations, and achieve the goal of company-wide marketing.

B. Long-term Business Development Plan:

- a. The Group is committed to implementing digital transformation by integrating resources across subsidiaries, strengthening the 'online traffic generation and offline services,' and integrating virtual and physical resources among subsidiaries. The group leverages data analytics to support and adjust marketing strategies, maximize internal referral benefits within the Group, and continuously enhance cross-selling capabilities.
- b. Build a comprehensive financial ecosystem that, through cross-industry integration and connectivity, enables financial services to operate seamlessly across diverse lifestyle and industry scenarios. Simultaneously promote the implementation of Group-level data platforms and AI governance frameworks to deepen artificial intelligence and data governance capabilities, facilitating the parallel advancement of customer experience optimization and risk management.
- c. The Company continues to refine its group-wide customer segmentation and tiered management framework, dynamically adjusting its customer development plans to firmly embed a "customer-centric" and "data-driven" customer management model and culture. By adapting customer engagement strategies in response to changing conditions, the Company is steadily expanding its customer base while simultaneously enhancing the quality of its customer mix, with the aim of increasing the overall value and long-term loyalty of group customers and establishing a stable, sustainable revenue foundation.
- d. Continue to utilize 'HN Points' to execute membership management programs, rewarding points to make customer interactions more rewarding, and leveraging the points accumulation mechanism to enhance the breadth and depth of customer engagement, thereby increasing customer value and retention rates.
- e. To accelerate the pace of transformation and deliver innovative services, the Company has established a group-wide innovation incentive program that leverages cross-group resources to address the diverse needs of customers across different generations, ensuring that innovative proposals are translated into actionable initiatives that deliver a more comprehensive financial experience.

(II) Hua Nan Commercial Bank**1. Businesses scope:****(1) Principal Activities**

The current business operations of Hua Nan Commercial Bank are as follows:

- Acceptance of various deposits (items originally listed in the business license, including checking deposits, demand deposits, time deposits, and savings deposits, are reclassified under this item).
- Issuance of financial bonds.
- Handling of loans (items originally listed in the business license, including short-term, medium-term, and long-term loans, certificate of deposit-secured loans, and consumer loans, are reclassified under this item).
- Handling bill discounting.
- Investing in securities (investment in government bonds, short-term bills, corporate bonds, financial debentures, and company stocks as stated in the original business license, reclassified under this item).
- Handling domestic remittance.
- Handling acceptance of commercial drafts.
- Issuing domestic letters of credit.
- Guaranteeing the issuance of corporate bonds.
- Handling domestic guarantee business (handling guarantee business as stated in the original business license, reclassified under this item).
- Acting as agent for collection and payment of funds.
- Acting as sales agent for government bonds, treasury bills, corporate bonds, and company stocks.
- Underwriting securities (underwriting of government bonds, treasury bills, corporate bonds, and company stocks as stated in the original business license, reclassified under this item).
- Proprietary trading of securities.
- Buying and selling securities on behalf of clients.
- Handling custody and warehousing business.
- Handling safe deposit box rental business.
- Handling agency service business related to the various businesses listed on the business license or approved by the competent authority.
- Handling credit card business (handling credit cards and cash advances as stated in the original business license, reclassified under this item).
- Acting as sales agent for gold bullion, gold coins, and silver coins.
- Buying and selling gold bullion, gold coins, and silver coins.
- Handling export foreign exchange, import foreign exchange, general outward and inward remittances, foreign currency deposits, foreign currency loans, and guarantee business for foreign currency-secured payments.
- Handling general outward and inward remittances and foreign currency deposit business.
- Handling the buying and selling of foreign currency cash and traveler's checks.
- Handling derivative financial product business approved by the competent authority.
- Handling business approved and conducted in accordance with the Trust Enterprise Act.
- Handling trust business approved by the competent authority for the dedicated trust department of the head office.
- Handling proprietary trading of government bonds.
- Conducting margin trading and short selling of securities.
- Conducting brokerage, dealing, certification, and underwriting of short-term bills.
- Issuing cash stored value cards.
- Conducting public welfare lottery agency business approved by the competent authority.
- Proprietary trading of corporate bonds and financial debentures.
- Conducting proprietary bond trading business.
- Accounts receivable factoring business.
- Asset-backed securities.
- Concurrently operating securities investment advisory business.
- Conducting life insurance agent business.
- Trust of money.

- Trust of monetary claims and their collateral rights.
- Trust of securities.
- Trust of real estate.
- Trust of superficies rights.
- Conducting discretionary investment business in the form of a trust.
- Acting as agent for the issuance, transfer, registration of securities, and distribution of dividends and interest.
- Providing consultant services for the issuance and public offering of securities.
- Acting as certification agent for the issuance of stocks and bonds.
- Conducting securities certification.
- Conducting custodial services.
- Acting as custodian for securities investment trust funds.
- Providing consultant services for investment, financial management, and real estate development.
- Acting as trustee for bond issuances.
- Acting as agent for the collection and payment of substantive transaction funds.
- Acceptance of stored value funds.
- Transfer of funds between electronic payment accounts.
- Handling of financial products and services applicable to high-asset clients.
- Planning of financial products, derivatives business, securities dealer business, bill finance dealer business, investment enterprise (including subsidiaries) management, discretionary investment business management, and settlement of various financial products.

(2) Activities and Revenue Proportion

Summary of Revenue by Principal Business Activity

Unit: NTD Millions

Business item	Year	2025		2024		Change	
		Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage(%)
Corporate Finance		29,316	23%	28,492	22%	824	3%
Consumer Finance		24,552	20%	23,773	18%	779	3%
Financial Transactions		36,403	29%	39,836	31%	(3,433)	(9%)
Foreign Exchange		21,843	17%	27,916	21%	(6,073)	(22%)
Trust and Wealth Management		10,869	9%	7,995	6%	2,874	36%
Other		2,684	2%	3,133	2%	(449)	(14%)
Total Principal Revenue		125,667	100%	131,145	100%	(5,478)	(4%)

Note: 1. The above principal business activity includes interest, handling fees, financial assets/liabilities, exchange gains, and investment property gains.

2. Consumer Finance includes credit cards and cash cards; Foreign Exchange includes overseas branches and Offshore Banking Units (OBU).

(3) New Financial Products and Services Planned for Future Development

- Promoting the "Hua Nan Bank+" APP to become customers' gateway to daily life, with Mobile First as the core, planning innovative service scenarios and integrating customer behavioral data and warehouse data to deepen customer engagement, drive an immersive new digital experience, and continuously enhance customer satisfaction.
- Promoting the "Personal Banking Product Application Integration Platform 2.0", centered on customers, continuously integrating and expanding application scenarios (such as resetting online banking IDs and passwords, online mortgage applications, etc.), and planning to incorporate a new-generation video platform and physical ATM identity verification mechanisms to continuously advance more comprehensive digital financial services.
- Building the "Hua Nan Bank TWQR Win-Win-Win Ecosystem", establishing an ecosystem through a tripartite mutual benefit cycle among featured merchants, consumers, and Hua Nan Commercial Bank, promoting innovative payment service applications and selecting local featured merchants to strengthen TWQR brand promotion effectiveness, attracting other merchants to apply as Hua Nan Bank acquiring merchants, and leveraging marketing campaign resources to encourage customers to use Taiwan Pay transactions to boost merchant revenue growth, achieving a synergistic co-prosperity effect.

- Driving business innovation by leveraging "Copilot Studio" to build AI Agents that address core operational pain points. Our focus is on boosting efficiency, strengthening compliance monitoring, and fostering cross-departmental collaboration through the design of practical, deployable solutions integrated with existing workflows.
- Providing customers with diverse and accessible consultation and complaint channels, including a toll-free 24-hour customer service hotline, internet phone, official website feedback mailbox, and text-based customer service, with effective management and tracking to safeguard customer rights and interests.
- Starting from the heart, proactively caring for customers, implementing fair customer treatment, and enhancing Hua Nan Commercial Bank's corporate image and customer satisfaction.
- Adapting to the trend of financial digital transformation, promoting AI-enabled human-machine collaboration application scenarios, and strengthening the core competitiveness of digital customer service.
- Strengthening the promotion of SME lending business, increasing the proportion of high-yield SME loans paired with credit guarantee fund coverage, and enhancing Hua Nan Commercial Bank's competitiveness in SME credit business.
- Establishing a 'Comprehensive Service Planning Task Force for Corporate Clients' to coordinate cross-group and cross-departmental resources, enabling real-time identification of business opportunities and deepening customer engagement.
- Continuously capturing syndicated loan market opportunities, strengthening the development of quality loan sources and peer collaboration, focusing on higher-yield and offshore wind farm syndicated loan cases, actively pursuing lead arranger opportunities, and increasing syndicated loan fee income.
- In response to government initiatives promoting offshore wind power, water resources, environmental protection, and green energy Policy, guiding existing credit clients to gradually transition to meet ESG standards, and seizing Green Loan business opportunities arising from corporate Sustainable development.
- Continuously expanding corporate digital channel service functions and optimizing the corporate online banking interface to provide corporate clients with more convenient, efficient, and high-quality services, creating a digitalized financial environment, improving operational efficiency, and ushering in a new era of Financial Services Industry.
- Promoting urban renewal and reconstruction of hazardous and aging residential buildings, enhancing Hua Nan Commercial Bank's professional brand image, and increasing revenue from deposits, credit, and trust businesses.
- In alignment with government Policy, continuously handling the 'Three Major Investment in Taiwan Programs' for companies returning to invest in Taiwan, providing various project loans and services, and actively expanding Hua Nan Commercial Bank's credit business.
- Expanding import and export business volume and the scale of domestic foreign currency loans, broadening Hua Nan Commercial Bank's import and export business new customer base, and deepening relationships with existing clients.
- Continuously strengthening intra-group collaboration mechanisms, combining the bank's existing corporate client base with the professional resources and product advantages of affiliated companies (such as property insurance, securities, and investment trust), constructing a data analytics-driven customer management model through customer tagging, enhancing the depth of customer management and the overall efficiency of group resource utilization, and deepening group cross-selling effectiveness.
- Continuously optimizing the digital process experience for personal credit, strengthening system review, rapid disbursement, and real-time credit limit features to quickly respond to customers' funding needs and attract a broad customer base.
- To enhance the service quality for credit card merchant stores, planning to establish an Internet card reader connection mode to deepen business cooperation stickiness with merchant stores, and expanding merchant store types with promotional potential to increase acquiring volume.
- Continuously optimizing the custody business asset portfolio, increasing the product lines and asset scale of equity-type assets, multi-income assets, and other products, while capturing mainstream investment trends among the public and actively pursuing active and passive ETF custody business.

- Responding to social trends, with 'Trust 2.0' as the core, integrating cross-departmental expert teams and connecting with cross-industry resources to establish diverse promotion channels and increase trust case sources. Simultaneously strengthening branch promotion and marketing momentum, leveraging comprehensive trust products and services to build Hua Nan Commercial Bank's trust expertise and brand recognition.
- To provide customers with diversified financial products, planning to launch foreign currency principal-linked equity-structured products denominated in foreign currency, and conducting foreign bond transactions with customers under the qualification of a concurrently operated securities dealer's proprietary trading business.
- Continuously expanding ATM service functions, refining interface design and optimizing transaction processes, introducing more intuitive operation guidance and user-friendly layout, lowering the operational threshold for customers, and improving convenience and ease of use. Simultaneously, through process simplification and system performance optimization, effectively reducing transaction waiting times, improving overall service efficiency, and creating a fast, secure, and considerate self-service financial experience.

2. 2026 Business Plan

- (1) Actively pursuing SME clientele, implementing differentiated promotion strategies targeting different needs, and attracting SMEs to designate Hua Nan Commercial Bank as their primary banking partner.
- (2) Expanding payroll account holders and deposit balances, strengthening various withholding and deduction services for payroll account holders, increasing customer stickiness, and enhancing contribution levels.
- (3) Strengthening the attraction of securities demand deposits, reducing funding costs, and stabilizing deposit balances.
- (4) In alignment with the financial holding parent company's Policy, closely collaborating with affiliated companies to increase the number of group products held by customers and Hua Nan Commercial Bank's cross-selling share, while boosting fee income.
- (5) Continuously promoting customer segment management policies and expanding the three-stage value strategy of 'Digital Branch' implementation, targeting Hua Nan Commercial Bank's effective customers through three dimensions of 'customer segments, products, and channels,' leveraging data to understand 25 sub-customer segment profiles, providing the most suitable products and services, and guiding customers through the three-stage journey (cultivation stage, growth stage, monetization stage) to migrate upward, thereby enhancing customer contribution.
- (6) Injecting digital profit momentum into the flagship 'Hua Nan Bank+' APP, focusing on strengthening the wealth management digital journey, concentrating on core businesses, and through journey reengineering and process optimization, shortening transaction completion time, enhancing page completion efficiency and improving page conversion rates, comprehensively upgrading transaction convenience and user experience, and driving overall transaction performance, product sales capability, cross-channel selling power, and digital channel fee revenue growth.
- (7) Operating the "LINE Official Account" to strengthen customer engagement experience, including promoting "New Menu Design", "Hua Nan Commercial Bank +APP Binding Service", "Join Hands Against Fraud", "Friends as Members", and "Intelligent Notification" functions, providing ubiquitous and real-time financial notification services to enhance communication experience with customers.
- (8) To achieve the overall goal of elevating each employee's contribution, we implemented "Agile Projects", "AI and Automation", and "the optimization of operational process" to accomplish the result of increasing outcomes, efficiency and strengthening risk management. These techniques are based on deepening digital culture, recruiting and cultivating talents to structure a high-efficiency operational system driven by data, empowered by AI, and co-created by talents.
- (9) In cope with the unpredictable future trends and corporate digital transformation strategies, skills remodeling program will be promoted to increase employee's capabilities of continuously digital learning on AI and agility skills. This concept was built to implement on practical work and to enhance employees' ability to face future challenges.

- (10) Continuously strengthening the strategic layout of digital transformation and technological innovation while aligning with market trends, applying AI internally to improve service efficiency, and simultaneously driving upgrades in core businesses such as digitally-driven wealth management, credit cards and lending, corporate banking, retail digital channels, and end-to-end process optimization, to create a high-efficiency operating model.
- (11) Continuously optimizing the intelligent voice service system to improve automated service efficiency and enhance customer service experience.
- (12) Expanding the application of generative artificial intelligence technology to strengthen chatbot customer service satisfaction and business opportunity effectiveness.
- (13) With "Stabilizing Earnings and Adjusting Structure" as the main focus, actively expanding new customers in small and medium enterprises, paying attention to emerging highlight industries, to expand interest spreads and corporate banking fee income, reduce customer concentration, and balance asset and profit structure. At the same time, focusing on high-contribution customers and combining group resources to enhance business performance and customer value through comprehensive services.
- (14) Continuously promoting projects such as "Green Loan Preferential Project Loans", "Sustainability Performance-Linked Credit Preferential Project Loans", "Carbon Reduction Transition Preferential Financing Project Loans", and "Solar Farm Financing" to expand the scale of Green Loan lending.
- (15) Keeping abreast of government policy directions, actively pursuing syndicated loan opportunities in offshore wind power, urban renewal and dangerous building reconstruction, continuously maintaining existing clients, focusing on syndicated loan cases with good profitability, strengthening the development of quality loan sources and inter-bank cooperation opportunities, with the goal of enhancing overall revenue.
- (16) Integrating group resources to continuously identify quality urban renewal and dangerous building reconstruction cases, continuing to engage in regulatory and practical exchanges with government-affiliated units, experienced developers, land developers, and construction management companies, building good relationships to cooperate with government policies and assist in urban renewal and unsafe and aging building reconstruction.
- (17) Continuously capturing business opportunities from Taiwanese enterprises returning to Taiwan, actively pursuing enterprises planning to invest and set up factories in Taiwan. In addition to implementing the "Three Major Investment in Taiwan Programs" in line with government policies, providing various self-managed preferential project loans and business consulting services to assist enterprises in obtaining the funds needed for investment and expanding Hua Nan Commercial Bank's credit business.
- (18) Enhancing corporate banking fee income, strengthening the professional knowledge and marketing capabilities of corporate banking personnel to provide customers with customized financing solutions, establishing a fee-charging mindset, and expanding corporate banking fee income sources.
- (19) In line with government ESG policy trends, strengthening the promotion of policies on offshore wind power, water resources, environmental protection, and green energy, assisting credit customers to gradually transform to comply with ESG standards, and capturing green loan business opportunities arising from corporate sustainable development.
- (20) Targeting customer groups with better industry prospects, increasing foreign exchange stickiness, driving DBU foreign exchange business momentum, identifying import and export customers with good profitability, actively capturing business opportunities, and enhancing foreign exchange fee income.
- (21) In line with government policies, assisting customers affected by the U.S. tariffs in applying for the Ministry of Economic Affairs' "SME Multi-Faceted Development Project (Category 2)" and the Ministry of Finance's "Trade Financing Interest Rate Reduction" loans, to help customers reduce financing costs and expand Hua Nan Commercial Bank's lending scale.
- (22) Actively building overseas units' profit-generating asset scale while balancing capital utilization efficiency, by selectively undertaking loans and securities businesses with better returns or higher credit ratings, so as to enhance related interest income and contribute to earnings.

- (23) Given that economic growth momentum in the U.S. and other countries remains relatively strong, and in line with government policies to develop New Southbound region business, actively participating in local syndicated loan cases to raise visibility and competing for local Taiwanese enterprise credit, while continuing to strengthen the provision of global Financial Services Industry through OBU, and leveraging overseas offices and domestic business unit referral functions to pursue potential business opportunities and provide customers with more comprehensive financial services.
- (24) Mortgage loans focus on first-time homebuyers for self-use, strengthening the allocation of home purchase loan resources, and continuously promoting non-home-purchase mortgage loans (e.g., investment and financial management, corporate working capital) through preferential interest and fee rate programs. Additionally, by deepening the concept of family protection and mortgage life insurance responsibility sharing, enhancing recognition of mortgage life insurance products and performance rates, and increasing fee revenue.
- (25) Personal credit loans focus on payroll transfer account holders and wealth management VIP customers, expanding scale and benefits, introducing value models to systematically assess the risk and profit potential of various customer segments, and adopting differential pricing strategies based on customer credit risk and repayment capacity, to improve resource allocation efficiency and strengthen overall credit spread and operational effectiveness.
- (26) Credit cards create a high-end image through premium benefits to strengthen the loyalty of high-asset customer groups, and from a "customer segment management" perspective, provide differentiated credit card benefit rewards based on the number of products held or customer contribution, creating a positive cycle of cross-selling, credit card spending, and reward mechanisms to drive business development.
- (27) Wealth Management Business
 - A. Product Strategy: Starting from customer needs, through carefully selected high-performing funds, distinctive private placement products, and advantageous insurance products, satisfying customers' diverse investment allocation and asset inheritance needs, and driving business in line with market trends and customer demands.
 - B. Pricing Strategy: Utilizing fee preferential programs for various customer segments, simplifying the negotiation process, and optimizing product structures to enhance customer activity rates and yield rates.
 - C. Channel Strategy: Expand customer base and fee income contribution through differentiated customer segment development models.
 - (a) Optimize business operations in response to the renewal of the high-asset business license.
 - (b) Driven by the needs of high-asset clients, develop differentiated Financial Services and integrate brand image management to increase business volume.
 - D. Development Strategy: Establish an all-staff marketing and promotion strategy, expanding customer segment management methodology to meet client needs and enhance customer management value.
 - E. Co-selling Strategy: Implement and promote the referral system, and strengthen team collaboration.
 - F. Digital Strategy: Strengthen product penetration by optimizing smart tools, data-driven models, and digital media traffic generation.
 - G. Talent Development Strategy: With professional deepening and elite cultivation as the core, build a high-asset management team.
 - (a) Through a combination of external recruitment and internal cultivation, build a team structure with private banking expertise and customer segment management capabilities.
 - (b) Continuously strengthen education and training models to enhance the promotional momentum of financial advisors and non-wealth management departments.
- (28) With the promotion of 'Trust 2.0' as the main focus, assist clients of different age groups in handling 'retirement, eldercare, and legacy' planning. In addition to promoting standardized trust products such as pre-established eldercare trusts through business units, digital channels for online eldercare trust signing are also provided to improve convenience for clients without the need to visit a branch. At the same time, integrate family office resources and cross-industry collaborations to provide tailor-made trust products for high-asset clients, develop comprehensive trust services, and actively pursue trust evaluation awards.

- (29) In response to the remaining demand for renovation of over 5 million old buildings across Taiwan, continue to actively promote development-type real estate trusts, and fully support the government's urban renewal, dangerous building reconstruction, and long-term care facility Policy. Through professional one-stop urban renewal and dangerous building reconstruction services, assist in the smooth execution of development projects, ensure reconstruction safety, and build trust between residents and investors.
- (30) Leveraging the advantages of the trust system, provide high-asset clients with services such as wealth preservation, cross-generational asset inheritance, and risk isolation to meet the long-term governance and Sustainable development needs of families.
- (31) Appropriately adjust asset allocation to enhance the return on funds.
- (32) In response to changes in the international financial landscape, strengthen investment in TWD and foreign currency bonds to increase interest income and capital gains while maintaining asset quality.
- (33) Flexibly conduct FX SWAP transactions.
- (34) In response to changes in the international financial landscape, focus allocation on companies with world-class competitiveness, sound operations, and reasonable yields, diversify risk across industry chains, and expand capital gains and dividend income.
- (35) Steadily promote foreign exchange and interest rate derivative financial product businesses to flexibly meet clients' hedging, fund management, and investment needs.
- (36) Achieve insurance agency business operational Goals from three dimensions: product strategy, customer segment management philosophy, and digital insurance promotion.
 - A. Product Strategy: Focus on high-protection products and participating policies as the main drivers, introduce competitive and trending products, and emphasize retirement lifestyle protection and stable cash flow products to meet clients' retirement and asset appreciation and inheritance needs, perfecting life risk planning.
 - B. Customer Segment Management Philosophy: Deepen customer segment management and promotion, starting from client needs, strengthen asset allocation and protection needs, and integrate current affairs topics. Promote topics such as asset sharing, asset inheritance, and tax reserve planning to assist clients in transferring risks at various stages of life.
 - C. Digital Insurance Promotion: In response to the trend of insurance digitalization, continue to optimize digital insurance tools to increase the usage rate of online insurance, mobile insurance, and remote insurance, and implement the insurance ESG Policy.
- (37) Evaluate the effectiveness of physical channels and regional development conditions, and plan accordingly for the establishment, relocation, or closure of business outlets to enhance overall channel value.
- (38) We continue to promote the transformation of physical channels, renovating branch offices and standardizing operating spaces to enhance the quality of the working environment for branch staff, thereby increasing their work motivation and efficiency, and ultimately improving the quality of service provided to customers and the overall value of our channels.
- (39) To implement a sustainable environment, we promote the use of renewable energy and continuously enhance financial friendliness service measures to comply with the regulations on barrier-free facilities and ATM installations for financial institutions.
- (40) Based on the issues highlighted by the regulatory authorities as key inspection priorities, we strengthen the examination of whether similar deficiencies exist and ensure regulatory compliance.
- (41) We track the follow-up improvements made in response to major incidents from the previous year and the regulatory authorities' inspection findings, and review the effectiveness of corrective measures implemented by the Head Office's supervisory units as well as the degree of implementation by business units.
- (42) We strengthen the management of outsourced internal Assistant Auditor functions for overseas business units.
- (43) In response to changes in the external environment and the development of emerging technologies, we execute the target goals of the digital audit transformation plan.

3. Industry Overview: Current Status and Development of the Industry

Domestic banks performed well in 2025, with net income before tax growing by 11.01% compared to 2024, primarily driven by net interest income and net fee income. However, the trade Policy adopted by U.S. President Trump after taking office caused turmoil in global financial markets, and combined with fluctuations in interest rates and exchange rates, investment income and other net income of domestic banks declined compared to 2024.

Looking ahead, the Directorate-General of Budget, Accounting and Statistics forecasts Taiwan's economic growth rate at 7.71% for 2026. AI business opportunities continue to drive exports of information and communication technology products, with growth momentum outpacing traditional industries, presenting both opportunities and challenges for the banking sector. Amid the global supply chain restructuring trend, in addition to expanding overseas manufacturing facilities, Taiwanese businesses returning to invest in Taiwan have increased demand for corporate financing for factory establishment, while returning capital can bolster bank deposit volumes. The Financial Supervisory Commission's promotion of the Green Finance Action Plan 3.0 encourages the development of the green energy industry and guides businesses through low-carbon transitions, benefiting banks' corporate financing business. Furthermore, issues such as tax planning and wealth succession for high-asset clients, along with the launch of the Asia Asset Management Center, are expected to help expand wealth management businesses. However, government measures to stabilize the real estate market remain in place, and banks' control over the proportion of real estate loans will limit the growth of construction financing, mortgage loans, and other related lending. Uncertainties such as international geopolitical issues, trade and economic order, and climate risks persist, potentially adding variables to the industry's outlook. After a high base period, the banking sector must remain attentive to the impact of these risks on profitability.

4. Research and Development

(1) Research and Development Expenditures

Research and development expenses for the most recent two fiscal years were NT\$9,357 thousand in 2025 and NT\$11,230 thousand in 2024. Primarily used for: commissioned research and surveys, printing and binding, lecture fees, and manuscript fees.

(2) Research and Development Results

- A. Research reports on the latest domestic and international economic and financial developments are issued on a regular and ad hoc basis.
- B. Regarding financial technology patent portfolio, as of the end of 2025, Hua Nan Commercial Bank has a total of 351 approved and effective patents (191 invention patents, 159 utility model patents, and 1 design patent), with 39 patents currently under review (31 invention patents and 8 utility model patents).
- C. Over the most recent two fiscal years, a total of 92 individual employee research and development proposals submitted to Hua Nan Commercial Bank have been adopted.

(3) Future Research and Development Plans

We will continue to conduct research and analysis on topics related to Hua Nan Commercial Bank's business development, new financial products, financial technology, and innovative or improved business measures, in order to strengthen the competitiveness of Hua Nan Commercial Bank. At the same time, we will provide analytical reports and data on the latest developments in domestic and international economic, financial, and industrial topics to serve as a reference for Hua Nan Commercial Bank's business expansion and to enhance colleagues' professional knowledge in economics and industry.

5. Long-term and Short-term Business Development Plans

(1) Short-term Business Development Plan:

- A. Targeting different customer segments, we design differentiated marketing campaigns and preferential deposit products, dynamically adjusting product interest rates and quota conditions based on customer potential, current interactions, and market interest rate trends. This supports the promotion of a customer-centric business transformation, expands the deposit business customer base, and increases customer loyalty.
- B. In alignment with Hua Nan Commercial Bank's digital transformation and the ongoing management of payroll transfer customers, we leverage the payroll transfer dedicated section built on Hua Nan Commercial Bank's official website to plan related digital marketing and promotional activities, with the aim of expanding the payroll transfer customer base and enhancing customer value.

- C. The "Hua Nan Bank +" APP fully delivers a highly personalized experience, including the establishment of intelligent push notifications, integration of exclusive offers, and annual customer usage summaries, strengthening the connection with customers' daily lives and deepening customer engagement, thereby continuously enhancing customer satisfaction.
- D. We are building a "golden circle" for the "SnY Digital Deposit Account" by leveraging "activating customer relationships," "enhancing financial management returns," and "deepening customer segment management" to strengthen the operational effectiveness of the SnY digital account customer base. We seize opportunities to reach customers through digital advertising channels, recommend suitable financial products based on customer segment characteristics, and align closely with customers' daily life scenarios—covering food, clothing, housing, and transportation—enabling customers to use Hua Nan Commercial Bank's convenient digital Financial Services Industry in various aspects of their daily lives.
- E. Continuously promote the "LINE Hua Nan Official Account Business Connect Feature" instant binding service through both online and offline channels, providing customers with personalized service message communications including credit card transaction notifications, account change notifications, fund transaction updates, and loan progress, building a solid foundation for Hua Nan Commercial Bank in precision management, digital communication, and real-time interaction. In addition, by collaborating with well-known LINE sticker illustrators, engaging and fun sticker interactions can enhance customer engagement and increase Hua Nan Commercial Bank's exposure.
- F. Continue to focus on small and medium-sized enterprise (SME) customers, increase the volume of higher-yield SME lending business, and utilize the guarantee mechanism of the SME Credit Guarantee Fund to reduce credit risks, thereby improving capital utilization efficiency and optimizing risk-weighted asset structure.
- G. Comprehensively market corporate banking business by leveraging the "Corporate Client Comprehensive Service Planning Team" function, integrating cross-departmental and group affiliate products to enhance the synergy of joint marketing efforts.
- H. Continue to expand the high-yield lead arranger and managing bank syndicated loan business, actively participate in co-arranged syndicated loan opportunities, and increase syndication fee income.
- I. In response to changes in global transaction patterns, strengthen efforts to expand customer segments beyond letters of credit, increase foreign currency lending and import/export business volumes, and maximize Hua Nan Commercial Bank's foreign exchange revenues.
- J. Identify the needs of corporate clients, introduce customized services through corporate digital channels, and enhance the convenience and satisfaction of corporate clients.
- K. To provide customers with diversified financial products, planning to launch foreign currency principal-linked equity-structured products denominated in foreign currency, and conducting foreign bond transactions with customers under the qualification of a concurrently operated securities dealer's proprietary trading business.
- L. Plan diversified incentive activities to boost promotional momentum, focus on investment and wealth management customer segments with competitive interest rate programs, and introduce "Other Personal Lending" through asset activation initiatives.
- M. Through employee education and training programs, promote the underwriting philosophy of "leaving love, not debt" when selling mortgage life insurance, recommending full-term and full-coverage policies to achieve the goal of risk transfer for customers, while also increasing mortgage life insurance fee income.
- N. Focus personal credit lending on high-quality enterprises or payroll account companies, launch diversified customized programs through segmented management, and combine external advertising for precision targeting to enhance brand exposure and attract new customer segments.
- O. Credit cards are targeted at high-spending channels such as travel, department stores, and online shopping, with periodic themed promotional activities launched dynamically in response to market trends, directing offers precisely to target customer segments to increase transaction amounts.
- P. Strengthen personnel management and establish a tiered development learning map for financial advisors, continuously encourage bank staff to obtain Certified Financial Planner (CFP) and Registered Financial Advisor (RFA) certifications, to reinforce compliance with behavioral standards for wealth management personnel and shape an integrity culture within Hua Nan Commercial Bank's wealth management business.

- Q. Continue to strengthen potential customer development through cross-departmental collaboration, leverage data models to identify customers with potential needs, assist business units in precisely developing business opportunity clients, and provide the most suitable products and services.
- R. Establish a cross-departmental sales support model for branches, targeting business owners, payroll account holders, and credit card customers to expand business scale and enhance operational synergy.
- S. Through the investment research team, asset allocation recommendations are made based on market outlook, performance indicators (the 4433 Rule and the Sortino Ratio), and market barometers, while comprehensively considering customer needs, risk profiles, and investment preferences.
- T. Build an expert team with investment specialists serving as instructors for education, training, and client briefings, and assist frontline colleagues in enhancing their competencies through regularly scheduled weekly investment training courses and other educational programs.
- U. Driven by the needs of high-asset clients, develop differentiated Financial Services and integrate brand image management to increase business volume.
- V. Utilize the Asia New Bay Area pilot program to expand the depth and breadth of high-net-worth client management, and deepen expert team co-visit management through the promotion of family office services.
- W. Design customized tax planning and investment recommendations for SME owners of different age groups and financial situations, and through expert team co-visits, identify potential business opportunities and build trust by starting from the customers' needs.
- X. Capitalize on the domestic ETF investment trend by actively pursuing custody mandates for both active and passive ETFs to seize market opportunities. In response to the U.S. interest rate-cutting cycle, guide customers to diversify their asset allocation through instruments of varying maturities and multiple currencies; complemented by precision customer segment management and marketing programs, provide comprehensive trust products and services to deepen customer relationships and increase business penetration rates.
- Y. Introduce products exclusive to Hua Nan Commercial Bank or with competitive advantages to provide customers with the products they need, enhancing Hua Nan Commercial Bank's profitability and customer satisfaction. Continuously optimize the digital insurance application process and system performance to increase the digital insurance adoption rate, making insurance channels more diverse and convenient for customers, reducing paper usage and carbon emissions, and implementing ESG principles.
- Z. Utilize robotic customer service to guide business opportunities, assist product units in increasing product visibility, and expand the business opportunity benefits of customer service channels.
- AA. Expand the scope of intelligent voice quality inspection to achieve the synergy of full-volume monitoring of service quality.
- BB. Strengthen employee education and training, promote digital financial services, improve the efficiency of customer service personnel in responding to inquiries about digital services, and leverage courses from external professional institutions to enhance customer service personnel's skills in handling customer complaints.
- CC. Continuously deepen the customer complaint review mechanism, strengthen customer complaint oversight, apply root cause analysis, and implement optimization measures.
- DD. Continuously conducting Greenhouse Gas Inventory certification (ISO 14064-1), with boundaries covering the head office, all domestic and overseas business locations, self-owned building premises, warehouses, and the Tucheng Information Building, encompassing the full scope.
- EE. Through system certifications and improvement recommendations for environmental management (ISO 14001), energy management (ISO 50001), and water resource efficiency management (ISO 46001), we strengthen the management of environmental, energy, and water resource usage, fulfill corporate social responsibility for environmental sustainability, and continuously promote the installation of solar energy equipment at self-owned premises and branches to enhance energy-saving benefits, implementing Hua Nan Commercial Bank's philosophy and spirit of sustainable operations.
- FF. Utilizing an intelligent energy management platform to compile and analyze electricity, water, fuel consumption, and waste information across business units, while simultaneously monitoring temperature, humidity, and CO2 concentration to achieve real-time management of the environment and energy.

- GG. Focusing on high-value benefits and key domain applications, actively deploying artificial intelligence (AI) applications, driving innovative development in 'machine learning' and 'Generative AI (GenAI)', and building a diverse AI agent service mechanism to improve customer experience, operational performance optimization, and per-capita contribution.
- HH. The dual-track strategy for Generative AI promotes the parallel development of the 'AI Application Platform' and 'AI Agents' which demonstrated a high degree of forward-looking vision and pragmatic execution capability. Hua Nan Commercial Bank has currently deployed multiple large language models (LLMs) and built an AI assistant system to support semantic search and intelligent response functions for departments including human resources, deposits and remittances, credit evaluation and authorization, foreign exchange, wealth management, and accounting. Multiple business functions have been launched on the AI Application Platform, including overseas translation and speech-to-text that improved operational efficiency and service quality effectively.
- II. Hua Nan Commercial Bank's AI development emphasizes the simultaneous advancement of 'institutionalized governance' and 'practical implementation', actively introducing AI governance systems, launching the 'AI Agent Hackathon Competition' and internal training programs, encouraging all units to propose innovative and commercially valuable AI application scenarios, and promoting AI cloud governance and data governance through cross-departmental collaboration to ensure AI projects corresponded with practical needs.
- JJ. With the goal of comprehensively improving per-capita contribution and branch operational efficiency, we are promoting various digital transformation action plans across the bank, assisting business management units in formulating strategic objectives, and regularly tracking indicator achievement rates through the Transformation Office.
- KK. Actively cultivating RPA seeds within departments, strengthening employees' ability to proactively identify process automation opportunities in daily work, promoting the adoption of technology into more business processes, and enhancing internal operational efficiency. At the same time, the RPA management platform has been completed, and relevant regulations for RPA process implementation have been established to strengthen system monitoring and management functions, expand the scope of automation applications, and to comprehensively enhance operational efficiency.
- LL. Through cross-departmental project collaboration and communication, we promote the establishment of a shared understanding and collaborative trust in UI/UX, prioritizing the enhancement of brand consistency and operational experience to improve overall usability and professional image when customers interact with banking services.
- MM. Focusing on driving business process optimization, addressing current key pain points such as cumbersome current operational processes and high labor costs through process reengineering and efficiency improvement measures to effectively reduce operational costs and enhance overall operational efficiency.
- NN. Under controllable risk conditions, we will actively expand the scale of income-generating assets in overseas units to increase the proportion of overseas profits.
- OO. Continuously developing monitoring and sampling reports to improve audit accuracy.
- PP. Continuously optimizing audit working papers and the current Assistant Auditor report system across all units, applying new technologies such as RPA and Python to develop automated processes and conduct personnel training, in order to enhance audit efficiency.
- QQ. Continuously monitoring financial information security issues to strengthen internal controls and risk management.
- RR. Continuously cooperating with important policies and measures of regulatory authorities to strengthen key business audits.
- SS. Continuously advancing knowledge of new financial developments to strengthen the audit competencies of Assistant Auditor personnel.
- (2) Long-term Business Development Plan:
- A. Strengthening the attraction and consolidation of NTD and foreign currency deposits to build a solid foundation for deposit business, while continuously monitoring market interest rate trends and competitive conditions among peers, adjusting deposit pricing strategies appropriately in alignment with the bank's overall business development, in order to establish a deposit structure that balances both quality and quantity.

- B. Deepening 'customer segment management' with a customer-centric approach, and promoting the 'Digital Branch Operations Plan' through a three-phase strategy of 'Cultivation Phase', 'Growth Phase', and 'Monetization Phase' to stimulate customer activity, enhance product penetration rates, and strengthen customer contribution to Hua Nan Commercial Bank Using scenario-based guidance as the core, we analyze customers' life journeys or short-term needs, strengthen connections with financial products/services, and provide personalized exclusive products to enhance customer relationships and create greater customer value and contribution.
- C. Continuously expanding the 'Electronic Payment Lifestyle Circle' and promoting 'Innovative Payment Service Applications'. Through co-branded marketing activities in collaboration with electronic payment operators, we leverage both parties' financial scenarios to attract cross-industry customer groups (electronic payment members) and convert them into new customers of Hua Nan Commercial Bank while simultaneously activating existing customer groups to further expand the young and digital-native market. We also continuously expand the cross-border application scope of TWQR and promote Digital Voucher applications, proactively positioning for new payment trends and continuously enhancing Hua Nan Commercial Bank's digital image.
- D. Deepening the SME market by fully utilizing lists of upstream and downstream supply chain suppliers of enterprise clients with strong industry prospects to expand supplier chain financing business, and strengthening the marketing of SME financing products to broaden the customer base, thereby increasing Hua Nan Commercial Bank's market share in SME loan balances.
- E. Through the promotion of lead-arranger syndicated loan business, while simultaneously evaluating customers' overall needs and planning other business engagement solutions, we strengthen the management of existing customers and comprehensively market all business products of Hua Nan Commercial Bank
- F. Continuing the function of the 'Corporate Client Comprehensive Service Planning Team' to deepen customer management and enhance the efficiency of group-wide resource utilization, further strengthening the cross-selling synergies within the group.
- G. Actively expand import and export letter of credit business, foreign exchange business, and foreign currency guarantee business, while targeting customer segments with better profitability to increase foreign exchange fee income.
- H. In response to government policies, channeling financial resources into green energy industries, sustainable development, and net-zero emissions, while expanding the scope of industries and assisting customers in establishing net-zero carbon emissions and ESG concepts. Providing various government-subsidized financing programs to enterprises for their net-zero and energy transition processes, accelerating the achievement of sustainable Green Banking development goals.
- I. Identify the needs of corporate clients, introduce customized services through corporate digital channels, and enhance the convenience and satisfaction of corporate clients.
- J. Continuously develop new products to meet customers' investment needs while managing risks, and continuously seek quality investment targets for long-term investment.
- K. Adopting a comprehensive marketing model centered on individual customers, deeply cultivating and developing customer business needs, and linking various business point rewards through credit cards to achieve customer referral promotion and steady growth in personal banking loan revenue.
- L. In response to government policies, actively promote Green Loan business, unsafe and aging building reconstruction loans, and elderly care housing loans to fulfill corporate social responsibility.
- M. Introduce rule engines and automated approval processes to accelerate approval efficiency, and through precise customer list marketing and continuous optimization of online credit application functions, meet customers' needs for rapid access to funding service experience.
- N. Continuously recruit outstanding wealth management business talents both internally and externally to supplement manpower and strengthen the wealth management business team.
- O. Starting from customer needs, utilizing digital wealth management tools, simultaneously enhancing financial advisors' professional knowledge and competencies, providing customers with diversified product recommendations, and improving per-capita contribution of high-value customer segments.

- P. Continuously optimize Navigator membership benefits and exclusive services, complemented by diverse soft activities, to deepen the management of existing high-asset customers and enhance customer stickiness.
- Q. Through digital channels, regularly provide customers with market trend analysis via weekly financial reports; and irregularly through promotional activities or featured articles combined with festive occasions and current affairs topics to increase customers' financial knowledge and enhance transactional assets.
- R. Continuously develop diverse wealth management product categories, provide customers with customized products and real-time transaction services, strengthen development of professional investors and high-asset customers, and gradually increase the proportion of fee income from third profit sources beyond wealth management funds and insurance.
- S. Provide asset allocation recommendations based on customer needs, and conduct diversified asset allocation for customers in response to market changes.
- T. With professional deepening and elite development as the core, build a high-asset management team:
Utilize multiple channels to find core talent for expert teams, and through external recruitment and internal cultivation, build a team with private banking expertise and customer management capabilities.
- U. To implement the trust business development blueprint, continuously strengthen digital technology applications and trust professional talent cultivation, reflecting these in the trust business domain, and through building a friendly service environment and developing diverse innovative products, comprehensively deepening Financial inclusion and high-asset customer services, striving to shape Hua Nan Commercial Bank into a professional leading brand for wealth management and retirement planning.
- V. Will continue to explore potential business opportunities and actively compete for lead arranger roles in syndicated loan business, enhancing Hua Nan Commercial Bank's visibility in the international syndicated loan market; additionally, will deepen overseas local operations by recruiting local professional talents or transferring outstanding local colleagues to front-line positions, continuously serving local Taiwanese businesses and providing local enterprises with credit financing channels and other potential business opportunities, to increase Hua Nan Commercial Bank's proprietary loan business scale and strengthen customer stickiness.
- W. Deepening customer relationship management philosophy, continuously guided by customer needs, matching people with products in conjunction with current events, providing products and services that meet customer needs, and integrating insurance digital tools to continuously optimize the insurance application process in order to enhance customer management effectiveness.
- X. Building a Customer Service 2.0 plan, strengthening interactive process services and guiding customers to use them, shaping financial friendliness technology and enhancing customer service efficiency and quality.
- Y. Planning bank-wide standardized regulations for business premises, establishing consistent renovation design and corporate identity. In the future, old branch buildings will continue to be renovated and gradually applied to all operating units across the bank, in order to enhance the image of Hua Nan Commercial Bank and service quality.
- Z. Promoting the "Energy Saving and Environmental Optimization Project 2.0" to strengthen and accelerate the effectiveness of environmental optimization implementation, incorporating ESG energy-saving and carbon reduction, financial friendliness Policy, and barrier-free facility environment improvement measures, with a target of completing 30 branches per year.
- AA. Building an intelligent branch visitor reception system that integrates queue number taking, identity recognition, and lobby manager tablet applications as auxiliary sales tools, serving as the foundation for improving service and precision marketing across all branches.
- BB. Formulating long-term data development strategies and comprehensive data middle platform infrastructure, with priority given to leveraging AI intelligence to enhance operational efficiency, strengthen technology-based fraud prevention capabilities, deepen customer relationship management, optimize service experience, promote data governance and data value-added services, and cultivate cross-departmental data talent, and to drive sustainable development and digital transformation through innovative technology.

- CC. Continuously and steadily advancing the AI development roadmap, with plans to expand AI application scenarios and digital office environments through a hybrid cloud-on-premises approach, such as credit assessment and authorization reports, while simultaneously deepening business processes and creating operational value. An AI governance framework is also being established simultaneously, covering model lifecycle management, risk assessment, and regulatory adaptation mechanisms, to ensure that AI applications are compliant, secure, and controllable.
- DD. Continuously promoting the implementation of various action plans for bank-wide digital transformation, and charting a digital transformation blueprint to execute digital transformation strategies.
- EE. Progressively establishing design systems and design specifications as a common foundation for various digital services and system development, and quantifying the impact of UI/UX on operational efficiency, service quality, and customer satisfaction through performance indicators and data analysis, continuously strengthening design value to support long-term digital development and competitiveness enhancement.
- FF. Continue to deepen the application of RPA across more business units, further enhancing the foundation of process automation and the benefits of organizational digitalization. At the same time, integrate BPM applications to build an end-to-end process optimization and collaborative management mechanism, expanding more innovative application scenarios.
- GG. Continuously expand and review the end-to-end process inventory and systematic review of various businesses, comprehensively identify potential process bottlenecks and improvement opportunities, progressively implement process optimization and standardization, drive operational efficiency improvements, and advance toward the goal of optimal operational processes.
- HH. Promote the four major vision goals of the digital audit transformation plan (risk-oriented, process optimization, leveraging technology, and personnel transformation), and plan the digital audit transformation action plan.

(III) Hua Nan Securities

1. Business scope:

(1) Main Business

- Consigned buying and selling of securities in centralized trading markets.
- Consigned buying and selling of securities at its business premises.
- Proprietary buying and selling of securities in centralized trading markets.
- Proprietary buying and selling of securities at its business premises.
- Underwriting of securities.
- Agency for securities shareholder services matters.
- Margin trading and short selling of securities.
- Consigned trading of foreign securities.
- Operating securities-related futures trading auxiliary business.
- Concurrently operating securities-related futures business.
- Conducting wealth management business
 - (A) Advisory consulting or financial product sales services such as asset allocation or financial planning.
 - (B) Accepting client asset allocation execution in the form of trust.
- Other securities-related businesses approved by the competent authority.

(2) Revenue proportion of major businesses for the past two fiscal years

Unit: NT\$ thousand

Business item	Year	2025		2024	
		Amount	Percentage(%)	Amount	Percentage(%)
Brokerage		5,632,064	80.04%	5,721,691	83.59%
Underwriting		153,912	2.19%	284,952	4.16%
Proprietary business		1,250,925	17.77%	838,099	12.25%
Total		7,036,901	100%	6,844,742	100%

The changes in the contribution of each major business to revenue are described as follows:

- A. Brokerage Business: In 2025, the average daily market volume was NT\$517.11 billion, Hua Nan Securities held a market share of 2.703%, and net brokerage fee income declined by 3.83% compared to 2024.
- B. Underwriting Business: The number of lead underwriting cases in 2025 remained on par with the previous year; however, due to the sharp market decline triggered by U.S. tariff policies in April, stop-loss measures on underwritten positions resulted in poor returns, adversely affecting the profit and loss of the underwriting business.
- C. Proprietary Trading Business:
 - (a) Brokerage Business: In 2025, the TAIEX gained 5,928 points, representing an increase of 25.74% for the year. In 2025, proprietary trading business profit grew by 89.97% YoY.
 - (b) Bond Business: In 2025, the Fed continued its rate-cutting stance from the previous year and cut rates by three notches again, leading to a significant decline in USD funding costs. Although Taiwan's central bank did not initiate rate cuts, domestic bond yields had already begun to decline. As funding conditions and market conditions improved, the bond business performed well.
 - (c) Financial Products Business: In the first half of 2025, the Taiwan stock market experienced heightened volatility and frequent extreme price movements due to international tariff issues and uncertainty surrounding U.S. policies. Due to discontinuous gap movements in the market, the risks associated with overnight positions and the difficulty of options trading increased, resulting in poor overall performance of the financial products business for the full year.

Key Performance Indicators:

Item	2025	2024	2023
Return on Assets	2.35%	2.64%	2.76%
Return on Equity	13.69%	13.69%	12.19%
Capital Adequacy Ratio	269%	314%	298%

(3) New Financial Products and Services Planned for Future Development

As securities and financial regulations are gradually liberalized, various new financial products will be introduced one after another. Major securities firms in Taiwan are all gearing up, actively conducting research, planning, and cultivating relevant talent. Looking ahead to this year, Hua Nan Securities will align with the regulatory liberalization progress of the competent authorities to evaluate and plan the following new products and related businesses:

- A. The bond business will increase the diversity of fixed-income product trading based on market conditions. On the spot side, in addition to TWD bonds, USD bonds, EUR bonds, and AUD bonds as the primary trading instruments, as the rate-cutting cycles of major central banks come to a pause, divergence in monetary policies among countries may emerge. Going forward, trading in bonds denominated in other currencies will be selected based on differences in each country's monetary policy, funding costs, and spread conditions.
- B. Advance the promotion of quantitative trading and market-making businesses by leveraging quantitative models across diversified products such as equities, futures, options, and ETFs to identify trading opportunities and develop diverse trading strategies. At the same time, in response to the Taiwan Stock Exchange's policies, actively participate in equity market-making to enhance market liquidity.
- C. Utilize existing information sources in conjunction with the Hua Nan e-Indicator platform to precisely push individual stock news and information to customers based on their holdings.
- D. Plan to embed the regular investment (fixed-amount subscription) feature into the self-developed Hua Nan e-Indicator App to enhance the convenience for customers in making regular investment subscriptions.
- E. The Wealth Management Department is actively planning and promoting the following related operational strategies:
 - a. Collaborate with the Overseas Products Department to serve branch offices through the FC sales support team and assist in developing wealth management business.

- b. In coordination with the launch of the high-net-worth business this year, we collaborate with the Overseas Products Department to provide high-net-worth clients with financial planning and asset succession-related services.
 - c. Provide more sales support assistance, including product information and market updates.
 - d. Enhance the breadth and depth of products available for sale on the Specific Money Trust platform.
 - e. Enhance the professional competency of sales personnel in diversified insurance product sales.
 - f. Expand the client base participating in securities lending; increase profitability through trading strategy optimization.
- F. Study and plan the launch of the following new business types to expand the company's operational niche.
- a. Introduce products suitable for professional investors and high-net-worth clients into the wealth management business.
 - b. Establish a presence at local asset management centers to provide high-net-worth clients with more diversified services.
 - c. In alignment with the regulatory authority's business development policies and timelines, actively plan the launch of overseas equity market margin financing services under the sub-brokerage business.
 - d. In response to the government's promotion of TISA accounts, the launch timing will be assessed and planned based on vendor development schedules and market peer conditions, in order to enhance the overall diversity of wealth management services.

2. 2026 Business Plan

In 2025, following Donald Trump's return to the White House, the global economy faced significantly heightened uncertainty in international trade and investment decisions, influenced by tariff policy adjustments and escalating geopolitical risks. The U.S. economy did not lose momentum entirely, but its growth pace shifted from a strong mid-year rebound to a slowdown. Based on the latest data published by the U.S. Department of Commerce as of the time of my review, U.S. real GDP grew 2.1% for the full year 2025, below the 2.8% recorded in 2024. Among the quarters, Q3 2025 showed an annualized growth rate of 4.4%, while the latest official estimate for Q4 2025 was only 0.7%, indicating that government spending, exports, and consumer momentum all cooled compared to the previous quarter. However, excluding foreign trade and inventory fluctuations, 'Private Domestic Final Purchases'—used to gauge domestic demand resilience—still grew 1.9% in Q4 2025, indicating that U.S. domestic demand remained relatively stable and business fixed investment continued to expand. The Fed's March SEP revised the median U.S. economic growth forecast for 2026 upward to 2.4%, above the 2.3% projected in December 2025, while simultaneously raising the 2026 PCE inflation forecast to 2.7%, suggesting that policymakers remain broadly positive on growth but have turned more cautious regarding the pace of inflation decline. The labor market continued to cool but did not deteriorate: March non-farm payrolls added 178,000 jobs, the unemployment rate stood at 4.3%, and average hourly earnings rose 3.5% year-over-year. However, the February 2026 JOLTS report showed 6.9 million job openings and hiring declining to 4.8 million, reflecting a cautious corporate recruitment stance. Looking ahead, the Fed is expected to cut interest rates by 25 basis points at its September 2026 meeting. Although cooling pressure in the U.S. labor market persists, the overall economy still demonstrates resilience. The U.S.-Iran conflict has further driven oil and freight price increases, heightening inflation concerns. Currently, the nomination of Kevin Warsh as Fed Chair has been scheduled by the Senate Banking Committee for a hearing on April 21, 2026. It is assessed that the Fed still has room to cut rates in 2026, but the pace of adjustment may be more cautious, and the overall timing of rate cuts could tend to be delayed.

On the domestic economic front, following the inauguration of U.S. President Trump in 2025, global trade barriers rose and inflationary pressures increased, dampening business investment and consumer confidence. Despite weakness in traditional industries, strong demand for emerging applications such as AI and high-performance computing kept capital expenditures by U.S. tech giants robust. Combined with consumer electronics inventory buildup in the second half of the year, this drove robust exports of Taiwan's electronic and ICT products, serving as the main pillar of economic growth. The quarterly GDP growth rates for 2025 were 5.54%, 7.71%, 8.21%, and 12.68%, respectively, with full-year growth reaching 8.68%. Looking ahead, Taiwan's economic fundamentals remain solid, with continued strong investment in AI servers, cloud data services, and high-performance computing. Major institutions (such as TIER and the Directorate-General of Budget, Accounting and Statistics) are uniformly optimistic about growth momentum in 2026, with GDP growth forecasts ranging from 4.05% to 7.71%.

Global financial markets have experienced sharp volatility since March, driven by the interplay of geopolitical developments and monetary policy dynamics. The fundamental outlook for Taiwan's stock market sectors continues to be dominated by the artificial intelligence (AI) wave, with market focus shifting from hardware computing power expansion to deeper development of data center infrastructure and sovereign AI deployment. According to foreign media reports, the mega-scale data center project developed through the collaboration between OpenAI and Oracle is progressing beyond expectations, with global demand for energy supply and advanced packaging expected to experience explosive growth over the next four years. As the core of the global semiconductor supply chain, TSMC's 2-nanometer (N2) process is expected to officially ramp up in 2026, with advanced packaging capacity continuing to face persistent supply shortages. Although the market has short-term concerns about excessive capital expenditures among tech giants, the long-term driving force of generative AI on edge computing and application-specific integrated circuits (ASICs) remains robust. Taiwan's semiconductor upstream and downstream supply chain is undergoing a critical transition from 'theme-driven' to 'profit realization,' with energy resilience and grid upgrades also emerging as non-negligible added value for the industry.

Looking ahead, as AI Agents, robotics, and autonomous driving applications expand at an accelerating pace, domestic semiconductor and related component manufacturers are entering a new wave of strong export growth momentum. International companies such as NVIDIA and Micron continue to expand their presence in Taiwan with key technologies and R&D centers, driving persistently strong demand for advanced packaging and high-end processes. Driven by massive capital expenditures, TSMC and its supply chain are accelerating factory expansions and production line upgrades to meet the strong demand for low-power, high-efficiency chips from sovereign AI and large-scale data centers. However, pressure from the shift in U.S. trade policy remains, particularly the stringent scrutiny under Section 301 investigations regarding intellectual property rights and balanced trade, which still warrants close attention going forward. Although Taiwanese manufacturers hold an absolute advantage in hardware manufacturing, improving their software-hardware integration and software monetization capabilities remains the key to maintaining long-term competitiveness. The estimated range for the TAIEX for the full year of 2026 is 29,000 to 45,000 points.

The operational guidelines of Hua Nan Securities for this year are as follows:

- (1) Strengthen bank-securities integrated services and promote one-stop services combining banking and securities, enabling customers to simultaneously complete deposits, account opening, and investments, thereby enhancing the completeness of channel services and expanding the group's cross-selling effectiveness.
- (2) Promote the establishment of simplified branch offices to build a low-cost, high-efficiency operating model. By combining 'simplified branch offices' with 'digital platforms,' create an integrated online-offline, regionally-covered channel network to enhance operational flexibility and cost-effectiveness.
- (3) Strengthen organizational effectiveness and optimize workforce structure by implementing 'efficient recruitment' and 'efficient client' strategies, while bolstering 'foundational recruitment' to build business capacity with economies of scale.
- (4) Drive sales momentum through diversified sub-brokerage products—such as U.S. stock regular investment plans, overseas equities, offshore structured products, and overseas bonds—to increase the contribution of overseas markets to overall productivity.
- (5) Promote dual-currency online account opening by integrating with Hua Nan Commercial Bank's digital account One-Click Dual Account Opening (digital account + securities account + sub-brokerage account), increasing customers' currency options during transactions and boosting the number of sub-brokerage account openings.
- (6) Deepen client management for high-net-worth customers and professional investor services. For the high-asset and professional investor market, develop exclusive products and investment solutions, integrate internal and external resources, and expand the depth of high-end client management. In conjunction with the promotion of high-asset business, integrate products from the Overseas Products Department and the Wealth Management Department to provide customers with comprehensive asset and financial management services.
- (7) Continuously expand the scale of emerging stock market trading by upgrading the emerging stock matching system to improve operational efficiency and market share, while simultaneously increasing the number of recommended companies and matching revenues to consolidate market position.
- (8) Actively execute Sustainable development initiatives, respond to regulatory authority policies, and expand the layout of Green Banking and sustainable development. Implement environmental protection and energy management, and promote carbon reduction and sustainability actions; deepen social engagement and employee care to strengthen corporate social responsibility; implement corporate governance and fair customer treatment to enhance service quality and the foundation of trust.

- (9) Based on the company's digital development direction and new business plans, develop a forward-looking digital blueprint, and continuously optimize digital financial applications in accordance with regulatory authority policies and internal requirements. In alignment with the financial holding company's digital transformation, strengthen customer experience, expand digital service touchpoints, build a comprehensive digital investment ecosystem, and enhance operational efficiency and diversified service needs.

3. Industry Overview

A brief overview of the current status and development of the securities industry is as follows:

- (1) Consolidation within the securities industry continues, with the total number of securities firms decreasing year by year. In addition to specialized brokerages being successively integrated into large brokerages or financial holding companies, as electronic trading matures and the proportion of institutional trading continues to grow, some securities firms have begun adjusting the distribution of their business locations based on considerations of enhancing single-point competitiveness, with mergers between branch offices also underway simultaneously.
- (2) Overview of the Number of Securities Firms in Recent Years

Year	Item	Total number of securities firms		
		Headquarters	Branch	Total
2011		151	1,050	1,201
2012		147	1,046	1,193
2013		146	1,006	1,152
2014		145	984	1,129
2015		145	988	1,133
2016		136	936	1,072
2017		131	910	1,041
2018		129	901	1,030
2019		129	882	1,011
2020		127	875	1,002
2021		127	874	1,001
2022		128	875	1,003
2023		125	853	978
2024		125	854	979
2025		124	855	979

Source: Taiwan Securities Association website

The domestic securities industry has recently faced unfavorable factors such as shrinking net commission income from brokerage operations, declining financing interest rates, and international competition. Future development strategies for brokerage operations will shift toward wealth management, trust services, securities lending, sub-brokerage, and high-net-worth client management. At the same time, in response to the advent of the digital financial era, efforts should be made to strengthen digital research and development as well as online marketing. Therefore, whether in terms of organization, business, products, or even service content, development will break away from the traditional approach centered on securities brokerage operations.

(3) Robust Growth in Online, Mobile, and Other Electronic Trading Among Securities Firms

In recent years, digital transformation has continued to accelerate, with a significant impact on the future development of the securities industry. Hua Nan Securities has achieved remarkable results in digital transformation. In 2025, the proportion of electronic transactions to total trading volume exceeded 85%; mobile order placement has also continued to grow, accounting for 70% of overall electronic trading performance.

Hua Nan Securities internally optimizes operational processes and reduces labor costs through secure and convenient digital tools, while externally maintaining a customer-oriented approach as its core business strategy, committed to providing comprehensive online mobile financial services. Continuously deepening the Hua Nan e-Indicator App, encompassing rich stock selection strategies superior to peers and a convenient order placement mechanism, dedicated to providing customers with the latest and most powerful mobile trading tools. The integrated one-click dual launch for both banking and securities services also enables customers to complete online account opening easily, quickly, and conveniently from home, further enhancing the user experience.

4. Research and Development

- (1) Deepening Mobile Investment Services: Enhancing the Hua Nan e-Indicator App to provide an outstanding trading experience and strengthening comprehensive functional services for digital trading.
- (2) Optimizing Smart Wealth Management: Focusing on three core pillars of 'stock selection,' 'trading,' and 'services' to create a one-stop experience, continuously developing customer-centric highlighted features.
- (3) Compliance with New Regulatory Requirements: In alignment with regulatory authorities' open policies, continuously optimizing Hua Nan Securities's electronic services to meet investor needs.
- (4) Data-Driven Contextual Marketing: Leveraging big data to build precise customer profiles and optimizing different digital service touchpoints through customer segmentation. Combining digital analytics with personalized services to achieve high-conversion precision marketing results.
- (5) Online-Offline Business Integration: Integrating and promoting the synergy between business units and online channels, utilizing precision digital marketing to drive active customer trading.
- (6) Embracing Financial Technology Development: Including financial data sharing, open securities, and financial identity verification, exploring cross-industry financial applications to provide diverse financial services.
- (7) AI Technology Applications: Leveraging AI intelligence and algorithms to enhance stock selection recommendations and improve the intelligent investment experience.
- (8) AI Customer Service and Automation: Utilizing AI voice outbound technology to achieve automated opinion surveys, ensuring rapid and precise collection of broad user feedback. Significantly reducing the burden of traditional manpower by employing intelligent means to build a more efficient communication bridge with customers.
- (9) After the Financial Supervisory Commission opened the issuance of active ETFs and passive multi-asset ETFs in December 2024, the number of listed ETFs increased to 46 in 2025, a notable increase from 33 in the previous year, with 17 newly added from active ETFs and 3 from passive multi-asset ETFs. Based on the above data, the proportion of ETFs among products issued by investment trust companies has been gradually increasing. The Wealth Management Department will continue to strengthen ETF fundraising services, providing investors with a more convenient trading experience.
- (10) To provide high-asset clients with tax reserve planning services, the product line of high-coverage insurance policies has been strengthened by offering diverse structures such as participating and interest-sensitive whole life insurance, enabling high-asset clients to use insurance policies for tax reserve planning and designated beneficiary arrangements.
- (11) Leveraging AI tools to enhance the graphic and textual content of single-issue flash reports for overseas markets, allowing investors to quickly grasp overseas market trends and key individual stock developments through visually integrated content.
- (12) In addition to the currently routine publications of the 'US Stock Daily Report,' 'US Stock Financial Evening Report,' and 'Overseas Market Weekly Report,' a new monthly overseas market summary compilation has been added. Weekly tracking of regular fixed-amount investment targets is provided, with enhanced weekly reports on offshore structured products and overseas bonds, offering diverse product strategies to help investors find suitable investment portfolios.
- (13) Using upstream messages and self-purchased information source data to conduct regular information tracking on clients' key inventory targets.
- (14) Hua Nan Securities Investment Management Co., Ltd., as a subsidiary, conducts in-depth research on global finance, domestic and international macroeconomics, industries, and individual companies from fundamental, technical, and capital flow perspectives in a timely manner, in order to identify investment trends and avoid high-risk industries. In addition to regularly publishing investment publications and hosting investment seminars, it also provides investment advisory references and credit assessment references for relevant units within the financial holding group.

5. Long-term and Short-term Business Development Plans

- (1) Short-term strategy: Balanced development across brokerage, underwriting, and proprietary trading businesses, while promoting a second profit engine beyond brokerage operations.

(2) Medium and long-term strategies:

- A. Strengthen the development of securities counters to provide one-stop banking and securities services, enabling customers to complete deposits, account opening, and investments simultaneously, thereby enhancing cross-selling business.
- B. Apply for the establishment of simplified branch offices, optimize business locations and streamline staffing, and integrate digital channel services to create a low-cost, high-efficiency hybrid operating model in order to achieve cost reduction and profit improvement.
- C. Implement 'efficient recruitment' and 'efficient customer' acquisition, and strengthen 'basic recruitment' to achieve economies of scale.
- D. Cultivate professional investors and develop high-net-worth customers to grow the high-asset client business and promote cross-selling operations within the group.
- E. Implement customer segmentation management, enhance transaction activity, and strengthen customer loyalty.
- F. Optimize systems from the user's perspective to continually improve the order placement experience, thereby increasing customer stickiness.
- G. Strengthen sales support momentum and enhance market position in sub-brokerage business.
- H. Strengthen the futures IB sales support team to improve futures performance.
- I. developing digital channels to serve fully digital customer segments, and cultivating dormant accounts and online walk-in clients. Through online account opening and event-driven activities, making full use of all digital touchpoints to enhance and complete the range of digital services offered.
- J. Expanding the breadth of the company's client base, seeking to increase bond trading and sales products, and pursuing stable returns from the bond investment portfolio.
- K. Continuously upgrading the trading team by recruiting skilled traders capable of flexible long and short strategies, thereby enhancing the team's overall capabilities and gradually expanding the scale of operations.
- L. Optimizing strategic trading by developing diversified strategies to reduce the clustering of profit and loss volatility, expanding the scale of ETF investments, focusing on stable-return products as the core investment approach, and establishing an income-oriented investment portfolio plan. Additionally, an in-house IT team has been formed to develop trading modules, integrating AI technology with quantitative trading.
- M. Cross-asset strategy deployment: Continuously deepening arbitrage in financial products and strategic trading across equities, futures, options, and ETFs; while also exploring opportunities to expand into commodity trading to diversify equity market risk and strengthen the complementary benefits among strategies.
- N. The underwriting team continues to collaborate internally within the group, actively conducting joint visits with banks, venture capital firms, and investment advisors to increase underwriting business opportunities, strengthen vertical integration services, and share profits within the group.
- O. Expanding Emerging Stock Market and innovation-related businesses by improving trading efficiency and market share in the Emerging Stock Market, increasing the number of recommended listings and matching profits, and actively promoting clients' applications for listing on the Innovation Board in alignment with exchange policies.
- P. Continuously optimizing two-way securities lending electronic account opening and order placement, while using precision push notifications to increase clients' securities lending rates.
- Q. Competing for stock affairs agency contracts, enhancing added value and improving stock affairs services, and continuing to guide agency clients in adopting video-based shareholder meetings to align with future trends and developments.
- R. Actively cooperating with the company's lead underwriting cases to secure stock affairs agency business from the companies involved, in order to achieve mutual benefit and shared prosperity.
- S. Continuing to promote offshore structured product business, providing customized linked-target products to increase sub-brokerage commission revenues.
- T. Actively cooperating with regulatory authorities to launch and promote sub-brokerage financing business, while establishing the relevant systems and personnel.

- U. Drive sales momentum through diversified sub-brokerage products—such as U.S. stock regular investment plans, overseas equities, offshore structured products, and overseas bonds—to increase the contribution of overseas markets to overall productivity.
- V. Making full use of the company's self-developed Hua Nan e-Indicator App, continuously optimizing platform features and interface to better meet client needs and enhance client retention.
- W. Continuously strengthening the automation of internal operational processes, optimizing colleagues' workflows and tools, improving work efficiency and quality, and fostering employee cohesion and commitment.
- X. Actively expanding the brokerage business footprint. Hua Nan Securities has already established itself as the leading public-sector broker by market share; however, it continues to learn from private-sector brokers, utilizing tiered client management and digital services to strengthen channel effectiveness, with the mid-to-long-term goal of ranking among the top tier of the top ten brokers.

(IV) South China Insurance

1. Business scope:

(1) Main businesses:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Fire insurance: <ul style="list-style-type: none"> Commercial fire insurance Commercial fire comprehensive insurance Commercial fire supplement insurance Residential fire and earthquake basic insurance Dwelling house comprehensive insurance • Marine insurance: <ul style="list-style-type: none"> Cargo transportation insurance Inland transportation insurance Hull insurance Fishing boat insurance Aviation insurance • Auto insurance: <ul style="list-style-type: none"> Automobile bodywork damage insurance Automobile liability insurance | <ul style="list-style-type: none"> Theft loss coverage Compulsory auto (motorcycle) liability insurance • Casualty insurance: <ul style="list-style-type: none"> Construction insurance Credit guarantee insurance and liability insurance Other property insurance • Health & personal injury insurance: <ul style="list-style-type: none"> Health insurance Personal injury insurance Travel comprehensive insurance Travel agency liability insurance Employer contract compensation liability insurance |
|---|---|

(2) Revenue Proportion

Major revenue proportion for the most recent three years:

Unit: NT\$ thousand

Item	Year	2025		2024		2023	
		Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Written Premium Income		14,892,329	96.22%	14,025,080	95.98%	13,246,705	93.99%
Fire insurance		2,442,255	15.78%	2,329,012	15.94%	2,032,384	14.42%
Marine insurance		692,040	4.47%	719,226	4.92%	737,303	5.23%
Auto insurance		8,732,787	56.42%	8,318,911	56.93%	7,863,440	55.80%
Casualty insurance		1,802,945	11.65%	1,518,696	10.39%	1,266,033	8.98%
Health & accident insurance		1,222,302	7.90%	1,139,235	7.80%	1,347,545	9.56%
Reinsurance Premium Income		584,663	3.78%	588,387	4.02%	846,523	6.01%
Total		15,476,992	100.00%	14,613,467	100.00%	14,093,228	100.00%

(3) New Products and Services Planned for Future Development

In 2026, new product development will continue to be conducted in response to different market demands, in order to meet the diverse needs and choices of consumers. The newly planned product items are as follows:

Product names
South China Insurance Auto Insurance Cybersecurity Protection Cost Compensation Insurance (Exclusively for Electric Vehicles)
South China Insurance Intelligent Driver Assistance Software Loss Compensation Insurance (Exclusively for Electric Vehicles)
South China Insurance Micro House Movable Property Comprehensive Insurance
South China Insurance Passion Fruit Insurance (Typhoon Wind Speed and Precipitation Parameter Type)
South China Insurance Medical Institution Comprehensive Insurance (Full Protection Edition)
South China Insurance Comprehensive Travel Insurance Water or Land Public Transportation Delay Insurance Supplementary Clause
South China Insurance Comprehensive Travel Insurance Special Event Cancellation Insurance Supplementary Clause
South China Insurance Comprehensive Travel Insurance Pet Boarding Extension Compensation Insurance Supplementary Clause
South China Insurance Comprehensive Travel Insurance Car Rental Accident Insurance Supplementary Clause

Note: All of the above products were jointly developed by South China Insurance Company's current underwriting, claims, actuarial, legal, investment, risk control, and business personnel, and were not outsourced. Therefore, the relevant research and development expenses are included in the annual business expense items.

2. 2026 Business Plan

- (1) Strengthening channel management synergies and increasing market share: Integrating the resources of Hua Nan Financial Holdings and state-owned banks, and deepening strategic cooperation with insurance brokers and agents. For auto insurance business, actively consolidating dealer channels and strengthening the promotion of exclusive electric vehicle insurance; for commercial insurance, enhancing the promotion of residential fire insurance and small-to-medium commercial fire insurance, and leveraging state-owned bank platforms to develop engineering insurance business such as land financing, construction financing, and green energy construction. Through social media platform management and brand image renewal, enhancing recognition among Generation Z and emerging customer groups, and striving for steady growth in overall written premium market share.
- (2) Optimizing business quality structure and improving underwriting profitability: Adhering to the principle of prudent underwriting, strengthening risk control and customer screening mechanisms, and focusing on promoting high-quality business with stable profitability. Through various incentive programs, encouraging business units to pursue low loss ratio business, and continuously eliminating business types with high loss ratios or insufficient risk pricing. Closely monitoring international reinsurance market trends, flexibly adjusting retention ratios and risk management strategies to optimize overall product quality and structure, and ensuring the long-term stability of the company's core underwriting profitability.
- (3) Deepening Digital Transformation applications and leveraging financial technology: Introducing artificial intelligence and BPMS process management systems to drive comprehensive automation of business processes, and optimizing RPA to improve operational efficiency. Enhancing the eCover online insurance platform and the 'Hua GOGO' intelligent customer service, and providing precise product recommendations and a consistent cross-channel (official website, Line, mobile App) experience through Natural Language Understanding (NLU) and digital footprint tracking. Introducing financial Fast-ID and multi-factor identity verification technology into the online insurance platform to ensure the convenience and security of digital insurance services.
- (4) Providing multi-dimensional education and training to strengthen corporate sustainable competitiveness: Developing training programs across four dimensions—'digital capability, leadership, inspirational ability, and cross-domain competency'—to enhance employees' professional literacy and AI application skills in the digital era. Facing the challenge of talent shortage, retention rates will be improved through competitive compensation and benefits packages and talent reserve strategies. Continuously deepening industry-academia collaboration and internship programs to bridge the gap between academic learning and practical application, and to identify high-quality potential talent.

- (5) Generating steady investment returns and fulfilling the responsibility as the company's second pillar of profitability: Prudently responding to the global political and economic situation and interest rate easing cycles, with an equity allocation strategy that balances long-term stable dividend income and short-term flexible operations. Bond investments are primarily focused on overseas high-yield targets, in order to increase recurring income and optimize asset quality. Foreign currency allocation strictly controls the impact of exchange rate fluctuations through hedging contracts and risk indicators to ensure asset security. Continuously incorporating ESG (Environmental, Social, and Governance) responsible investment principles into the investment cycle, and dynamically adjusting asset allocation and risk limits in response to ICS regulatory and accounting system reforms, to ensure a balance between investment returns and security.
- (6) Aligning with international regulatory frameworks to strengthen risk governance: Fully adopting IFRS 17 'Insurance Contracts' accounting standards and ICS 2.0 next-generation risk capital calculation, establishing a scalable application system architecture. Strengthening the 'Own Risk and Solvency Assessment' (ORSA) mechanism, implementing integrated capital planning and business management to enhance capital utilization efficiency and ensure solvency; continuously enhancing emergency response capabilities, and integrating an interactive platform among the Assistant Auditor, compliance, risk management, and business units, evolving from a traditional point-to-point model to a point-to-surface connection and feedback approach.
- (7) Practicing ESG sustainable operations and deepening corporate social responsibility: Responding to the government's 2050 net zero emission policies, promoting Greenhouse Gas Inventory and development of green insurance products. Continuing to promote micro-insurance to protect the socially disadvantaged, and providing long-term sponsorship to charitable organizations such as Andrew Charity Association, Eden Social Welfare Foundation, Chensenmei Social Welfare Foundation, and Rising Children Medical Foundation. Organizing public welfare activities such as beach clean-ups, blood donation drives, and care for the disadvantaged, mobilizing colleagues and their families to participate, and enhancing corporate transparency and social trust. Leveraging group resources to implement sustainable governance and creating a happy enterprise that is the preferred choice of customers and beloved by employees.

3. Industry Overview

The overall non-life insurance market written premium for 2025 was NT\$285.6 billion, representing a growth of 5.66% compared to 2024; South China Insurance Company's written premium for 2025 was NT\$14.89 billion, representing a growth of 6.18% compared to 2024, an increase of NT\$800 million in premiums, with a market share of 5.21%.

4. Research and Development

(1) Research and Development Expenditures and Results for New Insurance Products in the Most Recent Two Years

All new insurance products of South China Insurance Company are developed in-house by the product development team. The major new insurance products developed in the most recent two years are as follows:

Product Name
South China Insurance Electric vehicle insurance
South China Insurance Battery Spontaneous Combustion Endorsement to Automobile Physical Damage Insurance (Electric Vehicle Exclusive)
South China Insurance Charging Period Endorsement to Automobile Physical Damage Insurance (Electric Vehicle Exclusive)
South China Insurance Charging Period Endorsement to Automobile Third Party Liability Insurance (Electric Vehicle Exclusive)
South China Insurance Charging Period Excess Liability Endorsement to Automobile Third Party Liability Insurance (Electric Vehicle Exclusive)
South China Insurance Windscreen/Glass Damage Endorsement to Automobile Insurance
South China Insurance Key Protection Endorsement to Automobile Insurance
South China Insurance Pet Passenger Accident Endorsement to Automobile Third Party Liability Insurance
South China Insurance Gross Profit Loss Insurance Clause
South China Insurance Children's Travel Insurance Injury Medical Insurance

Note: All of the above products were jointly developed by South China Insurance Company's current underwriting, claims, actuarial, legal, investment, risk control, and business personnel, and were not outsourced. Therefore, the relevant research and development expenses are included in the annual business expense items.

(2) Future Research and Development Plans

In recent years, due to the influence of government policies and global trends, the non-life insurance industry has developed new product lines to respond to rapid changes in the business environment and to meet the diverse needs of customers. Major newly planned products include: Automobile Insurance Cybersecurity Expense Compensation Insurance (Electric Vehicle Exclusive), South China Insurance Micro House Movable Property Comprehensive Insurance, South China Insurance Passion Fruit Insurance (Typhoon Wind Speed and Precipitation Parameter-based), and South China Insurance Medical Institution Comprehensive Insurance (Comprehensive Protection Edition). These diversified products strengthen competitiveness and, combined with financial technology applications, respond to customer expectations and provide customers with higher quality services.

5. Long-term and Short-term Business Development Plans

(1) Business Strategies

- A. Actively expand brand scale and increase market share.
- B. Improve the proportion of quality business and adjust the business structure.
- C. Leverage financial technology to steadily advance mobile services.
- D. Provide multi-faceted education and training to enhance overall competitiveness.
- E. Maintain steady investment returns and fulfill the responsibility as the second pillar of the company's profitability.
- F. Strengthen legal compliance, risk control, and audit mechanisms, and improve corporate governance.
- G. Actively organize public welfare activities and fulfill corporate social responsibility.

(2) Business Objectives

South China Insurance Company's premium revenue for 2025 totaled NT\$15,476 million, comprising direct written premiums of NT\$14,892 million and assumed reinsurance premiums of NT\$584 million. The average loss ratio across all lines was 43.59%. Operating revenue was NT\$11,789 million, comprising net earned premiums retained of NT\$10,094 million, net investment income of NT\$767 million, and other operating income of NT\$928 million. Operating costs were NT\$7,386 million, consisting of net retained insurance claims and benefits of NT\$4,935 million, net change in insurance contract liabilities of NT\$283 million, and other operating costs of NT\$2,168 million. Operating expenses were NT\$2,311 million, and operating profit was NT\$2,092 million. Net non-operating income was NT\$48 million, resulting in pre-tax net income of NT\$2,140 million. After-tax net income was NT\$1,802 million, with after-tax earnings per share of NT\$9.00, return on assets of 6.09%, return on equity of 16.16%, and a budget achievement rate of 120.13%.

(3) Key Business Policies

A. Business Development:

- a. Continuously enhance the overall professional capabilities of staff, improve planning for internal and external training, strengthen professional training in commercial insurance, reinforce marketing capabilities and per-capita output of sales personnel, and increase operational efficiency.
- b. Deepen business channels in life insurance, Hua Nan Financial Holdings, and government-owned banks, consolidate existing channels, and improve policy renewal performance. Strictly control the quality of underwritten business, increase the proportion of high-quality business, raise the coverage rate of insurance products with lower loss ratios, carefully evaluate existing channels, optimize business quality, and improve profitability.
- c. Closely monitor market trends and industry competition and cooperation, promote activities on social media platforms to attract younger demographics, and enhance online reputation through word-of-mouth promotion to strengthen brand awareness and market influence.

B. Risk Management:

- a. Continuously enhance risk control and management capabilities.
- b. Continuously monitor and dynamically review risk control mechanisms.
- c. Establish risk control mechanisms in compliance with relevant regulations.

C. Expense Control:

- a. Through setting clear budgets and effective cost management mechanisms, ensure the efficient use of company resources, while establishing reasonable expenditure policies to regulate the use of related expenses, and conducting regular expense reviews to track and analyze expenditure items.
- b. Select energy-efficient appliances rated Grade 1, such as air conditioners, refrigerators, etc. Air conditioners should be set within an appropriate temperature range to reduce electricity costs while also minimizing carbon dioxide emissions and harm to the environment.
- c. Adjust the operating hours of outdoor signage lights at each unit according to seasonal changes, and adopt energy-efficient LED lighting equipment when installing new, replacing, or upgrading outdoor signage lighting fixtures.

D. Fund Management:

- a. South China Insurance Company's external fund utilization and investments are primarily evaluated based on asset risk, and in coordination with the parent company's various risk control and integration mechanisms, existing risk asset positions are reviewed and adjusted within annual limits. The aim is to steadily improve investment returns while managing risk fluctuations, so as to effectively control the potential volatility risks of financial assets.
- b. The fund characteristics of the property and casualty insurance industry differ from those of other financial institutions. In addition to complying with regulatory requirements, the fund utilization strategies formulated by South China Insurance Company prioritize liquidity and safety first, followed by yield considerations, in order to strengthen solvency and protect policyholders' interests.

(V) Hua Nan Investment Trust

1. Business Scope

(1) Main Business Items

- Securities Investment Trust Business
- Discretionary Investment Business
- Other businesses approved by the competent authority

(2) Revenue Proportion (2025)

Asset type		Proportion (%)
Mutual fund	Equity	48.85
	Fixed Income	40.69
Private Placement Funds		-
Discretionary Investment Management		10.21
Fee Income		0.25
Total		100.00

(3) New Financial Products and Services Planned for Future Development

- A. Develop ETF and fund products that align with market trends in response to market changes.
- B. Build retirement financial asset allocation product components to meet the needs of retirement financial planning services.
- C. Expand private placement products opportunistically based on market conditions and client needs.
- D. Continuously strengthen the dedicated account research team to pursue government fund discretionary mandates and quasi-discretionary insurance policies.

2. 2026 Business Plan

- (1) Expand the product line, capture investment trends, and develop distinctive products that meet client needs.
- (2) Enrich professional talent, continuously strengthen investment management capabilities, and pursue superior fund performance.

- (3) Continuously deepen internal and external channels, expand the scale of discretionary investment management, and develop diversified business sources.
- (4) Optimize information systems, equipment, and administrative workflows to improve operational efficiency.

3. Industry Overview

- (1) At the end of 2025, the overall trust investment company public fund scale was approximately NT\$11.38 trillion, an increase of approximately NT\$1.78 trillion compared to the end of the previous year, mainly benefiting from the rapid development of the AI industry, with Taiwan stock investments highly favored by domestic investors. Among fund types, domestic equity ETFs recorded the largest increase in scale, followed by domestic money market funds, with domestic equity funds and domestic active ETF funds ranking 3rd and 4th respectively; the largest decreases in scale were seen in cross-border fixed income general bond funds and cross-border bond ETFs. As of the end of 2025, the top 5 investment trust companies by scale were all domestic firms, namely Yuanta, Cathay, Group Benefit, Fubon, and Fuh Hwa Investment Trust.
- (2) In 2025, ETFs remained the primary investment focus in the market. The overall passive ETF scale increased by NT\$983.4 billion, with nearly all of the growth coming from Taiwan stock ETFs (98%). Additionally, since the first active ETF was issued in May of Year 2025, the number of funds and scale have grown rapidly, with a total of 18 active ETFs issued and a fund scale reaching NT\$173 billion. In 2025, Taiwan stock trading volume reached NT\$236.4 billion, setting a historic high, reflecting the prevailing trend of self-directed financial management and stock accumulation among domestic investors. The issuance of ETFs will help expand assets under management and broaden the client base.

4. Research and Development

- On May 16, 2025, the "Hua Nan Yung Chung Taiwan Select 50 ETF Fund" was established.
- On November 28, 2025 the "Hua Nan Yung Chung NASDAQ 100 Technology ETF Fund" was approved for issuance.

5. Long-term and Short-term Business Development Plans

(1) Short- to Medium-Term Business Development Plan

- A. Strengthen sales confidence within internal channels.
- B. Strengthen the external sales network, improve product listing rates, and expand market territory.
- C. Enhance digital media marketing and strengthen product visibility.
- D. Advance the development of the company's digital systems and strengthen information security protection.

(2) Long-Term Business Development Plan

- A. Accelerate the diversification of product lines to meet the diverse needs of the market.
- B. Collaborate with overseas asset management companies to strengthen the investment team's research capabilities.
- C. Leverage the Group's brand influence to expand business cooperation opportunities.

(VI) Hua Nan Venture Capital

1. Business Scope

(1) Main Business

- Venture Capital Industry
- Investment Consultant Industry
- Management Consultant Industry

(2) 2025 Business Revenue Proportion

Item	Percentage (%)
Investment Income	97%
Management Consulting Income	3%

2. 2026 Business Plan

- (1) Observe industry changes and adjust investment portfolio: In addition to evaluating and positioning within the five trusted industries, six core strategic industries, and 5+2+2 strategic industries, the focus will be placed on industries such as AI, climate technology, defense and aerospace, and information security. In the biotechnology sector, attention will be given to industries such as biofusion innovation, antibody-drug conjugates, and smart healthcare.
- (2) Utilize multiple channels to develop quality deal sources: Develop quality deal sources through proactive visits, referrals from affiliated companies or peers, and participation in investment matching events.
- (3) Implement post-investment management: Regularly visit clients to monitor operational status, and assist clients in growth across talent, technology, market, and other areas to facilitate a successful IPO or acquisition.
- (4) Flexibly adjust stock disposal strategies: Within industries with development potential (including AI, semiconductors, 5G communications, and energy conservation and environmental protection), select targets with profitable opportunities for phased exit, and flexibly adjust stock disposal strategies based on individual company development conditions and stock price trends.
- (5) Expand fund management scale: Seek quality strategic partners to co-form a GP (General Partner), combining their industry networks and connections with the Group's advantages in assisting enterprise growth and providing various Financial Services, to externally raise funds (LP, Limited Partners), thereby earning management fee income and profit sharing from investment cases, and striving to enhance Hua Nan Venture Capital's contribution to the Group.
- (6) Create competitive advantages and improve industry rankings: Although the revenue of the venture capital industry mainly comes from stock disposals following the IPO or acquisition of investment targets, with relatively no fixed income, and operating performance is often subject to significant fluctuations due to the impact of IFRS 9 valuations, efforts will be made to implement the aforementioned strategies, with the goal of rising to 6th place in the industry ranking in 2025 (an improvement of 2 places).

3. Industry Overview

Although 2024 saw major elections held in multiple countries, rising international geopolitical risks, and a high interest rate environment impacting corporate valuations leading to a sluggish global IPO market, with the surging market interest in Artificial Intelligence (AI), global venture capital activity reclaimed the milestone of USD 100 billion in total quarterly investment in Q4 2024. According to KPMG's Venture Pulse report, global venture capital investment amount and number of deals in 2024 were approximately USD 348.9 billion and 29,460 deals, respectively, representing growth of 21.70% and 2.22% compared to 2023.

In the first half of 2025, although the global economy experienced frequent turbulence due to disruptions from U.S. tariff policies, tariffs in most countries ultimately did not prove as severe as originally planned. With easing trade tensions and a loose financial environment, the IMF estimates global economic growth to be approximately 3.0% in 2025, with a moderate growth rate of 3.1% projected for 2026. As the economy warms up, investment activity has also become notably more active. According to the Venture Pulse report, the total investment amount and number of deals in the global venture capital industry in the first half of 2025 were approximately USD 227.3 billion and 14,907 deals, respectively, representing a growth of 26.35% and a slight decline of 2.0% compared to the same period in 2024. In Taiwan, driven by the continued strong global demand for AI data center deployment and emerging technology applications, as well as stockpiling demand triggered by U.S. tariff policies, exports grew significantly. The Directorate-General of Budget, Accounting and Statistics (DGBAS) estimates Taiwan's economic growth rate for 2025 to be approximately 4.45%. Looking ahead to next year, as the front-loading stockpiling effect gradually fades, coupled with persistent international geopolitical risks and a higher base period, the DGBAS estimates Taiwan's economic growth rate for 2026 to be approximately 2.81%. In terms of investment industries, AI-related sectors remain the most favored, as investors hold strong confidence in the application prospects of AI. In addition, with regional conflicts occurring from time to time, investor interest in defense and space technology has grown rapidly; meanwhile, the U.S. Securities and Exchange Commission's deliberation on relaxing regulations on blockchain and cryptocurrency has fueled a rise in financial technology investment activity.

4. Research and Development

Enhance the evaluation of investment cases and improve professional competence in post-investment management, providing timely Consultant advisory services to investee companies to assist them in achieving successful listings and profitable exits. By participating in industry seminars and relevant training courses, stay informed of industry development trends in order to adjust the investment portfolio in a timely manner.

5. Long-term and Short-term Business Development Plans

- (1) Through in-depth industry analysis, proactive deal sourcing, and professional investment evaluation, establish an investment portfolio that encompasses both long-term and short-term profit Goals.
- (2) For investment targets with strong growth potential, actively participate at the Director level, leveraging industry knowledge and networks to assist companies in strengthening their fundamentals and enhancing competitiveness in areas such as capital, talent, and market access.
- (3) If an investment target's development falls short of expectations, closely monitor the situation and provide improvement suggestions in a timely manner, or take measures such as negotiating share buybacks with the company to minimize losses.

(VII) Hua Nan Assets Management

1. Business Scope

(1) Main Business

A. Non-Performing Loan (NPL) Business

- Management and disposition of non-performing loans acquired from financial institutions
- Handling of non-performing loans and assets entrusted by financial institutions or enterprises
- Management of repossessed assets entrusted by financial institutions

B. Direct Real Estate Investment Business

- Investment in real estate auctioned by courts and publicly tendered by government agencies
- Value enhancement and revitalization of self-owned assets through renovation, joint construction, participation in urban renewal, serving as urban renewal implementers, and acting as the building initiator for reconstruction of dangerous and dilapidated buildings
- Serving as urban renewal implementers or building initiators for reconstruction of dangerous and dilapidated buildings for non-self-owned assets, injecting capital and engaging in joint construction with landowners
- Acting as a capital contributor through negotiated agreements in urban renewal projects with implementers, injecting funds through negotiation to participate in reconstruction and receiving proportional allocation of buildings and land ownership

C. Advance Payment Business

- Providing necessary expenses and funds required for urban renewal and reconstruction projects involving dangerous and dilapidated buildings

D. Entrusted Management Business

- Commissioned Bidding Agent for Court-Auctioned Real Estate
- Commissioned Handling of Non-Performing Loans from Financial Institutions and Corporate Overdue Accounts Receivable
- Urban Renewal and Dangerous/Old Building Management Consultant and Advisory Services

E. Other Asset Management Related Business Not Prohibited or Restricted by Law

(2) 2025 Business Revenue Proportion

Item	Percentage (%)
Direct Real Estate Investment Business	87.02%
Advance Payment Business	8.11%
Entrusted Management Business	4.87%

(3) New Products and Services Planned for Future Development

- A. By aligning with the existing client needs of the Group's affiliated companies, Hua Nan Assets Management actively promotes urban renewal and dangerous/old building full-project management and commissioned construction services, deepening local roots under the one-stop brand 'Unsafe and aging building reconstruction Hua Nan Team' to promote urban renewal and dangerous/old building reconstruction business in the market.
- B. Developing urban renewal and dangerous/old building management consultant and advisory services to assist corporate entities, government agencies, or state-owned enterprises in asset revitalization. Hua Nan Assets Management provides professional advisory and consulting services on urban renewal and dangerous/old buildings, including comprehensive asset evaluation and planning, architectural design assistance, regulatory compliance, financial estimation, and investment benefit analysis for clients, ensuring the protection of client interests.
- C. Developing an advance payment business continuation mechanism. Should a client be unable to continue operations in the future, a continuation assessment will be conducted. However, if the assessment determines that continuation yields no benefit, an evaluation may also be made to acquire under-construction projects through the court auction market, ensuring the protection of Hua Nan Assets Management's creditor interests.
- D. To implement the Group's financial innovation development project, Hua Nan Assets Management's official LINE account 'Hua Nan Jin Real Estate Frontline' is planned to integrate generative AI technology to provide users with intelligent consulting services, such as plain-language interpretation of urban renewal and dangerous/old building regulations, reconstruction process guidance, and application eligibility information.

2. 2026 Business Plan

(1) Non-Performing Loan Investment and Disposition Business

- A. Continuously monitoring the release of domestic non-performing loan markets and tracking statistics on financial institutions' non-performing loan ratios and mortgage default rates.
- B. Maintaining interaction with domestic peers to understand industry operational dynamics and seeking cooperation opportunities for current business operations.

(2) Court Auction Investment Business

To reduce the impact of real estate business cycles and real estate tax policies on Hua Nan Assets Management, while achieving a balance between stable operating income (rental yields) and optimal capital utilization, the optimal proportion of operating income and real estate investment will be dynamically adjusted in a timely manner in response to fluctuations in the real estate market and changes in government policies, in order to achieve the goal of sustainable operations.

(3) Value-Added Investment and Capital Injection Investment Business

A. Value-Added Investment:

Evaluating targets with development or integration revitalization potential from court auctions and government agency public tender sources, conducting feasibility analysis toward the most effective utilization planning after acquisition, actively assessing the revitalization of owned assets or enhancement of land utilization intensity, and creating asset value through value-added utilization methods that comply with operational principles to generate rental income and future capital gains.

B. Urban Renewal and Dangerous/Old Building Capital Injection Investment:

- a. The primary focus will be on finding 'commercial and industrial type urban renewal projects' in major office business districts or industrial clusters in Taipei and New Taipei City, or 'residential type urban renewal projects' where landowners have already established a considerable integration foundation, with the aim of securing better profit margins through regional conditions and product type targeting.
- b. Introducing peer AMC companies or reliable cooperative teams to invest in urban renewal construction projects where Hua Nan Assets Management serves as the implementer, reducing the risk of overly large investment amounts in a single project, and increasing service fee income by providing integration and construction management services through Hua Nan Assets Management, thereby improving the overall project return rate.

- c. Prudently evaluating cooperation partners and negotiating capital contributions with privately-operated urban renewal project implementers to increase investment returns, expand revenue scale, and stabilize annual revenue sources.
- (4) Advance Payment Business

Under the framework of the 'Urban Renewal & Dangerous/Old Building Hua Nan Team,' strengthening business cooperation with Hua Nan Commercial Bank by jointly visiting potential clients at branch offices, formulating suitable urban renewal and dangerous/old building financing solutions for clients, in order to effectively increase the overall project success rate.
- (5) Entrusted Management Business
 - A. Court Auction Commissioned Bidding

Cultivating high-asset groups and business owners through wealth management seminars, offering commissioned court auction bidding [High-Asset Plans] to encourage high-asset clients to maintain long-term attention to the court auction market, and providing professional collection and management services for corporate overdue accounts receivable.
 - B. Urban Renewal and Dangerous/Old Building Management Consultant and Advisory Consultant Services

Hua Nan Assets Management will leverage its existing professional urban renewal and dangerous/old building team, combined with the Financial Services Industry of the Group's affiliated companies, to promote full-project management and commissioned construction management consultant services for urban renewal and dangerous/old buildings, expanding efforts to capture joint business opportunities with Group affiliated companies. Alternatively, utilizing its own practical experience in joint construction, commissioned construction, and full-project management to provide clients with advisory and consulting services, with the aspiration of becoming a professional advisory consultant brand in urban renewal and dangerous/old buildings to enhance the company's image and recognition.
- (6) Other Policy-Compliant Business
 - A. Group Co-Marketing

Collaborating with group co-sales and business units to jointly launch marketing campaigns, including 'Old House Turns to Gold' and 'Golden Home Selection Bonus' campaigns. By leveraging the group's referral incentive mechanism to increase internal referral willingness, the initiative accelerates the conversion of potential cases while further enhancing the overall synergistic benefits of Hua Nan Assets Management's contribution to the group.
 - B. Digital Marketing Business

Operating the 'Hua Nan Gold Real Estate Frontline' LINE official account to provide diverse real estate services. Combined with the LINE bot broadcast platform, it activates social media engagement, establishes effective promotional channels with customers, reduces marketing costs, and strengthens business performance.
- (7) Back-Office Management Operations
 - A. Implementing Legal Compliance and enhancing self-assessment effectiveness; emphasizing internal auditing and internal controls, and adding control measures.
 - B. Optimizing operational processes and accelerating digital transformation; strengthening information security protection and improving system performance.
 - C. Emphasizing talent development and improving employee welfare measures; preventing workplace bullying and building a friendly workplace.
 - D. Improving customer complaint handling to safeguard customer rights; implementing energy conservation and carbon reduction to pursue sustainable operations.

3. Industry Overview

In 2025, Taiwan's economy was affected by the U.S. government's promotion of reciprocal tariff policies and the continued slowdown of China's economy. Traditional industries suffered significant impacts; however, the application of artificial intelligence (AI) and demand for information and communications technology (ICT) products continued to drive export growth amid sustained market demand. Taiwan's full-year economic growth rate was estimated at approximately 7.37%, a 15-year high. As the economy continued to grow in 2025 and domestic inflation remained stable, the central bank did not adjust its interest rate policy. Observations indicate that the bank loan non-performing loan ratio remained at a low level without a significant rise, staying below the regulatory threshold for selling non-performing loans. As a result, there were no bulk non-performing loan auctions in the market.

In 2025, the residential, land, and commercial and industrial real estate markets all saw weakening demand amid bank credit controls on mortgage lending concentration and the impact of U.S. reciprocal tariff policy, resulting in a contraction in overall market transaction volumes. Based on various residential property price indices, Taiwan's housing prices reached a peak around Q4 2024, with a slight downward trend observed in 2025. Among the six special municipalities and Hsinchu County/City, the decline varied by location: the Greater Taipei area saw a drop of within 5%, while the other four special municipalities and Hsinchu County/City experienced declines ranging between 5% and 10%. The total number of ownership transfer transactions for the whole of Taiwan in 2025 was 261,000 units, a decrease of 25.43% compared to the same period in 2024, marking the second-lowest record since 2016.

According to data from the Market Observation Post System, the total transaction value of large-scale land deals of NT\$100 million or more in 2025 was NT\$115.7 billion, a decrease of NT\$78.9 billion or 41% compared to NT\$194.6 billion in 2024. Among these, residential land transactions saw the largest decline, with a total transaction value of only NT\$38.4 billion in 2025 compared to NT\$102.8 billion in 2024, a reduction of NT\$64.3 billion or 63%. For large-scale commercial and industrial real estate transactions of NT\$100 million or more, the total transaction value in 2025 was NT\$110.8 billion, a decrease of NT\$30.3 billion or 21% compared to NT\$141.1 billion in 2024. Among these, factory buildings and factory office transactions saw the largest decline, with a total transaction value of NT\$76.7 billion in 2025 compared to NT\$104.4 billion in 2024, a reduction of NT\$27.7 billion or 26.53%.

As of the end of November 2025, the number of accepted applications for unsafe and aging building reconstruction reached 683 cases, an increase of 300 cases compared to 283 cases accepted in 2024. The primary reason was that the incentive timeline for dangerous and old building reconstruction was reset to zero on May 12, 2025, resulting in a large number of applications submitted before the deadline. As of the end of November 2025, the number of approved urban renewal applications in the six special municipalities and Hsinchu County/City reached 82 cases, an increase of 4 cases compared to 78 approved cases in 2024.

4. Research and Development

(1) Planning Joint Participation with Peers in Bidding to Diversify Risk and Increase Benefits

Actively collaborating with peer AMCs to participate in bidding for large-scale judicial auction commercial and industrial real estate or government-led urban renewal projects. This approach can reduce capital utilization requirements and mitigate the risk of excessive individual case holding costs, while generating stable income and future disposal profits.

(2) Strengthening Construction Management Mechanisms and After-Sales Services

To comprehensively enhance its service scope and in response to individual case and landowner needs, the company will collaborate with Chung Hua Construction Management — a member of the 'Urban Renewal and Dangerous Building Hua Nan Team' — to introduce a professional construction management mechanism during the construction phase. This will improve engineering interface integration capabilities and strengthen overall project progress control. In addition to implementing quality self-inspection procedures during the completion and handover phase to enhance construction quality, routine health check services will also be planned and provided during the post-completion sales phase to offer customers comprehensive protection services.

5. Long-term and Short-term Business Development Plans

(1) Short-Term Plans

A. Adjusting the asset structure to create asset value and generate greater returns.

- B. In alignment with government policies, to promote unsafe and aging building reconstruction of self-owned assets.
 - C. To develop commissioned construction and comprehensive project management services for urban renewal and hazardous/aging building reconstruction, as well as consulting advisory services, in order to increase the proportion of service fee income.
 - D. To actively expand the 'Urban Renewal and Hazardous/Aging Building Advance Payment Business' in order to broaden the company's stable revenue sources.
- (2) Long-term Plans
- To develop diversified revenue sources and reduce the high effective income tax rate under the new consolidated housing and land tax regime.
- A. Establishing Primary Income:

To use value-added services and urban renewal/hazardous aging building funding injection as the primary income source, creating higher real estate sales revenue, with the consolidated housing and land tax applied at a single rate of 20% and eligible for consolidated financial statement calculation.
 - B. Stabilizing Rental Income and Increasing Interest Income from Urban Renewal and Hazardous/Aging Building Advance Payments:

To enhance rental income from foreclosed real estate and reduce the frequency of real estate sales in order to qualify for lower consolidated housing and land tax rates, while simultaneously pursuing stable rental income. Additionally, the newly introduced urban renewal and hazardous/aging building advance payment business will rapidly contribute to revenue in the short term during the AMC business transformation, adjust the proportion of various business segments, and increase income from non-foreclosed real estate sales to reduce the effective income tax rate.
 - C. Continuously Developing Service Fee Income That Does Not Require Capital Deployment, in Order to Improve Capital Utilization Efficiency:

To strengthen the foreclosure proxy bidding business and urban renewal/hazardous aging building management consulting (i.e., commissioned construction or comprehensive project management) services, and to introduce new urban renewal/hazardous aging building advisory consulting services, in order to increase stable service fee income.
 - D. In coordination with government promotion of urban renewal and hazardous/aging building policies, to progressively establish a track record and brand image in urban renewal and hazardous/aging building reconstruction, positioning the Hua Nan Urban Renewal Team as a benchmark in the unsafe and aging building reconstruction sector among domestic financial holding groups.
 - E. To collaborate with affiliated companies on joint marketing and business cooperation, leveraging AMC's expertise in real estate investment and operational management to create greater benefits and diversified value for the Group.

II. Cross Selling Synergies

(I) Hua Nan Financial Holdings

The Group launched its cross-selling mechanism in 2002, establishing cross-selling zones at the business locations of four subsidiaries (and sub-subsidiaries): Hua Nan Commercial Bank, Hua Nan Securities, South China Insurance Company, and Hua Nan Futures. Providing one-stop financial consulting services. Through an integrated product and service strategy, the Group transforms the professional strengths of its subsidiaries into overall group competitiveness, contributing to the Group's consolidated earnings while deepening customer relationships and value contribution. Through inter-subsidiary collaboration and resource integration, the Group has successfully built a mutually beneficial financial ecosystem.

(II) Hua Nan Commercial Bank

Historical Joint Marketing Performance of Hua Nan Commercial Bank in Coordination with the Financial Holding Parent Company:

Item (Unit: NT\$million)		2025	2024	2023
Hua Nan Securities, Brokerage Business	Business Volume	1,867,517	1,812,430	1,311,780
South China Insurance Company, Business	Business Volume	1,059	1,029	966
Hua Nan Investment Trust Fund, Business	Fixed Income	22,020	17,617	15,000
	Non-Fixed Income Type	2,070	3,260	3,504

(III) Hua Nan Securities

In alignment with the financial holding parent company's policy and in close collaboration with affiliated companies for joint marketing, the historical performance of Hua Nan Securities is as follows:

Item	Property Insurance (NTD 10 thousand)			Credit Card Referrals (Card)			Customer Deposit Balance Transfer Ratio (%)		
Year	2025	2024	2023	2025	2024	2023	2025	2024	2023
Performance	6,046	5,561	5,265	1,270	6,532	7,886	76.89	74.56	73.13

Item	Fixed Income Type (NT\$10 thousand)			Non-Fixed Income Type (NT\$10 thousand)		
Year	2025	2024	2023	2025	2024	2023
Performance	614,844	433,363	447,336	38,033	69,266	70,341

Item	Regular Fixed Amount (Accounts)			Regular Fixed Amount Stock (NTD 10 thousand)		
Year	2025	2024	2023	2025	2024	2023
Performance	590	---	---	12,244	---	---

Note: Above items are newly added in 2025.

(IV) South China Insurance Company

1. In 2025, the total premium income from overall property insurance co-marketing business amounted to NTD 1,122,058 thousand, an increase of approximately NTD 35.22 million compared to 2024. This was mainly attributed to Hua Nan Commercial Bank's contribution, which assisted South China Insurance Company in achieving property insurance performance of NTD 1,059,489 thousand, accounting for approximately 94.42% of the total co-marketing business. In terms of individual insurance types, commercial insurance contributed approximately 68% of the premiums, while personal insurance contributed 32%.

In 2025, in addition to continuously strengthening the management of commercial insurance renewals, efforts were made to actively develop new corporate banking clients and promote commercial insurance products including commercial fire insurance, engineering insurance, marine cargo insurance, and public casualty insurance projects. Furthermore, Hua Nan Commercial Bank's Personal Banking Marketing Department also planned a composite product marketing campaign in Q3 to assist in promoting South China Insurance Company's dwelling house comprehensive insurance project, achieving commendable results.

Personal insurance business activities were organized by Hua Nan Commercial Bank's Operations Management Division through composite product marketing campaigns to strengthen the promotion of automobile insurance. In addition, the annual group composite product marketing campaign planned by the parent company's HNFHC Marketing Department also incorporated South China Insurance Company's personal accident insurance and travel comprehensive insurance projects, which significantly contributed to the overall promotion of co-marketing business.

In addition to the group's contribution to co-marketing property insurance business, South China Insurance has also spared no effort in promoting the products of other affiliated companies, achieving commendable results in areas such as bank credit cards, securities brokerage, and investment trust funds. Going forward, efforts will continue to strengthen the promotion of various joint marketing initiatives, leverage the group's integrated marketing team resources to jointly develop business, and continuously plan relevant joint marketing incentive programs to enhance co-marketing performance.

The following table summarizes the signed premium benefits for each type of insurance for reference:

Unit: Thousand NTD

Item	Joint Marketing Signed Premiums	South China Insurance Company Signed Premiums	Proportion of Business in 2025	Proportion of Business in 2024	Total
Fire insurance	600,000	1,868,429	24.31%	25.84%	2,468,429
Marine insurance	39,295	652,718	5.68%	5.45%	692,013
Auto insurance	312,146	8,813,397	3.42%	3.43%	9,125,543
Casualty insurance	121,330	1,424,414	7.85%	7.10%	1,545,744
A & H	49,286	1,011,316	4.65%	4.73%	1,060,602
Total	1,122,057	13,770,274	7.53%	7.75%	14,892,331

2. Statistics on joint marketing of property insurance performance by each subsidiary in 2025:

Unit: Thousand NTD

Policy Issuance Performance		Cumulative to the end of December 2025
Hua Nan Commercial Bank	Auto insurance	267,621
	Casualty insurance	113,096
	Accident and Health Insurance	43,954
	Marine insurance	38,878
	Fire insurance	595,940
	Total	1,059,489
Hua Nan Securities	Auto insurance	43,040
	Casualty insurance	7,859
	Accident and Health Insurance	5,167
	Marine insurance	417
	Fire insurance	3,979
	Total	60,462
Hua Nan Futures	Auto insurance	1,485
	Casualty insurance	375
	Accident and Health Insurance	165
	Marine insurance	0
	Fire insurance	81
	Total	2,106

(V) Hua Nan Investment Trust

1. Deepening Group Joint Marketing

Establishing a two-way Communication System with various group channels through visits to strengthen business relationships with group channels. Providing promotional and sales support materials, selected fund targets, fund monthly reports, and market information to enhance the fund sales momentum within the group's internal channels and facilitate the promotion of co-marketing business.

2. Actively Expanding External Channels

Strengthening cooperation with securities dealer channels through ETF fundraising and enhancing digital marketing via digital platforms. Leveraging ETF fundraising to strengthen cooperation opportunities with custodian banks, launching fund remarketing projects, new fund IPO services, and more.

(VI) Hua Nan Venture Capital

Strengthening lateral communication and cooperation with various subsidiaries within the group to jointly develop quality project sources.

(VII) Hua Nan Assets Management

- Through the one-stop service model of the 'Urban Renewal and Hazardous Building Hua Nan Team' jointly established with Hua Nan Commercial Bank, increasing project exposure and participation opportunities while enhancing investment scale.
- To meet the needs of high-asset clients for real estate financial advisory services, plans are being made to jointly organize real estate financial seminars with Hua Nan Commercial Bank, thereby expanding the business outreach opportunities of the Urban Renewal and Hazardous Building Hua Nan Team and enhancing the group's professional brand image in providing diversified Financial Services Industry.
- Through cross-company project teams within the group, providing customized product combinations for specific target groups.

III. Market and Business Overview

(I) Hua Nan Commercial Bank

1. Sales (Provision) Regions of Main Products (Services)

(1) Domestic Region

As of the end of December 2025, Hua Nan Commercial Bank has a total of 186 domestic branches, of which 152 (accounting for 81.7%) are concentrated in the six major metropolitan areas. Taipei City has the highest concentration with 53 branches (accounting for 28.5%), followed by New Taipei City with 34 branches (accounting for 18.3%).

(2) Overseas

Hua Nan Commercial Bank's current overseas locations include 12 branches in Los Angeles, New York, London, Hong Kong, Singapore, Shenzhen, Shanghai, Fuzhou, Ho Chi Minh City, Macau, Sydney, and Manila, 1 sub-branch in Shenzhen Bao'an, and 3 representative offices in Hanoi, Yangon, and Bangkok. The Bank will continue to assess the feasibility of establishing new operating locations as opportunities arise, in order to continuously expand Hua Nan Commercial Bank's Financial Services Industry network.

2. Future Supply and Demand Conditions of the Market

(1) Supply Side:

There are numerous domestic banks offering highly homogeneous financial services with significant overlap among branches. Although there have been recent cases such as the merger of Taishin Financial and Shin Kong Financial, and the acquisition of King's Town Bank by SinoPac Financial, the overall market remains saturated. In addition, the entry of pure online banks and third-party payment providers into the digital finance market, as well as buy-now-pay-later financing companies encroaching on banks' installment credit card market, have intensified competitive pressure on traditional banks. Since most banks adopt price competition strategies, the profit margins of domestic banks are limited.

(2) Demand perspective:

Under the global supply chain restructuring trend, Taiwanese businesses returning to invest in Taiwan not only increase financing demand for factory construction, but the returning capital can also boost bank deposit volumes. Additionally, issues such as tax planning and wealth succession for high-asset clients are conducive to expanding wealth management businesses. Furthermore, in response to the global net-zero transition and carbon reduction trends, the Financial Supervisory Commission is promoting the Green Finance Action Plan 3.0 to encourage the development of green energy industries and assist businesses in low-carbon transformation, which is beneficial to banks' corporate financing businesses. However, government measures to stabilize the housing market may reduce land transactions and building permit issuances. Combined with restrictions on the proportion of real estate loans in the banking sector, loans for construction financing and mortgages are expected to continue to decline.

3. Business Objectives

- (1) Enhance corporate banking performance and increase customer contribution value through comprehensive services, expand lending to small and medium-sized enterprises, increase the proportion of overseas profits, and expand interest spreads and corporate banking fee income.
- (2) Strengthen customer base management through comprehensive personal financial services, balance the development of various wealth management businesses, deepen engagement with high-asset clients, focus on digital branch surplus performance, and increase the proportion of fee income.
- (3) Gain insights into market trends to flexibly allocate financial assets, enhance long-term stable returns, strengthen financial marketing business development, balance capital utilization efficiency with risk management, improve financial operation performance, and generate steady investment returns.
- (4) With 'improving per capita contribution' as the strategic focus, achieve the core goals of increasing revenue, enhancing efficiency, and risk management through agile projects, AI and automation, and business process optimization technologies.

- (5) Promote the modernization and transformation of application systems, enhance information development efficiency, introduce intelligent operations and maintenance, improve operational efficiency, and provide a secure, fast, and stable information environment to achieve "zero information security incidents and zero change errors."
 - (6) Introduce the concept of risk capital to optimize capital utilization efficiency, enhance economic and industry research capabilities, and strengthen the application of digital technology, AI empowerment, and centralized operations to improve operational efficiency.
 - (7) By enhancing financial decision-making capabilities and optimizing talent development, improve operational efficiency and service quality, and implement the integration of ESG into business strategies and corporate culture to create positive environmental and social benefits.
 - (8) Strengthen education and training to deepen all staff members' awareness of legal compliance, improve relevant management mechanisms, implement financial consumer protection measures, and continuously enhance fair customer treatment practices.
 - (9) Strengthen cost-benefit analysis, facilitate cross-departmental communication and coordination, track the progress and execution effectiveness of various executive directives and business operations, so that each department implements the head office's key policies and ensures the achievement of the bank's overall operational and profit targets.
4. Favorable and Unfavorable Factors for Development Prospects
- (1) Favorable Factors:
 - A. A leading position in corporate banking and foreign exchange business is conducive to expanding services from corporate finance to business owners and their families, providing comprehensive services, establishing a foundation for family office business, and developing new customer groups.
 - B. A large customer base, combined with the continuous development of diversified wealth management product services, is conducive to expanding wealth management and cross-selling businesses within the group.
 - C. Well-established Legal Compliance, anti-money laundering, counter-terrorism financing systems, and a tiered management system for overseas branches are conducive to protecting the rights and interests of Hua Nan Commercial Bank and its customers.
 - D. Actively introducing AI agents and automation platforms to enhance organizational operational efficiency, create excellent customer experiences, and leverage customer segment management models to build customer-oriented precision marketing.
 - (2) Unfavorable Factors:
 - A. Younger customer segments have a relatively weak perception of the Hua Nan Commercial Bank brand, and a differentiated image has yet to be established.
 - B. The profitability of domestic banks is highly dependent on lending business and interest spread income from deposits and loans, while the proportion of non-interest income, such as wealth management fee income and investment income, is relatively low. When the central bank shifts its Policy or market interest rates decline, profitability tends to fluctuate easily.
 - C. As financial technology brings changes to business models and Hua Nan Commercial Bank expands its overseas operations, the demand for information technology talent, multinational talent, and Legal Compliance talent continues to grow, leading to ongoing increases in labor costs.

(II) Hua Nan Securities

1. Sales (Provision) Regions of Main Products (Services)

Hua Nan Securities provides a full range of business operations expected of a comprehensive securities firm, including brokerage, proprietary trading, underwriting, bonds, new financial products, and margin trading, with service locations spanning major cities and counties throughout Taiwan. Service recipients include domestic institutional investors, individual investors, and foreign professional investment institutions approved by the competent authority.

2. Future Supply and Demand Conditions of the Market

(1) From the supply side:

- A. In 2025, the proportion of electronic trading volume at Hua Nan Securities exceeded 85% of total trading volume. In terms of mobile order placement, mobile orders accounted for approximately 70% of total electronic trading volume, while the self-developed Hua Nan e-Indicator App accounted for over 15% of total electronic trading volume. The continued growth in electronic trading demonstrates that Hua Nan Securities's electronic trading system has been recognized by customers and the market.
- B. In 2025, the planning for "Hua Nan e-Indicator App 3.0" was completed, fully integrating functions such as U.S. stock and Hong Kong stock sub-brokerage services.
 - a. Global Market Integrated Trading: Fully integrating U.S. stock and Hong Kong stock sub-brokerage functions, providing real-time quotes and Chinese-language account analysis, achieving "one App, global coverage."
 - b. AI Intelligent Decision Support: Introducing S&P analyst stock selection data to provide internationally recognized professional research information and a self-built AI stock selection model. Independently developed the "U.S. Stock Trend Scanner" algorithm to help clients quickly filter potential targets, addressing the pain point of information gaps in overseas markets.
 - c. Transparent push notifications and feature optimization: The "Taiwan Stock ETF Bi-directional Query" allows users to find ETFs by stock or find holdings by ETF, combined with proactive push notifications for fund company stock swaps, achieving transparent information disclosure.
 - d. Lightning Order 3-in-1: Taiwan stocks integrate "Order Placement, Trend, and Profit/Loss" into a single screen, helping clients precisely align with market movements.
- C. Service Innovation: Process Automation and User Autonomy
 - a. "One-Click Dual Account Opening" and Sub-brokerage "Dual Currency" Settlement: Enables simultaneous opening of five major accounts including securities, investment advisory membership, SnY digital accounts (NTD and foreign currency), and sub-brokerage accounts; sub-brokerage transactions offer dual-currency settlement, allowing clients to freely switch between NTD or foreign currency settlement, optimizing fund allocation flexibility.
 - b. Fully Online Trading Limit Adjustment: Launched a branch-free digital application service, allowing clients to quickly increase their single-day trading limit through three methods: "Hua Nan Securities stock inventory, Hua Nan Commercial Bank balance, and uploading financial documents," significantly improving application efficiency.
 - c. IPO ETF Online Subscription Optimization: Innovatively launched online subscription for newly ETFs with real-time online subscription, effectively lowering the subscription threshold and promoting Financial inclusion.
- D. Comprehensive Multimedia Services: Utilizing diverse multimedia to deliver practical information, transforming complex product descriptions and operating procedures into easy-to-understand visuals, enabling clients to directly and quickly understand product advantages and experience a more convenient digital investment environment.
- E. 24/7 Intelligent Customer Service Chatbot: Hua Nan Securities, with a client-centric approach, has introduced an intelligent customer service chatbot system to create a round-the-clock (24/7) uninterrupted communication bridge. Through highly realistic interactive technology, investors can obtain precise answers anytime and anywhere, comprehensively optimizing service efficiency and upgrading the investment experience.
- F. In January 2025, the qualified investor requirement for Innovation Board stocks was abolished, and in November, Innovation Board stocks were permitted to be included as day-trading targets, enhancing the visibility of the Innovation Board and improving market liquidity. The Innovation Board targets innovative enterprises with forward-looking technologies and growth potential, promoting the entry of digital cloud, biotech and healthcare, and green sustainability industries into the capital market.

(2) From the demand perspective:

- A. As of the end of December 2025, the total scale of domestic ETFs has exceeded NT\$7.36 trillion, representing a growth of over 15% compared to approximately NT\$6.38 trillion at the end of 2024. The overall domestic fund scale (as of end of December 2025) reached NT\$11.4 trillion, with ETFs accounting for 65%, reflecting high investor participation in ETFs. Following the opening of actively managed ETFs and passive multi-asset ETFs, the Financial Supervisory Commission expressed in November 2025 that it is studying a second phase to further open up "Covered Call ETFs" and "Active Multi-Asset ETFs," which will further diversify ETF investment options. If formally launched, this is expected to drive another wave of ETF enthusiasm. Enhancing investor-related services to improve investor stickiness.
- B. In 2025, new contract premiums in the life insurance industry surpassed the NT\$1 trillion mark again, reaching a new high in nearly four years, with 17 insurance policies with sales exceeding NT\$10 billion each, with combined sales totaling nearly NT\$320 billion. Among these, participating policies and interest-sensitive policies were the primary products. Therefore, this year we are strengthening the provision of related products to offer clients more diversified product services.
- C. In 2026, Taiwan's IPO market is expected to have a promising outlook in terms of listings and fundraising, driven by regulators' efforts to build a multi-tiered capital market structure, promote industrial diversification, favorable policies such as "Innovation Board 3.0," and the continued development of the semiconductor and digital cloud technology sectors. To assist startups in entering the capital market for fundraising, Hua Nan Securities has also been actively promoting Innovation Board business, consecutively guiding and underwriting clients to apply for listing on the Innovation Board each year since 2023.

3. Business Objectives

The future operational objectives include the following key focuses:

- (1) Continuing to develop a comprehensive mobile trading platform: Focusing on three key areas of "stock selection," "trading," and "services," continuously enhancing the mobile trading platform. The Hua Nan e-Indicator App integrates U.S., Hong Kong, and Japanese stock market data, trading, and account functions, providing clients with seamless one-stop Financial Services Industry.
- (2) In alignment with new regulations introduced by the competent authority and evolving investment trends, we continue to optimize Hua Nan Securities's electronic services, upgrade customer experience, and expand digital services not yet covered, building a comprehensive digital investment system to meet customers' diverse needs and enhance operational efficiency.
- (3) Multi-dimensional brand expansion is achieved by leveraging real-name advertising, keyword marketing, and word-of-mouth marketing to build brand trust, while flexibly incorporating current events and cross-channel promotions to broaden audience reach and maximize brand and product visibility.
- (4) We continue to deepen the operational effectiveness of our YouTube channel, building on the success of Year 2025, during which subscriber count grew by 89% (from 4,772 to 9,029), demonstrating that a video content strategy can effectively drive brand growth. Going forward, we will further strengthen user engagement and interaction quality through the complementary operation of long-form and short-form video content, positioning this as a core element of our digital marketing strategy to convert social media influence into tangible business momentum and continuously expand the brand's market share in the digital landscape.
- (5) Data-driven experience optimization enhances the marketing momentum of digital platforms. Through Online-Merge-Offline (OMO) data integration and data tracking, we precisely identify and address breakpoints in the customer investment journey, effectively improving user retention.
- (6) We adopt a proactive customer care strategy, deepening customer relationships through outbound customer service calls. By proactively identifying issues and providing real-time feedback, we are committed to building a solid bridge of mutual trust, enhancing brand loyalty while realizing the vision of shared growth between the company and its customers.

4. Favorable and Unfavorable Factors for Business Development Prospects

(1) Favorable Factors:

- A. In line with the company's digital transformation policy, a digital channel department has been established to manage online customer engagement. Through interaction with customers via social media, we actively promote the company's brand and the Hua Nan e-Indicator App, injecting new momentum into the company's business development.

- B. Innovative Financial Products and Services: Through digital transformation and the application of AI, we provide a wider range of new financial products and services, integrating diverse digital tools and investment portfolios to deliver customized information push notifications. By offering innovative products and services, we enhance user experience and retention, attract more customers, and consolidate our market competitiveness.
- C. Through frequent social media interaction and themed campaigns, we amplify digital presence and strengthen user engagement. Through content marketing, we shape a youthful brand image, cultivate a highly loyal fan ecosystem, and enhance community empowerment and brand vitalization.
- D. In terms of digital transformation, we leverage multimedia video content and official website channels to promote core products, and through the transformation of visual presentation and communication language, we establish a brand image that conveys the perception of 'active digital innovation.' This not only effectively enhances recognition among the new generation of investors, but also creates dynamic brand influence for the company in the digital finance competition, serving as a core favorable factor for future business expansion and customer acquisition.
- E. By integrating Group resources, we realize 'customer-centric' digital financial services and achieve the optimization of marketing resource allocation.
- F. In response to regulatory relaxation by the competent authority, business liberalization, and the rapid development of Fintech, conditions are favorable for promoting the expansion of electronic trading.
- (2) Unfavorable Factors:
- A. Promoting digital financial services requires significant resource investment, including system optimization and development costs as well as talent cultivation costs; therefore, information systems must be continuously upgraded and refined.
- B. Intense red-ocean competition among peers may impact the overall industry's profitability. Price-cutting can easily undermine market development and does not constitute mutually beneficial, shared growth.
- C. Peer brokerages are increasingly investing in the development of their own proprietary apps, and market competition in digital services is becoming increasingly fierce.
- D. The existing customer base tends to be older in age, requiring more guidance and adaptation for digital promotion initiatives.

(III) South China Insurance Company

1. Insurance Market Analysis

According to the written premium statistics for January through December of 2025 published by The Non-Life Insurance Association of The Republic of China, the written premium growth rate for Taiwan's non-life insurance market was 5.66%, while South China Insurance Company's written premium growth rate was 6.18%, with a market share of 5.21%.

2. Sales (Provision) Regions for Major Products (Services) in 2025

Unit: NT\$ thousand

Area	Amount	%
Headquarters	6,153,015	41.3%
Taipei Branch	1,471,698	9.88%
Taoyuan Branch	756,128	5.08%
Hsinchu Branch	487,772	3.28%
Taichung Branch	1,975,719	13.27%
Yuanlin Branch	979,392	6.58%
Tainan Branch	1,372,821	9.22%
Kaohsiung Branch	1,695,784	11.39%
Total	14,892,329	100.00%

Note: Reinsurance premium income is not included..

3. Future Supply and Demand Conditions of the Market

The future supply and demand conditions of the non-life insurance market are analyzed as follows:

- (1) The development of property insurance is closely related to the ups and downs of economic development. According to S&P Global data, the global economy in 2026 demonstrated resilience driven by AI applications and energy transition investments. Although emerging technologies continue to release growth potential, the new U.S. tariff policies, trade fragmentation, and geopolitical risks still pose constraints on global supply chains. As inflation eases and monetary policy shifts toward loosening, conditions are favorable for a steady recovery in demand. However, the rise of protectionism and changes in trade and economic conditions remain key variables affecting global economic and price trends. Affected by uncertainties in the international economy and geopolitical landscape, global economic growth is expected to be similar to that of 2025, with global economic growth forecast at 2.7% for 2026. As inflation moderates across countries, demand is expected to increase, supporting stable global economic growth, with advanced economies and emerging market economies growing at 1.7% and 4.0%, respectively. Although mainland China benefits from the stabilization of U.S.-China trade relations and continued policy stimulus, the slow recovery of the real estate sector, subdued domestic demand momentum, and long-term factors such as demographic structure are expected to moderate its growth pace, with growth projected at 4.6%. South Korea, Hong Kong, Singapore, and Japan are projected to grow at 1.9%, 2.1%, 2.5%, 0.7%.

Turning to the domestic economic outlook, the Directorate-General of Budget, Accounting and Statistics (DGBAS) of the Executive Yuan forecasts Taiwan's economic growth rate at 3.54% for 2026. Looking ahead, the accelerating adoption of emerging technologies such as AI and high-performance computing, along with large-scale infrastructure investments by major cloud service providers, is driving a surge in computing demand. Combined with the highly competitive advantages of Taiwan's semiconductor and ICT supply chains and the successive expansion of advanced process capacities, export momentum is expected to remain strong. On the investment front, leading domestic semiconductor companies continue to expand advanced process and high-end packaging and testing capacities, while airlines expand their fleets, supporting private investment momentum. The government is also actively promoting net-zero and digital transformation-related infrastructure, further boosting overall investment scale. On the consumption side, strong corporate earnings, wage increases, and higher dividend distributions have significantly bolstered household disposable income, while cross-border travel trends and demand for electronic device upgrades support healthy private consumption momentum. However, factors such as uncertainties in U.S. tariff policies, global overcapacity, geopolitical risks, and monetary policy directions of various countries still require close monitoring for their impact on Taiwan's trade, economy, and prices.

- (2) In recent years, the non-life insurance market has become increasingly competitive. Insurers have focused on brand development and customer experience, strengthening brand identity through precision marketing and cross-industry collaboration, and improving repurchase rates and market share through differentiated services. Under the global ESG trend, the insurance industry has incorporated climate risk and Green Banking into its operations, while implementing carbon footprint calculations to support net zero emission policies, thereby strengthening public trust. In terms of digital transformation, the insurance industry has adopted AI, big data, and OCR technologies to build paperless intelligent services, and has implemented zero-trust architecture to ensure cybersecurity. In response to the aging population and channel innovation, the insurance industry has integrated API connectivity to optimize services and expand the platform economy. In addition, to align with the new IFRS 17 and ICS frameworks, insurers have comprehensively restructured their accounting processes and asset allocation, while strengthening actuarial capabilities under rate liberalization to enhance operational resilience and competitiveness.

4. Business Objectives

South China Insurance Company is a property insurance provider engaged in various types of property insurance, health and accident insurance, and other related businesses. It actively cooperates with government economic policies and insurance promotion policies, providing comprehensive risk assessment and insurance planning services to the general public and commercial and industrial sectors, safeguarding the safety of homes and business operations. Through fund utilization and risk diversification, the Company enhances operational performance and protects the interests of shareholders and policyholders.

5. Favorable and Unfavorable Factors for Development Prospects

(1) Favorable factors for South China Insurance Company's competitiveness:

- A. Leveraging the resources of the financial holding group, enhancing operational synergies through joint marketing among subsidiaries; strengthening business promotion with government-owned banks to improve channel performance.
- B. By leveraging microservices architecture and financial Fast-ID technology to enhance the eCover platform's performance, and actively planning pilot business projects such as "Hua Nan Bank's online banking member traffic redirection for direct purchase of non-life insurance products," the company deepens cross-industry channel and group collaboration through innovative digital connectivity, significantly improving the convenience of online insurance and market competitiveness.
- C. Actively implementing net zero emission policies for 2050, the company has not only completed financial carbon inventories and TCFD reports, but also integrated climate risk management into its core operational framework and developed green insurance products, demonstrating social responsibility in supporting the green energy transition.
- D. Through the Own Risk and Solvency Assessment (ORSA) mechanism, the company implements management that integrates capital planning with business operations to improve capital utilization efficiency and ensure solvency.
- E. In response to digital development trends and in alignment with the financial holding company's digital transformation strategy, the "Digital Development Department" was established in 2025 to strengthen digital innovation and applications, expand business scope, and build digital platforms, thereby enhancing brand influence and improving service effectiveness.
- F. Having received a stable outlook on credit ratings from both A.M. Best and Taiwan Ratings, reflecting that South China Insurance Company possesses a solid balance sheet, stable operating performance, a neutral business profile, appropriate enterprise risk management, and robust capital and profitability, demonstrating strong operational performance.

(2) Unfavorable factors in the non-life insurance market:

- A. Financial regulatory Policy and regulations are becoming increasingly stringent, with heightened requirements on Legal Compliance, risk management, fair customer treatment, and ESG issues, leading to increased complexity in business operations and annually rising personnel costs, which compress operational flexibility.
- B. The frequency and intensity of extreme climate events are increasing, resulting in greater property losses. The insurance industry needs to invest more resources in strengthening climate risk identification and response mechanisms to maintain underwriting stability and sustainable business capability.
- C. The Financial Supervisory Commission will officially adopt the new accounting standard IFRS 17 and the new solvency supervisory framework ICS in 2026. Given the complex calculations and institutional adjustments involved, companies must comprehensively review data, systems, processes, and business strategies to address the impact of the new framework on product design and asset-liability management.

(IV) Hua Nan Investment Trust

1. Sales (Provision) Regions of Main Products (Services)

The main products and services of securities investment trust enterprises in the financial market are publicly and privately offered funds and discretionary investment services. Both are primarily sold in Taiwan, while the investment markets span globally.

2. Future Supply and Demand Conditions of the Market

As financial literacy becomes more widespread, individual investors' demand for asset allocation has increased, thereby driving the development of the investment trust market. At the same time, ETFs continue to be favored by investors due to their advantages of low costs and trading flexibility. However, as ETFs and passive investing become more active, traditional actively managed funds face pressure from declining fees, affecting the profitability model of investment trust companies. In an increasingly competitive market environment, companies must demonstrate greater diversity, proactiveness, and efficiency in product development, business expansion, marketing strategies, information system performance, and compliance management in order to maintain competitiveness.

3. Business Objectives

- (1) Continuously cultivating internal channels and improving the service quality of group co-distribution channels.
- (2) Expanding the product line to develop products that align with market trends and customer needs.
- (3) Strengthening the investment team's capabilities and improving fund management performance.
- (4) Optimizing digital system operations to enhance operational management and information security efficiency.
- (5) Strengthening corporate governance and implementing awareness of Legal Compliance and risk management.

4. Favorable and Unfavorable Factors for Development Prospects

(1) Favorable Factors:

- A. Domestic regulations are progressively relaxing restrictions on fund product categories and investment limits, and outsourcing product reviews to professional institutions can accelerate the company's product development and investment opportunities.
- B. The scope of financial technology applications is becoming increasingly broad, helping to improve the efficiency and quality of Financial Services Industry.
- C. Updating the company's official website, expanding digital marketing to attract younger clientele, strengthening brand visibility, and improving sales willingness.
- D. Hua Nan Investment Trust's fund products have demonstrated excellent management performance and have been recognized with fund awards.
- E. Leveraging the brand image of the financial holding parent company and the collaborative resources of group affiliates to opportunistically develop new products and maximize the benefits of group co-marketing.

(2) Unfavorable Factors:

- A. Hua Nan Investment Trust's fund stock relies heavily on group support, with overly concentrated sales sources. It is necessary to actively explore external cooperation opportunities to facilitate long-term business growth.
- B. The company's product scale structure is uneven, with an apparent lack of product lines. It is necessary to actively expand various new types of fund categories.
- C. The development of the domestic investment trust market has formed a pattern where the strong get stronger. The company must continuously launch new trend products and steadily improve fund performance in order to gain investor favor and gradually increase fund management scale and market share.
- D. Digital technology is advancing rapidly, and electronic fraud and illicit activities are constantly evolving. The company must strengthen internal education and training as well as information and communication security management, and fully disclose product information to reduce fraudulent and illegal activities.

(V) Hua Nan Venture Capital

1. Sales (Provision) Regions of Main Products (Services)

Investment regions are primarily domestic; however, considering industry relevance, integration, and marketability, flexibility is retained for allocations to overseas regions.

2. Future Supply and Demand Conditions of the Market

The market is in a state of abundant capital but concentrated allocation. As industrial transformation accelerates, capital is flowing heavily into key technology fields such as AI, semiconductors, and green energy, making fundraising relatively difficult for early-stage and non-popular industry deal sources. At the same time, the market is highly dependent on IPO exits and lacks diverse M&A channels, affecting the efficiency of capital recirculation and the overall cyclical momentum.

3. Business Objectives

Using a diversified risk investment strategy, the company continuously and actively seeks investment targets with long-term development and profit potential, and through appropriate industry and regional allocation, builds an investment portfolio capable of achieving both long-term and short-term profit objectives.

4. Favorable and Unfavorable Factors for Development Prospects

(1) Favorable Factors:

- A. The image of sustainable operations of a venture capital firm under a financial holding group makes it easier to gain client trust.
- B. Combining the Financial Services Industry holding group's comprehensive financial service system (including banking, securities, property insurance, etc.) and good corporate image brings positive benefits to both deal sourcing and investment evaluation.

(2) Unfavorable Factors:

- A. Before investment performance has yet to materialize, it is relatively difficult to expand the fund management scale.
- B. State-owned venture capital firms may be unable to invest according to their originally planned strategy due to the need to cooperate in executing government project plans.

(VI) Hua Nan Assets Management

1. Sales (Provision) Regions of Main Products (Services):Taiwan

2. Future Supply and Demand Conditions in the Market

In 2025, the imposition of reciprocal tariffs at a 20% rate, compounded by additional stacked tariffs, weighed on the development of domestic industries. Following an agreement reached between Taiwan and the United States in 2026 on a 15% tariff rate and related conditions for U.S. investment, market uncertainty has largely dissipated. With AI-related industries continuing to expand in 2026 and sustained export growth expected to stimulate domestic consumption demand, Taiwan's economy is projected to maintain steady growth. The Directorate-General of Budget, Accounting and Statistics (DGBAS) forecasts Taiwan's economic growth rate at 3.54% for 2026.

The International Monetary Fund (IMF) has raised the global economic growth rate for 2026 to 3.3% and expects global inflation to continue declining, falling to 3.8% in 2026. With the global inflation trend heading downward, domestic prices in Taiwan are not expected to fluctuate significantly. Under stable economic growth, the Central Bank of Taiwan is more likely to maintain the current interest rate level, and financing costs in 2026 should not increase significantly. Overall capital markets and money markets are unlikely to experience systemic large-scale defaults, and the non-performing loan market should remain temporarily without the release of large bundled saleable portfolios.

It is estimated that the residential real estate market in 2026 will continue to be affected by the Central Bank's targeted prudential measures and mortgage concentration controls. Residential property purchase demand will be primarily driven by rigid demand; however, with the wealth effect brought by significant stock market gains, overall transaction volume should exceed the 260,000 units recorded in 2026. Residential housing prices have already undergone some correction in 2025, but as market demand has not recovered to the 350,000 units seen in 2024, the new pre-sale housing supply added to the market in Year 2025 still needs to be absorbed in 2026. Therefore, residential housing prices in 2026 still show a trend of gradual decline and correction, particularly in land rezoning districts with large supply volumes, which will be more significantly affected. In contrast, prime areas in the Greater Taipei region, with limited supply, remain relatively resilient. It is estimated that the overall residential market in 2026 will show a trend of increasing volume with gradually declining prices compared to 2025.

The tariff rate currently agreed upon between Taiwan and the United States is 15%, without stacking on top of the original tariff rates, and involves tariff preferences related to semiconductors. This helps enhance the competitiveness of Taiwanese manufacturers exporting goods to the United States and eliminates the risk of policy uncertainty, thereby facilitating manufacturers' capital expenditure planning. The improvement in export performance will increase manufacturers' demand for commercial and industrial real estate. However, the increase in investment amounts directed toward the United States may produce a crowding-out effect, reducing investment demand for large industrial land and factory facilities. Although the transaction volume of commercial and industrial real estate declined in 2025, prices continued to rise. It is estimated that transaction values for commercial and industrial real estate in 2026 will rebound after market uncertainty factors are resolved, while prices are expected to consolidate at high levels.

In 2026, with incentive applications for unsafe and aging building reconstruction limited to scale bonuses only, urban renewal reconstruction is expected to become the predominant approach for redevelopment applications. The overall reconstruction and development timeline will consequently be extended, potentially reducing the number of new project launches in prime areas of Greater Taipei. With new building supply remaining limited, housing prices in prime areas will continue to be underpinned by inelastic demand and are unlikely to soften in response to market fluctuations. To mitigate the potential impact of a reduction in urban unsafe and aging building reconstruction business, Hua Nan Assets Management will adopt a more flexible approach in promoting urban renewal and hazardous/aging building reconstruction. In addition to providing joint development services, Hua Nan Assets Management also offers total project management or a combination of joint development and commissioned construction services, striving to expand the site area and create greater benefits for landowners and Hua Nan Assets Management. To address the potential shortage of funding in the unsafe and aging building reconstruction market, Hua Nan Assets Management, in accordance with its operating principles, promotes advance payment and capital injection agreement investor services, complemented by a continuation-of-construction mechanism, in order to support government policy in facilitating the promotion and execution of urban renewal and hazardous/aging building reconstruction projects and to enhance the rights and protections of participating residents.

3. Business Objectives

- (1) Deepening direct real estate investment operations and implementing policy transformation: Actively responding to the government's long-term promotion of urban renewal and hazardous/aging building reconstruction policies, establishing a primary profit model through urban renewal and hazardous/aging building capital injection services; simultaneously maintaining judicial auction real estate investment operations to ensure stable rental and sales income, and pursuing steady growth in company earnings.
- (2) Expanding non-capital-intensive revenue streams and optimizing capital allocation: Continuously developing businesses that do not require capital investment, such as judicial auction bidding agency, urban renewal and hazardous/aging building commissioned construction/total project management, and consulting advisory services, thereby increasing the proportion of service fee income to enhance recurring revenue and strengthen overall capital utilization efficiency.
- (3) Building a comprehensive professional team and strengthening operational capabilities: Continuously cultivating cross-disciplinary talent in real estate investment, property management, and development and construction, with a deep focus on the urban renewal and hazardous/aging building sector. At the same time, reserve professional talent capable of evaluating and disposing of non-performing loan (NPL) bid cases, in order to flexibly respond to changes in the market environment.

4. Favorable and Unfavorable Factors for Development Prospects

(1) Favorable Factors:

- A. Benefiting from group support and access to abundant operational resources.
- B. Referencing the core business structure of international investment banks, with relevant professional talent already cultivated.
- C. Possessing innovation capabilities and competitiveness, with industry-leading experience in self-managed urban renewal and practical experience in development and construction.
- D. Taiwan Ratings has confirmed a domestic long-term rating of 'twA+' and a domestic short-term rating of 'twA-1', with a rating outlook of 'Stable'.

(2) Unfavorable Factors:

- A. Due to a lower capital base compared to major competitors, the scale of investable assets is smaller, and the revenue scale that can be generated is also relatively lower than that of peers.
- B. The overall judicial auction market is expected to see a reduction in supply, making bidding competition more intense, which affects the opportunities to acquire suitable assets and the growth of asset scale.
- C. The new House and Land Transactions Income Tax 2.0 regulations increase real estate transaction tax rates, with higher applicable tax rates for short-term transactions within five years, calculated separately, resulting in a relatively high effective income tax rate.
- D. The central bank's increase in the bank deposit reserve ratio has led to higher financing costs for the company; coupled with construction costs, including labor and raw materials, remaining elevated in recent years, this has affected profitability levels.

IV. Employee data

(I) Employee Data for the Most Recent Two Fiscal Years

Year		Current year As of March 31, 2026	2025	2024
No. of employees	Hua Nan Financial Holdings	72	76	78
	Hua Nan Commercial Bank	8,234	8,330	8,606
	Hua Nan Securities	1,543	1,538	1,546
	South China Insurance	1,097	1,094	1,061
	Hua Nan Investment Trust	70	69	66
	Hua Nan Venture Capital	11	11	11
	Hua Nan Assets Management	52	55	56
Average age	Hua Nan Financial Holdings	44.54	44.77	43.75
	Hua Nan Commercial Bank	43.04	42.92	42.31
	Hua Nan Securities	46.13	46.03	45.62
	South China Insurance	40.5	40.6	40.2
	Hua Nan Investment Trust	46.56	46.53	46.91
	Hua Nan Venture Capital	47.79	47.54	46.54
	Hua Nan Assets Management	38.45	37.41	37.66
Average year of services	Hua Nan Financial Holdings	8.12	7.76	7.38
	Hua Nan Commercial Bank	15.33	15.24	14.74
	Hua Nan Securities	10.64	10.61	10.41
	South China Insurance	10.93	10.80	10.70
	Hua Nan Investment Trust	6.51	6.42	6.43
	Hua Nan Venture Capital	14.10	13.85	12.85
	Hua Nan Assets Management	8.04	7.6	7.64
Educational distribution ratio (%)	Ph.D.	Hua Nan Financial Holdings	0	0
		Hua Nan Commercial Bank	0.07	0.07
		Hua Nan Securities	0.39	0.30
		South China Insurance	0	0
		Hua Nan Investment Trust	1.43	1.51
		Hua Nan Venture Capital	9.09	9.09
		Hua Nan Assets Management	0	0
	Masters	Hua Nan Financial Holdings	56.94	57.9
		Hua Nan Commercial Bank	21.53	21.27
		Hua Nan Securities	11.01	11.17
		South China Insurance	6.4	6.4
		Hua Nan Investment Trust	32.86	33.33
		Hua Nan Venture Capital	54.55	54.55
		Hua Nan Assets Management	25	25.00
	Bachelors	Hua Nan Financial Holdings	41.67	40.79
		Hua Nan Commercial Bank	76.1	76.25
		Hua Nan Securities	75.45	75.86
		South China Insurance	88.9	88.9
		Hua Nan Investment Trust	64.29	63.77
		Hua Nan Venture Capital	36.36	36.36
		Hua Nan Assets Management	73.08	70.91
	Senior High School	Hua Nan Financial Holdings	1.39	1.31
		Hua Nan Commercial Bank	2.17	2.26
		Hua Nan Securities	13.15	12.59
		South China Insurance	4.6	4.1
		Hua Nan Investment Trust	1.43	1.45
		Hua Nan Venture Capital	0	0
		Hua Nan Assets Management	1.92	1.82
	Below Senior High School	Hua Nan Financial Holdings	0	0
		Hua Nan Commercial Bank	0.12	0.14
		Hua Nan Securities	0	0
		South China Insurance	0.1	0.1
		Hua Nan Investment Trust	0	0
		Hua Nan Venture Capital	0	0
		Hua Nan Assets Management	0	0

Financial Certificates Held	Hua Nan Financial Holdings	Certified Anti-Money Laundering Specialists (CAMS): 30; Certified Public Accountants (CPA): 4; Financial Risk Managers (FRM): 3; Certified Securities Investment Analysts: 3; Internal Auditors: 1; Certified Internal Auditors (CIA): 2; Property Insurance Brokers: 1; Life Insurance Brokers: 1; Senior Securities Representatives: 12; Securities Representatives: 15; Futures Representatives: 15; Financial Planners: 15; Investment Trust and Advisory Representatives: 19; Property Insurance Representatives: 32; Life Insurance Representatives: 38; Life Insurance Representatives for Foreign Currency Non-Investment-Linked Products: 15; Investment-Linked Insurance Representatives: 21; Trust Industry Personnel: 40; Bank Internal Control Professional Certificate: 47; Corporate Internal Control Basic Competency Test: 2; Share Affairs Personnel Professional Competency Test: 1; Bills Finance Representatives: 2; Basic Credit Personnel: 18; Advanced Credit Personnel: 1; Basic Foreign Exchange Personnel: 7; Outsourced Debt Collection Personnel: 4; Asset Securitization Basic Competency Test: 1; Bond Personnel Professional Competency Test: 3; Project Management Professionals (PMP): 1; Non-Life Insurance Representatives: 2; Financial Digital Competency (Technology) Knowledge Certification: 21; National Financial and Economic Literacy Test: 1; Level B Accounting Technicians: 1; Level C Accounting Technicians: 1; Structured Products Sales Personnel: 8; Foreign Exchange Trading Professional Competency Test: 1; Business Valuators: 2; Futures Trading Analysts: 2; Futures Trust Fund Sales Personnel Test: 2; Anti-Money Laundering and Counter-Terrorism Financing Professional Competency Test: 10; BSI Training Academy: 1; Corporate Governance Basic Competency Test: 1; Derivative Financial Products Sales Personnel Qualification Test: 7; Securities Trading Regulations and Practice Test: 3; Financial Personnel Risk Management Professional Competency Test: 3; Risk Management Basic Competency Test: 9; Taipei City Dangerous and Aging Building Reconstruction Promoters: 2; Red Hat Certified Engineers (RHCE): 1; VMware Certified Professionals (VCP): 1; Cisco Certified Network Associates (CCNA): 1; ITE Linux Operations Management Professionals: 1; Certified Financial Planners (CFP): 3; AFP Comprehensive Subject Test: 3; Retirement Financial Advisors (RFA): 5; Certified Financial Specialists for SMEs (CFSSME): 1; Sustainability Development Basic Competency Test: 9; Sustainable Finance Advanced Competency — Business Development: 2; FinTech Competency Certification — Data Analysis (DA): 1; FinTech Competency Certification — Business Analysis (BA): 1; Professional Scrum Masters (PSM): 1; Professional Scrum Product Owners (PSPO): 1.
	Hua Nan Commercial Bank	Bank Internal Control 7,689, Trust Business 7,178, Life Insurance Representatives 7,282, Financial Planners 2,199, Property Insurance Representatives 7,153.
	Hua Nan Securities	Securities Representatives 856, Senior Securities Representatives 867, Futures Representatives 1,040, Trust Industry Representatives 820, Investment Trust and Advisory Representatives 408, Life Insurance Representatives 881, Non-Life Insurance Representatives 773, Investment-Linked Insurance Representatives 538, Foreign Currency Non-Investment-Linked Products 518, anti-money laundering and Counter-Terrorism Financing Personnel Qualification 212, Certified Anti-Money Laundering Specialists (CAMS) 26, Financial Risk Manager (FRM) 1, Sustainable Development Basic Competency Test ESG 120, Certified Information Systems Auditor (CISA) 1, Certified Financial Planner (CFP) 2, Chartered Financial Analyst CFA 2, Senior Financial Planners for the Elderly 2, Family Trust Planning Advisors 1.
	South China Insurance	Underwriting Personnel Licenses: 134; Claims Personnel Licenses: 95; Property Insurance Representatives: 1,094; Assistant Actuary Licenses: 1; Actuary Licenses: 3; Senior Securities Representatives: 49; Securities Representatives: 288; Trust Industry Personnel: 199; Life Insurance Representatives: 764; Investment-Linked Policy Representatives: 349; Financial Planners: 9; Level B Fire Extinguisher Fire Safety Equipment Technician: 1; Level B Evacuation System Fire Safety Equipment Technician: 1; Level B Chemical System Fire Safety Equipment Technician: 1; Level B Water System Fire Safety Equipment Technician: 1; Level B Alarm System Fire Safety Equipment Technician: 1; Junior Infrared Thermal Imaging Inspector: 1; Personal Risk Management Professional Licenses: 4; Financial Risk Managers (FRM): 1; Occupational Safety and Health Supervisors: 8; First Aid Personnel: 17; Fire Protection Equipment Technicians: 1; Property Insurance Agents: 3; Property Insurance Brokers: 2; (China) Insurance Loss Adjusters (Public Adjusters): 2; (China) Insurance Agent Practitioners: 1; (China) Insurance Broker Practitioners: 1; Life Insurance Representatives for Foreign Currency Non-Investment-Linked Products: 77; Life Insurance Managers: 1; Investment Trust and Consulting Representatives: 69; Share Affairs Personnel: 2; Futures Representatives: 52; Insurance Policyholder Service Certification: 37; ISO 27001 Information Security Management System Lead Auditor Certificates: 4; Java Certificates: 11; AutoCAD 3D Professional: 1; Microsoft Certified Application Developers: 1; Microsoft Certified Professionals: 2; Microsoft Certified Technology Specialists: 1; Level C Computer Hardware Installation and Repair Technician: 1; Level B Computer Software Application Technician: 2; Information Security Engineer — Entry-Level Competency Assessment: 1.
	Hua Nan Investment Trust	Securities Investment Trust and Advisory Enterprise Representatives: 32; Senior Securities Representatives: 30; Trust Industry Personnel: 49; Financial Planners: 12; Futures Representatives: 29.
	Hua Nan Venture Capital	Life Insurance Representatives: 2; Senior Securities Representatives: 3; Financial Planners: 1; Trust Industry Personnel: 2; Bank Internal Control Certificate: 1; Business Valuators: 1; Intellectual Property Valuation Professionals: 1; Intellectual Property Valuation Seed Instructors: 1; ITRI 5th Patent Analyst Competency Certification: 1; Futures Representatives: 1; Basic Credit Personnel: 1; Financial Market Knowledge and Professional Ethics Examination: 2; Securities Representatives: 1; Investment Trust and Advisory Representatives: 1; Level C Occupational Safety and Health Supervisors: 1.
	Hua Nan Assets Management Company	Bank Internal Control Certificate: 4; Bank Internal Control and Internal Audit Certificate: 2; Trust Industry Personnel: 9; Financial Planners: 1; Outsourced Debt Collection Personnel: 14; Investment-Linked Insurance Product Representatives: 1; Basic Credit Personnel: 5; Basic Foreign Exchange Personnel: 2; Life Insurance Representatives: 4; Property Insurance Representatives: 1; Senior Securities Representatives: 1; Securities Representatives: 1; Investment Trust and Advisory Representatives: 1; Real Estate Appraisers: 1; Land Administration Agents: 2; Real Estate Brokers: 5; Real Estate Sales Agents: 7; Certified Anti-Money Laundering Specialists (CAMS): 4; Microsoft Certified Systems Engineers (MCSE): 1; Cisco Certified Network Associates (CCNA): 1; ISO 27001 Lead Auditors: 1; BS 10012 Lead Auditors: 2; Construction Site Supervisors: 3; Level B Occupational Safety and Health Supervisors: 2; Public Works Quality Management Personnel: 3; Public Works Procurement Professionals: 1; First Aid Personnel: 1; Anti-Money Laundering and Counter-Terrorism Financing Professionals: 1; Level A Occupational Safety and Health Supervisors: 3; Taipei City Dangerous and Aging Building Reconstruction Promoters: 1.

(II) Status of licenses obtained by personnel related to financial information transparency in the Company

Department	Name of the Certificate
Finance and Accounting Department	Certified Anti-Money Laundering Specialists (CAMS): 7; Certified Public Accountants (CPA): 3; Certified Securities Investment Analysts: 2; Certified Internal Auditors (CIA): 1; Senior Securities Representatives: 1; Securities Representatives: 3; Futures Representatives: 3; Financial Planners: 3; Investment Trust and Advisory Representatives: 2; Property Insurance Representatives: 2; Life Insurance Representatives: 3; Life Insurance Representatives for Foreign Currency Non-Investment-Linked Products: 1; Investment-Linked Insurance Representatives: 1; Trust Industry Personnel: 5; Bank Internal Control Professional Certificate: 6; Share Affairs Personnel Professional Competency Test: 1; Basic Credit Personnel: 2; Basic Foreign Exchange Personnel: 1; Asset Securitization Basic Competency Test: 1; Bond Personnel Professional Competency Test: 2; Financial Digital Competency (Technology) Knowledge Certification: 1; Level B Accounting Technicians: 1; Level C Accounting Technicians: 1; Structured Products Sales Personnel: 2; Foreign Exchange Trading Professional Competency Test: 1; Business Valuers: 1; Futures Trading Analysts: 1; Futures Trust Fund Sales Personnel Test: 1; Anti-Money Laundering and Counter-Terrorism Financing Professional Competency Test: 1; Risk Management Basic Competency Test: 1.
Audit Department	Certified Anti-Money Laundering Specialists (CAMS): 6; Certified Public Accountants (CPA): 1; Internal Auditors: 1; Certified Internal Auditors (CIA): 1; Property Insurance Brokers: 1; Life Insurance Brokers: 1; Senior Securities Representatives: 3; Securities Representatives: 2; Futures Representatives: 3; Financial Planners: 3; Investment Trust and Advisory Representatives: 2; Property Insurance Representatives: 4; Life Insurance Representatives: 4; Life Insurance Representatives for Foreign Currency Non-Investment-Linked Products: 1; Investment-Linked Insurance Representatives: 2; Trust Industry Personnel: 5; Bank Internal Control Professional Certificate: 7; Bills Finance Representatives: 1; Basic Credit Personnel: 3; Financial Digital Competency (Technology) Knowledge Certification: 2; National Financial and Economic Literacy Test: 1; Futures Trust Fund Sales Personnel Test: 1; Securities Margin Trading Personnel: 1; Securities Trading Regulations and Practice Test: 1; Risk Management Basic Competency Test: 1; Retirement Financial Advisors (RFA): 1; Taipei City Dangerous and Aging Building Reconstruction Promoters: 1.

(III) Employee Training and Development

The Company actively encourages employees to participate in relevant seminars and training programs organized by external professional training institutions during their off-duty hours, or to participate in internally organized training activities, in order to enhance employees' professional knowledge and improve work efficiency. The Company's employee training and development activities for 2025 are described as follows:

1. In 2025, a total of 186 person-times of employees participated in various external professional training programs.
2. In addition to general and professional training courses offered by the Taiwan Academy of Banking and Finance, the Company also encourages employees to participate in training courses organized by other professional training institutions such as the Securities & Futures Institute, the Accounting Research and Development Foundation, and the Taipei Foundation of Finance.

(IV) Employee Conduct and Code of Ethics

1. The Company has expressly stipulated in the "Employee Work Rules" that employees shall comply with the following service codes of conduct:
 - (1) Employees shall be dedicated to their duties and faithfully perform their responsibilities in accordance with company regulations, instructions from superiors, and relevant laws and regulations.
 - (2) Employees shall maintain confidentiality regarding business or job-related secrets.
 - (3) Employees shall not use their authority to seek benefits for themselves or others, or cause harm to others.
 - (4) Employees shall not, by reason of their official conduct or acts in violation of their duties, accept entertainment, gifts, rebates, or any other improper benefits.
 - (5) Employees shall not engage in commercial or speculative enterprises or any other profit-making activities that may affect the performance of their duties.
 - (6) During working hours, employees shall not hold concurrent positions or jobs outside the Company without the Company's consent in a manner that affects the performance of their employment contract.
 - (7) Employees shall not lend money to one another or to employees of subsidiaries; however, this restriction shall not apply to cases reported to the department supervisor for legitimate purposes or savings-based mutual aid associations.

- (8) Employees shall not remove account books, documents, correspondence, or other materials from the Company premises or allow external parties to review them without prior approval from a supervisor.
 - (9) Employees shall not arbitrarily browse account books, documents, correspondence, or other materials unrelated to their own duties.
 - (10) Employees shall not bring firearms, ammunition, knives, dangerous items, contraband, or items unrelated to official business into any office premises of the Company.
 - (11) Employees shall wear uniforms as required by the Company, maintain neat attire and a dignified and tidy appearance, so as to present a good demeanor and conduct.
 - (12) Employees shall wear the Company-issued identification badge during working hours, and shall return the identification badge to the Company upon resignation.
 - (13) Employees shall not engage in sexual harassment.
 - (14) Employees shall not use any pretext to shirk responsibility or attempt to evade accountability in the event of urgent or major incidents.
 - (15) Employees shall not use their positions to lobby the Company or its subsidiaries or sub-subsidiaries for improper benefits for enterprises, family members, or individuals.
 - (16) Employees shall not neglect their duties, fail to fulfill their responsibilities, or violate the provisions of the Company's internal control system.
2. In order to enhance employees' ethical awareness and to clearly define employees' rights, obligations, and various behavioral standards, the Company has, in addition to the "Employee Work Rules", established a number of relevant measures and regulations, which are listed as follows:
- (1) Delegated Authority Exemption Schedule: Clearly defines the levels of responsibility and the duties of each department within the Company.
 - (2) Key Points for Employee Promotion: Establishes a fair promotion system to recruit and advance outstanding talent.
 - (3) Key Points for Employee Attendance Management: Clearly defines various regulations regarding employee attendance and absence.
 - (4) Key Points for Education and Training Implementation: Aimed at strengthening the development of professional talent and enriching employees' knowledge.
 - (5) Key Points for Sexual Harassment Prevention Measures and Complaint Handling: To uphold gender equality in the workplace and personal dignity, and to provide employees and job applicants with a work environment free from sexual harassment.
3. In order to enable employees to promptly understand the various regulations regarding employee conduct and the code of ethics, a data system compiling all important rules, regulations, and standards has been established on the Company's internal corporate website, which employees may access at any time.

(V) Work Environment and Employee Personal Safety Protection Measures

1. Occupational Safety and Health Policy: To enhance occupational safety and health awareness across the Group, the Company's President has signed and submitted the occupational safety and health policy for discussion and approval at the labor-management meeting. All companies within the Group are requested to strictly comply with the Occupational Safety and Health Act and other relevant regulations, and to adopt appropriate measures and implement them accordingly. The commitments are as follows:
- (1) Comply with occupational safety and health regulations.
 - (2) Establish a safe and healthy workplace.
 - (3) Manage occupational safety and health risks.
 - (4) Strengthen occupational safety and health education and training.
 - (5) Ensure consultation and participation with workers.
 - (6) Continuously optimize the occupational safety and health system.

2. Facility Safety:

- (1) Elevator Equipment Safety: To ensure the safety of all personnel using elevator equipment, the Company regularly commissions vendors to perform maintenance on all passenger and freight elevator equipment and conducts annual inspections.
- (2) Access Control Security: To ensure the personal safety of all employees, the Company not only engages an external security company to maintain access control security, but also implements electronic access card systems on each floor to enforce strict personnel entry and exit controls, thereby safeguarding the personal safety of employees at all levels.
3. Environmental Hygiene and Safety: To provide employees with a superior hygienic environment, the Company engages an external cleaning company to conduct scheduled environmental cleaning and tidying twice daily, and also performs environmental disinfection on a non-scheduled basis to ensure environmental hygiene and safety.
4. Fire Safety: In accordance with fire safety regulations, the Company has established a comprehensive fire protection system, including alarm systems, fire sprinkler systems, and evacuation systems, and conducts regular fire safety equipment inspections.
5. Information regarding the Company's employee working environment and personal safety protection measures is further disclosed in the Corporate Sustainable Development section on the official website at <https://www.hnfhc.com.tw/HNFHC/>
6. Verification status: The headquarters building of the Company and its banking subsidiary has obtained ISO 45001 Occupational Health and Safety Management System certification.

V. Corporate Responsibility and Ethical Conduct

In addition to actively cooperating with government financial and economic policies and operating various financial businesses, the Group provides comprehensive financial services to commercial enterprises and the general public, fulfilling its function of promoting industrial and economic development and enhancing public welfare. Guided by its core values of "HEART" (Honesty / Efficiency / Activeness / Responsibility / Teamwork), the Group is committed to improving operational performance, safeguarding customer rights and interests, and maximizing shareholder value, thereby establishing a sound, stable, and sustainably operating financial group.

VI. Number of Full-Time Employees Not in Managerial Positions, Average and Median Salaries of Full-Time Employees Not in Managerial Positions, and the Year-over-Year Differences of the Preceding Three Items.

Item	Unit	2025	2024	Annual Variance
Number of Full-Time Employees Not in Managerial Positions	Persons	10,147	10,035	1.12%
Total Salaries of Full-Time Employees Not in Managerial Positions	NT\$ thousand	15,519,624	14,479,703	7.18%
Average Salary of Full-Time Employees Not in Managerial Positions	NT\$ thousand	1,529	1,443	5.96%
Median Salary of Full-Time Employees Not in Managerial Positions	NT\$ thousand	1,322	1,246	6.10%

Note 1: The calculation basis in the above table includes HNFHC and 3 subsidiaries: HNCB, HNSC, and SCIC.

Note 2: "Full-Time Employees Not in Managerial Positions" refers to the number of employees who were employed and paid for six months or more (inclusive) during the year, excluding employees in managerial positions (executives), part-time employees, and employees of overseas branches, calculated using the annual average.

Note 3: "Total Salaries of Full-Time Employees Not in Managerial Positions" refers to employee salaries attributable to the current year, calculated on an accrual basis, including regular salaries (base salary and fixed allowances and bonuses paid monthly), overtime pay, and non-regular salaries (allowances not paid monthly, year-end bonuses, performance bonuses, employee compensation, etc.).

VII. Information Equipment

(I) Hua Nan Financial Holdings

1. Configuration and Maintenance of Major Information System Hardware and Software

The Group's major hardware equipment includes IBM mainframes, Tandem mainframes, UNIX servers, and PC servers. The operating systems in use include IBM Z/OS, IBM AIX, IBM System, Windows Server, and RHEL. Databases include IMS DB, DB2, Oracle, Informix, MongoDB, and MS-SQL. Container technology utilizes OpenShift. These are primarily applied to core business systems, e-commerce platforms, management information systems, and data warehouse systems supporting business analysis. All hardware and software systems are maintained by dedicated personnel and supported by relevant maintenance contracts signed with vendors to ensure normal system operation.

2. Future Development or Procurement Plans

With reference to technological trends and in response to emerging challenges, the Group's information strategy continues to advance in the four major directions of ABC+S. By integrating finance and technology, the Group aims to create business development niches, expand its younger customer base, and enhance the Group's overall competitive advantage.

(1) AI & Automation:

Generative AI is experiencing explosive growth in 2025. In addition to actively allocating budgets to address this trend, attention must be paid to cybersecurity risks and compliance. Organizations should actively expand applications in accordance with regulatory requirements, and continue leveraging automation tools such as RPA to streamline operational processes and improve work efficiency. Furthermore, each company may increase investment in system operations automation to reduce manpower requirements and lower the rate of human errors.

- A. Promote Group-wide Agentic AI training and AI Employee programs, integrate Group resources to support securities and non-life insurance subsidiaries, review RPA applications and data center automated operations use cases, and improve per-capita contribution efficiency.
- B. Hua Nan Commercial Bank will fully deploy AI agent employees across all head office departments, enhance Group-wide participation in AI agent application planning through hackathons, establish comprehensive governance and deployment mechanisms, focus on high-impact AI agent robots, and progressively roll them out across departments to improve overall work efficiency. Utilize Copilot for code generation, vulnerability patching, and programming language conversion to enhance developer productivity and output.
- C. Hua Nan Securities subsidiary introduces AI code generation and debugging assistance tools; the non-life insurance subsidiary introduces an AI meeting minutes system; and Hua Nan Investment Trust introduces automated monitoring tools.

(2) Big Data Platform:

Build a modern data platform and data architecture, continuously strengthen data quality and develop self-service data capabilities, to improve data utilization efficiency and the value of data applications.

- A. Assist subsidiaries in conducting data platform readiness assessments, with the aim of achieving greater consistency and integrated development across the Group's data architecture; promote BI tools through expert consultation and advisory support to maximize their effectiveness.
- B. The bank optimizes its self-service analytics environment and develops a Data-as-a-Service architecture.
- C. The securities subsidiary develops its data platform.

(3) Cloud Platform:

The Financial Supervisory Commission has significantly relaxed restrictions on cloud adoption for financial institutions. Each company should evaluate the feasibility of migrating part of its infrastructure to the cloud to extend the infrastructure framework and improve scalability, laying a solid foundation for innovative services and sustainable operations. Internal management policies should also be established within the applicable scope.

- A. Hybrid Cloud Architecture – Group-wide promotion of data center operations automation training and use case exploration.
 - The bank is building the "Hua Nan Cloud Platform" – evolving from a VMware-centric virtualization platform to a cloud-centric hybrid cloud architecture, equipped with automation, elastic scaling, and self-service resource capabilities, and integrated with public clouds (such as AWS, Azure, and GCP) to support development and testing, data analytics, and innovative applications.
- B. Public Cloud Services – Group-wide promotion of M365 application training and use case exploration.
 - The financial holding company, bank, and securities subsidiary adopt Microsoft M365 cloud services (including Teams) to build a collaborative work framework and create a digitalized office environment.
 - The securities subsidiary establishes an automated backup and restore platform and a cloud-based backup mechanism.

(4) Security – Cybersecurity Protection:

A. Cybersecurity Maturity Assessment

Group-wide promotion – Cybersecurity maturity assessments for the financial holding company and its subsidiaries. Communicate cybersecurity maturity levels and targets using common standards, and discuss necessary implementation and management items.

B. Optimize data sharing and data access security for financial holding company personal computers.

C. Address emerging technology risks in cloud and AI security by adopting a Zero Trust architecture.

D. Red Team exercises simulating hacker intrusion attacks

Hacker attacks remain the primary risk to the financial industry's network services. Companies within the Group have been conducting regular "penetration tests". To strengthen the assessment of real cyber hacker threats, information security experts simulate attacks using a hacker's mindset through "red team exercises," employing various public information, tactics, techniques, and procedures to test network defense, detection, and response capabilities.

E. Emerging technology, financial technology, and digital transformation — cultivating digitalized information security talents

With the digital financial technology transformation and the development of technologies such as financial cloud adoption, artificial intelligence, and blockchain, the demand for cybersecurity and information security technology professionals continues to grow. Subsidiaries are encouraged to have their information security personnel obtain professional cybersecurity certifications.

3. Emergency Backup and Security Protection Measures

- (1) Information systems are equipped with local and off-site backup mechanisms and recovery procedures based on the importance of business operations, with data automatically backed up and stored off-site.
- (2) Data is backed up and stored off-site on a daily basis, and backup switchover and data recovery drills are conducted regularly in accordance with the aforementioned system recovery procedures to ensure emergency response and restoration of normal operations in the event of software or hardware failures.

(II) Hua Nan Commercial Bank

1. Configuration and Maintenance of Major Information System Hardware and Software

- (1) Core Accounting System: Using IBM mainframes, primarily handling online operations for deposits, loans, remittances, imports and exports, foreign exchange, and trust funds.
- (2) E-Commerce Platform System: Using IBM Power System and Cisco servers, primarily used for personal internet banking, corporate internet banking, mobile banking, and related services.
- (3) Overseas Branch System: Using Cisco blade servers, primarily used for core accounting, anti-money laundering, and related operations at overseas branches.
- (4) Analytics Management System: Using IBM Power System, DELL, Cisco, and HP servers, primarily used for the New Basel Capital Accord calculation system, data warehouse system, Group risk value system, customer relationship management system, and other related operations.
- (5) Other Important Open Systems: Using IBM Power System, Cisco, and HP servers, primarily used for branch terminal centralized systems, SWIFT, bills settlement, delivery and custody systems, trust systems, anti-money laundering systems, risk management systems, and other related operations.

2. Future Development or Procurement Plans

- (1) In response to the increasingly diverse and real-time digital financial needs of corporate clients, a next-generation global corporate internet banking platform has been built, featuring a redesigned user interface, improved transaction processes, enhanced system architecture through modular design, and overall optimization of user experience and system stability, with the aim of improving customer satisfaction and strengthening Hua Nan Commercial Bank's digital competitiveness.

- (2) To strengthen bank-wide debt rights management (including collections, bad debts, and claim recovery) and improve the collection performance of collection personnel, the system functions have been comprehensively rewritten and data integration processing workflows optimized. The system integrates debtor credit and financial information, consolidates overdue and collection data through ID-based account aggregation, and utilizes systematic tools and online approval workflows to effectively reduce manual operations and monitor changes and resolution progress of collection cases, thereby safeguarding Hua Nan Commercial Bank's debt rights.
- (3) In response to the trends of the digital financial era, to improve the efficiency of Hua Nan Commercial Bank's centralized credit review and loan approval processes and expand business scale, a "Centralized Credit Review and Loan Approval System and Decision Platform" has been established. The system comprehensively optimizes transaction processes and system functions for credit loan approval and disbursement. Through system automation and the expansion of decision platform capabilities, it facilitates the integration of Hua Nan Commercial Bank's credit review rules and scoring models, and provides credit condition recommendations to enhance overall credit loan approval efficiency.
- (4) Extending and expanding upon the existing "Customer Management Platform" and "New Wealth Management System" architecture, a "Customer Business Opportunity Development System" has been built. Through big data analysis of customer group characteristics and product needs, it targets customer business opportunity development models and obtains a unified source of business opportunity information across the entire bank. The platform provides a one-stop workflow for customer business opportunity utilization, marketing list management, and multi-product referrals. Combined with quarterly themed marketing campaigns and marketing lists to assist business units in expanding business opportunities, it aims to improve customer group management efficiency and ultimately achieve Hua Nan Commercial Bank's overall profitability goals.
- (5) To continuously enhance customer service experience and expand the application of Hua Nan Commercial Bank's generative artificial intelligence technology in customer service scenarios, the real-time response capability of robotic customer service has been strengthened, and the integrated use of AI technology has been continuously improved. An intelligent voice outbound system with voice response, multi-turn Q&A, and process guidance functions has been introduced, expanding by 20 lines of intelligent voice inbound capacity and adding automatic speech recognition functionality, transforming service into high-quality, self-service, digitalized, and rapid-response new-generation services to enhance customer satisfaction and customer service effectiveness.
- (6) In response to the widespread prevalence of digitalization and mobile devices, and to provide more real-time digital financial services, remote services have been enhanced through real-time video technology. Four new business application scenarios have been added, including "Reset Internet Banking Username and Password," "Digital Account Upgrade," "Enable Online Designated Account," and "Increase Digital Deposit Transfer Limit," to progressively improve Hua Nan Commercial Bank's digital identity verification mechanism, expand the breadth of Hua Nan Commercial Bank's digital services, and enhance customer service experience and digital service competitiveness.
- (7) To strengthen corporate client intelligence gathering and optimize business opportunity development models, a "Corporate Client Intelligence Smart Management Platform" has been established, integrating Customer 360, account planning management, and sales management. Through precise business opportunity lists, combined with marketing activities, interviews, and product talking points, successful business opportunity development models are replicated and new small and medium enterprise clients are acquired, with the aim of enhancing lending momentum and the overall management and operational synergy of corporate clients.
- (8) The ATM connection to the data center accounting mainframe has been upgraded from an SNA connection architecture to a TCP/IP connection architecture, and ATM transaction applications and financial message routing systems currently operating on the core system are being progressively migrated to an IP-based ATM transaction system network platform, in order to improve system stability, enhance service quality, and significantly reduce accounting mainframe resource consumption.
- (9) We continue to introduce Software as a Service (SaaS) to enhance employee productivity and accelerate business development. Through the adoption of "IT-assisted development tools" (such as GitHub Copilot and IntelliJ IDEA), we improve development team efficiency and reduce error rates, thereby strengthening development capacity and enhancing overall R&D performance.

- (10) We continue to expand the "Application System Performance Analysis Platform" to monitor the performance of critical systems. Through customized monitoring dashboards and comprehensive collection of transaction program activity information, we provide mechanisms for rapid system performance analysis and issue identification. When system anomalies occur, the platform proactively sends EMAIL and SMS alert notifications to maintenance personnel for troubleshooting, enabling real-time proactive detection of system issues and improving the efficiency of system problem resolution.
- (11) Expanding Information System Performance
- A. In response to new business system requirements, we continue to build a robust information infrastructure by planning to procure additional and replace virtual servers and storage equipment, increasing the computing capacity and storage space required for various projects and business growth.
 - B. In response to annual new project and existing system backup requirements, we continue to procure additional backup software licenses and tamper-proof storage equipment to facilitate data retention.
 - C. We expand the deployment of digital offices to improve operational efficiency across all units.
 - D. We plan a cloud-based testing environment system and establish a hybrid cloud platform integrating cloud and on-premises resources, achieving centralized resource management and flexible load distribution to enhance business continuity and operational flexibility.
- (12) Strengthening Information Security Protection Capabilities
- A. We conduct red team exercises in which external information security experts adopt a hacker mindset to identify potential threats and vulnerabilities in Hua Nan Commercial Bank's customer-facing systems, testing the effectiveness of defensive measures as well as detection and response capabilities. Through these exercises, we gain practical experience, enhance the technical skills and incident response capabilities of blue team personnel, and shorten the response and handling time for actual attack incidents.
 - B. We conduct evaluations and replace Class 1 core business system information security equipment—such as firewalls and intrusion prevention systems—to ensure stable system operation and prevent information security risks arising from security equipment failures.
 - C. We deploy a Breach and Attack Simulation (BAS) system to validate the effectiveness of information security monitoring and defense deployments through simulated attacks, thereby reducing the risk of zero-day attacks.
 - D. We implement a network micro-segmentation mechanism that isolates individual hosts or systems as independent network segments, blocking lateral movement and reducing the attack surface. Traffic is also visualized to facilitate monitoring of communication status between hosts, significantly reducing detection and investigation time.
- (13) Strengthening Information Security
- A. We strengthen regulatory compliance and obtain international information security certification to meet legal requirements such as those related to information security. In August 2012, we passed the ISO 27001 international information security standard certification; in June 2024, we passed the ISO 27001:2022 version transition certification; and in December 2025, we completed the surveillance audit, concretely demonstrating our responsibility for the information security management of customer assets.
 - B. We conduct annual computer system information security assessments, commissioning external professional organizations to perform information security testing to identify potential information security threats and vulnerabilities. The testing items include information architecture review, network activity review, inspection of network equipment, servers, and terminals, website security testing, security configuration review, compliance review, penetration testing, and social engineering exercises, helping to review Hua Nan Commercial Bank's network security protection capabilities and latent issues. The assessment results provide Hua Nan Commercial Bank with a basis for implementing technical and managerial control measures to improve and strengthen the network and information system security protection capabilities of Hua Nan Commercial Bank.
 - C. We conduct annual SWIFT Customer Security Programme (CSP) assessments covering areas including restricting internet access, protecting critical systems, reducing attacks and vulnerabilities, physical security, preventing credential compromise, managing authentication information and segregation of duties, detecting abnormal system behavior or transactions, and incident response and information sharing plans, thereby strengthening the security of SWIFT system transaction operations at Hua Nan Commercial Bank.

3. Emergency Backup and Security Protection Measures

- (1) Hua Nan Commercial Bank's information systems are equipped with local and off-site backup mechanisms and recovery procedures based on the importance of business operations.
- (2) Data is backed up and stored off-site on a daily basis, and backup switchover and data recovery drills are conducted regularly in accordance with the aforementioned system recovery procedures to ensure emergency response and restoration of normal operations in the event of software or hardware failures.
- (3) Network leased lines and equipment are configured with local and off-site backup equipment and backup leased lines according to business categories, with regular drills conducted.
- (4) In response to requirements from The Bankers Association of the Republic of China, we have established a monitoring and incident response mechanism for DDoS attacks and conduct annual DDoS (Distributed Denial of Service) attack protection drills. Through live external attack exercises, we drill Hua Nan Commercial Bank's DDoS attack monitoring mechanisms, personnel response, and reporting procedures. After the drills, we reassess Hua Nan Commercial Bank's protective capabilities against DDoS attacks to strengthen information security at Hua Nan Commercial Bank.
- (5) Information operations network security protection employs a multi-layer isolation architecture to separate external customer services from internal operations, adopting an Active-Active Data Center architecture (AADC) to strengthen the reliability of Hua Nan Commercial Bank's online banking and business systems, ensuring the security of connection communications and online transactions.
- (6) To strengthen Hua Nan Commercial Bank's cyber attack defense capabilities, new information security protection equipment using signature-less technology is employed to detect and block malicious software or hacking activities that may lurk in the network and cannot be detected by conventional antivirus software, thereby preventing threats from new types of cyber attacks.
- (7) Continuously strengthening the SIEM security information and event management platform for real-time monitoring of network communication status, analyzing activity logs from information security devices, servers, and network equipment to identify potential suspicious network behaviors, automatically generating alerts and pushing notifications to monitoring personnel, and handling incidents in real time through the Security Orchestration, Automation and Response (SOAR) system to prevent information security incidents from occurring.
- (8) Actively participating in F-ISAC intelligence sharing and joint defense, establishing automated mechanisms to share external attack threat information targeting Hua Nan Commercial Bank, and implementing countermeasures against external threat intelligence to enhance information security protection capabilities.

(III) Hua Nan Securities

1. Configuration and Maintenance of Major Information System Hardware and Software

- (1) Regarding the hardware of major information systems, the core system's production servers are located at Chunghwa Telecom's Banqiao IDC data center, while the disaster recovery trading system is located at Chunghwa Telecom's Xinyi IDC data center. The securities trading production system uses HPE NonStop NS7 series servers, and the disaster recovery trading system uses HPE NonStop NS2400 series servers. The overseas sub-brokerage trading production system uses IBM AS400 9009-41G, and the disaster recovery trading system uses IBM AS400 9009-41G series servers.
- (2) The major software for securities trading is developed in-house by the company and partially co-developed with qualified software vendors that have passed review, while hardware maintenance is performed by the original manufacturers on a regular basis. The overseas sub-brokerage system is developed by qualified software vendors, while hardware maintenance is performed by the original manufacturers on a regular basis.
- (3) The high-frequency trading system is installed in the co-location data center at the exchange, with software developed in-house by the company and partially co-developed with qualified software vendors that have passed review.

2. Future Development or Procurement Plans

- (1) Hua Nan e-Indicator has added wealth management services, designing differentiated products through customized interface design to establish market differentiation. Planning to introduce a lightning price-trigger order function to optimize trade execution speed and provide a high-efficiency order placement tool. Additionally, a backup solution has been established to ensure service stability and risk control during system changes.

- (2) A data middle platform has been built to integrate customer transaction and account data related to securities, futures, sub-brokerage, and wealth management, enabling a comprehensive understanding of customers' overall account profiles and trading behaviors through consolidated information. Furthermore, by leveraging AI applications combined with post-market information from listed companies, personalized investment reports for clients are provided as internal references for brokers, saving brokers the time previously spent compiling individual stock information and improving the quality of customer service.
 - (3) Robotic Process Automation (RPA) has been introduced to improve internal operational process efficiency, enhancing staff administrative quality and productivity.
 - (4) Continuously introducing information security enhancement tools to elevate the level of cybersecurity defense and provide investors with a secure trading environment.
3. Emergency Backup and Security Protection Measures
- (1) The headquarters data center stores critical equipment in premises equipped with fire protection facilities, access control, temperature and humidity controls, power generation equipment, and dedicated management personnel to prevent damage.
 - (2) The core trading system adopts a primary-backup architecture. The securities trading production system is deployed on a NonStop NS7 server at Chunghwa Telecom's Banqiao data center, while the backup trading system is deployed on a NonStop NS2400 server at Chunghwa Telecom's Xinyi IDC data center, with regular disaster recovery drills conducted periodically.
 - (3) IP control equipment has been installed to strengthen network security protection. Regular vulnerability scans are conducted, data flows are clearly segregated, and the network possesses stability and fault tolerance, improving overall network operational efficiency.
 - (4) Professional information security vendors have been engaged to provide regular services, including: enterprise penetration testing, periodic App security assessments, website vulnerability scanning, information security risk rating services, external impersonation detection and takedown services, and red team exercises. The company has also joined the Financial Information Sharing and Analysis Center (F-ISAC) to stay abreast of the latest trends.

(IV) South China Insurance Company

1. Configuration and Maintenance of Major Information System Hardware and Software

(1) Hardware

Equipment Purpose	Production Server	On-site Backup Server	Off-site Backup Server
Brand	IBM	IBM	IBM
Model	Power System	Power System	Power System
Operating System	AIX	AIX	AIX
CPU Specifications	16core	16core	16core
Memory	192GB	192GB	192GB
Database	informix	informix	informix
Storage Devices	IBM FlashSystem	IBM FlashSystem	IBM FlashSystem

(2) Software

- A. Operational Systems: auto insurance system, fire insurance system, marine insurance system, casualty insurance system, health and accident insurance system, financial system, business e-commerce system, fund management system, accounting system, decision support system, reserve system, budget and expense system, general affairs management system, IFRS17 data platform, actuarial system, and sub-account system.
- B. E-Commerce Systems: eCover website, auto insurance B2B system, travel comprehensive insurance B2B system, travel liability insurance B2B system, and intelligent customer service system.
- C. Office Automation Systems: employee portal, email system, knowledge management system, E-learning system, RPA process robot, and claims digitalization system.

D. Information Security Systems: privileged account management system, endpoint personal data leakage prevention system, superuser privilege revocation software, log collection system, source code scanning software, server virtual patching system, mobile device protection system, database auditing system, file server tracking system, server folder permission auditing system, domain name system, remote encrypted connection device, internet behavior management device, internal/external and off-site firewall devices, email auditing and filtering system, antivirus software, web anti-tampering system, remote connection recording system, secure file transfer management system, asset management software, web application firewall, network packet monitoring platform, vulnerability management platform, API application management platform, configuration baseline (FCB) compliance control system, endpoint detection and response (EDR) system, and zero trust architecture network management platform.

E. Legal Compliance: anti-money laundering system.

2. Future Development or Procurement Plans

- (1) Optimize the functionality and operational processes of the non-life insurance system.
- (2) Optimize the eCover website to create a more user-friendly online insurance environment and enhance customer experience.
- (3) Continuously optimize the RPA process robot to simplify operational workflows and reduce labor costs.
- (4) Expand channel insurance integration systems to increase premium income.
- (5) Upgrade software, hardware, and network-related infrastructure to improve system operational efficiency and strengthen information security.
- (6) Improve the software and hardware facilities of the off-site backup data center to ensure the stable operation of the backup mechanism.
- (7) Strengthen the functionality of the Security Operation Center (SOC).
- (8) Strengthen information security of core systems and enhance the level of operations and maintenance services.
- (9) Continuously implement the phased introduction of zero trust architecture network system functionalities to enhance the security of system and data access control.
- (10) Continuously conduct information security red team exercises to simulate hacker intrusion and attack behaviors, in order to evaluate network defense, detection, and response capabilities.
- (11) Expand the scope of endpoint detection and response (EDR) system deployment to enhance early detection of information security incidents and proactively identify suspected malicious behaviors.
- (12) Conduct information security governance maturity assessments to serve as a basis for subsequent information security enhancement strategies.
- (13) Introduce a Content Delivery Network (CDN) mechanism to optimize the information security protection and response capabilities of key external-facing websites.

3. Emergency Backup and Security Protection Measures

- (1) Offsite disaster recovery mechanism: An offsite disaster recovery center has been established at Chunghwa Telecom's Taoyuan Fuguo data center. The important systems currently incorporated into the backup include the auto insurance, fire insurance, water insurance, accident insurance, and health and injury insurance systems, the eCover website, and the financial system, among others. To ensure the effectiveness of the backup mechanism, offsite disaster recovery drills are conducted regularly each year.
- (2) Risk mitigation for accidental damage to electronic equipment: To address the damage or loss caused by sudden and unforeseeable accidents to computers or electronic data processing equipment, comprehensive electronic equipment insurance has been taken out, with the coverage scope encompassing the head office data center equipment, computer equipment, other equipment, the service centers under the head office, the various branch offices, and the offsite disaster recovery center, among others.

(V) Hua Nan Investment Trust

1. Configuration and Maintenance of Major Information System Hardware and Software
 - (1) Core hardware equipment adopts HP professional-grade servers paired with HP storage array systems to ensure high performance and high reliability.
 - (2) VMware virtualization server platform is adopted, with necessary performance monitoring implemented to ensure the consolidation ratio remains within the optimal range and sufficient resource redundancy is maintained to accommodate business growth and expansion.
 - (3) The OS for each system primarily uses Windows Server operating system, with MS SQL Server as the database, covering the fund core business system, official website, and electronic trading platform.
 - (4) Hua Nan Investment Trust completed the migration to a new core business system in 2025, including a new official website, front-end investment and risk control system, trading room electronic order system, and back-end new financial accounting system, to support the development of diversified fund products and optimize operational processes.
2. Future Development or Procurement Plans
 - (1) In alignment with business development, expand and upgrade information system functions.
 - (2) Upgrade NetCenter network equipment and system status monitoring tools.
 - (3) Continue to maintain ISO 27001 certification and implement information security policies and regulations.
 - (4) In line with information security enhancement, replace relevant hardware and software equipment and implement information internal control operations.
3. Emergency Backup and Security Protection Measures
 - (1) Hua Nan Investment Trust's server rooms are hosted at Chunghwa Telecom (Taipei) professional IDC data center and Acer (Longtan) off-site backup center. Both backup restoration drills and off-site failover drills can be completed within 2 hours to restore minimum operational requirements, ensuring uninterrupted business services.
 - (2) Email services use Chunghwa Telecom's HiBox service, providing email auditing and spam blocking. In 2025, endpoint DLP was introduced to strengthen protection against sensitive data leakage.
 - (3) In 2025, Chunghwa Telecom's Web Application Firewall (WAF) and DDoS protection services were introduced to defend against web-based vulnerability attacks, zero-day attacks, and distributed denial-of-service attacks. Combined with the existing Chunghwa Telecom SOC security monitoring center, this strengthens the security and stability of the company's external-facing websites. Regular system updates, vulnerability and penetration scanning, and information security education and training are also conducted.

(VI) Hua Nan Venture Capital

1. Configuration and Maintenance of Major Information System Hardware and Software
 - (1) Hardware
Fortinet 80F firewall, Allied Telesis Ethernet switch, Allied Telesis wireless access point.
 - (2) Software
Operating System: Windows 11 Professional Edition, 64-bit operating system; Firewall: Fortinet 80F
Antivirus Tool: SentinelOne; Application System: Tianshin Accounting System
Application Software: OFFICE 2019, Adobe Acrobat X Pro
2. Future Development or Procurement Plans
The current hardware infrastructure largely meets the operational needs of Hua Nan Venture Capital. However, as business performance grows in the future, application software will also need to be progressively updated and upgraded. Procurement of relevant software upgrade service projects will be evaluated based on actual needs.
3. Emergency Backup and Security Protection Measures
 - (1) Due to the small size of Hua Nan Venture Capital's organization, the current data backup storage requirement is not large. In addition to weekly scheduled system backups, IT personnel also burn data backups to optical discs or portable hard drives on a monthly basis and store them off-site as backup.

- (2) Network connections are segregated using firewalls, and regular security scans are conducted to achieve security management principles.
- (3) Important equipment is placed in premises equipped with access control and management personnel to prevent damage.

(VII) Hua Nan Assets Management

1. Configuration and Maintenance of Major Information System Hardware and Software
 - (1) Hardware: System servers are primarily HP DL380 G10 series and DELL R660 series, INTEL i7 desktop PCs, Cisco and HP series network equipment (routers and switches), Palo Alto next-generation firewalls, HP Arcsight Logserver log trail storage equipment, and FortiGate 201E network load balancing equipment.
 - (2) Software:
 - A. Operating Systems: MS Windows 10, MS Windows 11, MS Windows 2016, MS Windows 2019, MS Windows 2022.
 - B. Word Processing: MS Office 2016, MS Office 2019.
 - C. Email System: Chunghwa Telecom hibox mailbox service and Kryptos email encryption system.
 - D. Database: MS SQL 2017, MS SQL 2019
 - E. Antivirus Tools: Trend Micro antivirus software (Apex One), Kaspersky (Endpoint Security)
 - F. Vulnerability Scanning Software: Nessus
 - G. Endpoint Monitoring Software: IP-GUARD
 - H. Primary Operating Systems: Zheng Hang accounting system, Digital Peak collection system, email encryption system, web server, human resources system, biometric identification system, etc. All hardware and software systems are maintained by dedicated personnel, with relevant maintenance contracts and insurance signed with vendors and insurance companies to ensure normal system operation.
2. Future Development or Procurement Plans
 - (1) To enhance data file security and availability, cloud backup services are planned for procurement in 2026.
 - (2) Considering the service life of Hua Nan Assets Management desktop personal computers, desktop personal computers will also be gradually replaced and upgraded in 2026.
3. Emergency Backup and Security Protection Measures
 - (1) Regularly update system patches and antivirus program virus definitions to ensure normal system operation.
 - (2) Deploy next-generation firewalls to effectively block external network attacks and regularly perform vulnerability detection on all company information equipment to strengthen corporate network security.
 - (3) Increase the frequency of social engineering drills to enhance employees' vigilance regarding emails, preventing network security breaches and personal information leakage incidents caused by browsing malicious emails.
 - (4) Regularly conduct penetration testing on the official website to enhance website security and reduce the risk of hacker attacks.
 - (5) Regularly back up system data and establish an offsite backup mechanism, and periodically conduct data restoration simulation drills to ensure the availability of backup data.
 - (6) IP-GUARD information security centralized control manages the read/write access of removable storage devices, the use of external communication software, and network transmission to prevent confidential data leakage.
 - (7) To effectively preserve data trails, Arcsight Logserver is used to store necessary usage records, trail data, and evidence.
 - (8) To fulfill personal data protection management responsibilities and strengthen corporate information security, maintain BS10012 Personal Information Management System and ISO27001 Information Security Management System certifications, and verify the effective operation of the systems through periodic reviews.
 - (9) Outsourced SOC cybersecurity monitoring services leverage the defense lists and early warning notifications accumulated through security monitoring services to gain real-time awareness of cybersecurity incidents, enable early defensive deployment, and reduce the threat of internal attacks.

VIII. Information Security Management

(I) Cybersecurity Management Framework

1. To implement the Information Security Management System, the Chief Information Security Officer of the Company is concurrently held by the Director of the Information Technology Department. A Group Information Security Promotion Task Force has been established, convening two Information Security Promotion Task Force meetings per year. Under this task force, there are the Information Security Execution Subgroup, Emergency Response Subgroup, and Information Security Audit Subgroup. The main responsibilities of the Information Security Promotion Task Force include:
 - (1) Deliberating and reviewing information security management system policies and related regulations, including control measures, handling procedures, risk assessment and risk response strategies, responsibilities of relevant departments, and defining the scope of the Information Security Management System.
 - (2) Deliberating on information security education and training plans, and promoting relevant regulations and management concepts of the Information Security Management System.
 - (3) Reviewing the self-audit results of the Information Security Management System and tracking the progress of corrective measures.
 - (4) Evaluating potential information security risks associated with the introduction of new technologies, and implementing information security management accordingly.
 - (5) Reviewing information security incidents and their handling status.
2. Since 2012, the Company has established the Group Information Strategy Committee, which convenes at least twice a year to review the progress of each subsidiary's execution plans related to the Group's information strategy, report on the key performance indicators of relevant execution plans for the current year, and deliberate on the Group's information strategy for the following year, including medium- and long-term information strategy directions and related execution plans for the next year. These are then incorporated into the Group's business strategy and reported to the Board of Directors.

(II) Cybersecurity Policies and Concrete Management Plans

1. Taking into account the business needs of the Group, the Company has formulated the "Hua Nan Financial Holdings Information Security Policy" to ensure the confidentiality, integrity, availability, and legal compliance of the Group's information assets, and to prevent intentional or accidental internal and external information security threats.
2. The Company and its subsidiaries, in accordance with the ISO 27001 Information Security Management System, have established guidelines covering information security organization implementation, management system implementation, document and record management, information asset management and risk assessment, information asset protection, information operations personnel security management, information operations business continuity management, information security indicator management, physical security management, and communication security management. Detailed operational guidelines have also been established for server management, internet usage, information equipment account and access rights management, personal computer and portable device management, software usage management, information operations business continuity and drills, network firewall management, server scanning, and email management, serving as the basis for conducting related information security management work.

(III) Resources Dedicated to Cybersecurity Management

1. The Group's companies have adopted the ISO 27001 Information Security Management System and the BS 10012 Personal Data Protection standard to strengthen the Group's mechanisms for information security protection and personal data protection. The Company's ISO 27001 certificate is valid from July 23, 2024 to July 22, 2027.
2. On-site and off-site backup systems have been established, along with off-site storage backups of critical data from various systems, to ensure data security and maintain highly efficient information service operations.
3. Firewalls, intrusion detection systems, and other measures have been deployed at network ports to strengthen the barrier between the internet and the Company's internal network, and to enhance the segmentation and control of internal network segments across the companies.
4. A real-time updating and centralized detection virus detection and prevention system has been established to provide defense capabilities against ransomware, malware, and other threats.

5. Detection systems for various systems and networks have been established to promptly detect network attack activities and safeguard the security of online transactions.
6. Equipment with non-repudiation and evidentiary capabilities for retaining audit trails has been established — specifically, a Log Server for collecting and managing server logs — to comprehensively collect and preserve operating system logs, ensuring the integrity and non-repudiation of collected logs and preventing concerns about malicious destruction or tampering with audit trails.
7. To implement information security and respond to the enforcement of the Personal Data Protection Act, the Company's portable storage device (USB) data access and employee email communications have been monitored and controlled through a Data Loss Prevention (DLP) system and a computer endpoint asset management system. Suspicious activities are detected in real time and relevant audit trails are retained to prevent the risk of sensitive data leakage and to protect customer rights and interests.
8. As countermeasures against DDoS attacks, each company has signed DDoS protection contracts with ISP providers and schedules annual DDoS protection drills.
9. All Group companies have fully joined the Financial Information Sharing and Analysis Center (F-ISAC) established by the Financial Supervisory Commission, making full use of the platform's functions such as cybersecurity intelligence analysis and cybersecurity information exchange, to achieve the effects of cybersecurity early warning and joint defense.

(IV) As of 2025 and up to the date of publication of this annual report, no material cybersecurity incidents have occurred across the Group's companies that have had a material adverse impact or caused losses to the Company's operations.

IX. Labor-Management Relations

(I) Employee Benefits

1. Labor insurance and national health insurance are handled in accordance with applicable regulations.
2. An Employee Welfare Committee has been established to provide employees with various subsidies, allowances, and activities (seasonal holidays, weddings, funerals, and births, education subsidies, club activities, etc.).
3. Health examinations and group insurance are provided for employees.
4. Comprehensive talent development programs, on-the-job training, and continuing education expense subsidies are provided.
5. A generous annual leave system is in place (employees are exempt from salary deductions for up to 14 days of personal leave and 30 days of sick leave; additionally, maternity leave of 58 days, prenatal checkup leave of 8 days, and paternity/prenatal accompaniment leave of 8 days are provided, all exceeding statutory requirements).
6. In line with the government's population policy encouraging marriage and childbirth at an appropriate age, the Company provides enhanced marriage and childbirth allowances for employees. The Company and Hua Nan Commercial Bank offer a marriage allowance of NT\$30,000, a childbirth allowance of NT\$100,000 for the first child, NT\$150,000 for the second child, and NT\$200,000 for each subsequent child from the third onward.
7. To promote employees' physical and mental well-being and foster a sense of unity, mountain hiking activities and group badminton and table tennis competitions are organized.
8. Starting from 2024, an employee stock ownership trust has been implemented to strengthen employee cohesion, retain talent, and create a synergistic effect in building a retirement foundation for employees.

(II) Retirement System and Implementation

The Company has established a comprehensive retirement system in accordance with applicable laws and regulations, including the Labor Standards Act and the Labor Pension Act. In accordance with the Labor Standards Act, a Labor Retirement Reserve Supervisory Committee has been established, and monthly contributions to the labor pension reserve under the old pension system are made to a dedicated labor pension account at Taiwan Bank; for employees subject to the new labor pension system, monthly contributions of 6% of monthly salary are made to individual retirement accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act. For employees who wish to make voluntary pension contributions, the voluntary contribution rate is deducted from their monthly salary on their behalf and remitted to their individual retirement accounts at the Bureau of Labor Insurance.

(III) Labor-Management Agreements and Measures for Safeguarding Employee Rights and Interests

1. In order to clearly define the rights and obligations of both labor and management, the Company and its subsidiaries have each established work rules in accordance with the Labor Standards Act and other relevant regulations, taking into account the characteristics of their respective industries.
2. To coordinate labor-management relations and promote labor-management cooperation, the Company and its subsidiaries have all established labor-management meetings.

3. Signing of Collective Agreement:

To protect labor rights and coordinate labor-management cooperation, employees of Hua Nan Bank initiated the establishment of the Hua Nan Financial Holdings and Subsidiaries Enterprise Union, with employees freely deciding whether to join the union. Hua Nan Commercial Bank also signs a Collective Agreement with the enterprise union based on the labor conditions agreed upon by both parties, and holds meetings every three years to review and revise the contract content to ensure labor conditions and improve labor-management relations.

- (1) The subsidiary Hua Nan Commercial Bank and its enterprise union signed their first collective agreement in March 2006, with the first renewal in December 2009 and the second renewal in August 2016. After the collective agreement expired, from 2019 to 2021, one formal negotiation meeting and several communication and discussion meetings were held. Communication and discussion meetings were subsequently suspended due to the impact of the COVID-19 pandemic. Starting from 2022, negotiations resumed on unresolved matters, and after two formal negotiation meetings and several communication and discussion meetings, a formal labor-management negotiation meeting was held on February 8, 2023. Both labor and management reached a consensus after thorough discussion on the amendments to the collective agreement, and the signing ceremony was completed on July 6, 2023. The collective agreement is valid for a period of 3 years from the date of signing to July 5, 2026.
- (2) The provisions in the collective agreement that are more favorable than labor laws and regulations include: "14 days of paid personal leave within one year, 7 days of family care leave (included in personal leave calculation), 30 days of ordinary sick leave, and 3 days of menstrual leave; employees with mild illness who apply for extended sick leave not exceeding 3 months shall receive 30% of their salary; employees with serious illness who apply for extended sick leave shall be granted paid extended sick leave at the Company's discretion based on the nature of the illness, years of service, and performance record"; "marriage leave exceeding statutory requirements (14 days) and bereavement leave exceeding statutory requirements (e.g., 21 days for the death of a parent or spouse)"; "voluntary retirement eligibility after 20 years of service, exceeding the statutory requirement"; and "in the event of an employee's death in service or accidental death, in addition to a condolence payment equivalent to retirement benefits, an additional 5 months of average wages shall be paid as funeral expenses," among other provisions. A profit-sharing clause is also included, stipulating that if the Company achieves a profit in a given year, an amount of no less than 1% of the profit before and before deducting employee compensation shall in principle be allocated as employee compensation, except when the Company has accumulated deficits or when adjustments are made in accordance with amendments to laws and regulations or company rules.
- (3) 84.91% of all employees of Hua Nan Commercial Bank have joined the enterprise union. In addition to employees who are eligible for enterprise union membership being subject to the collective agreement, other employees are also subject to it by analogy.

(IV) A total of 5 labor-management disputes occurred in the most recent fiscal year and up to the date of publication of the annual report.

1. Hua Nan Commercial Bank:

Status of Labor-Management Disputes	Amount of Losses Incurred / Estimated Future Payment Amount	Response measures
Cases Seeking Confirmation of Employment Relationship	Total claimed amount of NT\$3,400,000.	Handled in accordance with court judgment or negotiation results
Cases Seeking Confirmation of Employment Relationship	The total amount claimed is NT\$ 3,300,000.	Handled in accordance with court judgment or negotiation results
Cases Seeking Confirmation of Employment Relationship	The total amount claimed is NT\$ 2,702,640.	Handled in accordance with court judgment or negotiation results

2. Hua Nan Securities:

Status of Labor-Management Disputes	Amount of losses incurred / Estimated amount of future possible payments (excluding interest)	Countermeasures
Cases Seeking Confirmation of Employment Relationship	The total amount claimed is NT\$ 2,699,027	The court ruled in favor of Hua Nan Securities at the first, second, and third instance, dismissing the plaintiff's claims.
Case involving claims for compensation of the right to work	The total amount claimed is NT\$ 3,481,275	Court mediation was unsuccessful.

X. Material Contracts

The following lists the parties, main content, restrictive clauses, and contract start and end dates of important contracts that are currently still valid and in effect, as well as those that expired within the most recent fiscal year, which may materially affect shareholders' equity.

South China Insurance

Nature of the Contracts	Parties	Duration of the Contracts	Major Content	Restrictive Clauses
Reinsurance Contract	(Central Reinsurance Corporation)	2025.01.01~2025.12.31	Assuming South China Insurance Company's proportional reinsurance contract for fire insurance and fire insurance riders, proportional reinsurance contract for cargo marine insurance, proportional reinsurance contract for hull insurance, proportional reinsurance contract for auto insurance, facultative reinsurance contract for auto insurance (high-value vehicles and other excess liability), proportional reinsurance contract for engineering insurance, ordinary excess of loss reinsurance contract for fire and engineering insurance, catastrophe excess of loss reinsurance contract for fire and engineering insurance, excess of loss reinsurance contract for casualty insurance, and catastrophe excess of loss reinsurance contract for accident insurance excess reinsurance contract.	None
Reinsurance Contract	(Everest Reinsurance Company Singapore Branch)	2025.01.01~2025.12.31	Assuming South China Insurance Company's proportional reinsurance contract for fire insurance and fire insurance riders, ordinary excess of loss reinsurance contract for fire and engineering insurance, catastrophe excess of loss reinsurance contract for fire and engineering insurance, excess of loss reinsurance contract for casualty insurance.	None
Reinsurance Contract	(Arundo Re Paris)	2025.01.01~2025.12.31	The Company assumes the following reinsurance contracts from South China Insurance Company: proportional reinsurance contract for fire insurance and fire insurance endorsements; proportional reinsurance contract for cargo marine insurance; proportional reinsurance contract for hull insurance; ordinary excess of loss reinsurance contract for fire and engineering insurance; catastrophe excess of loss reinsurance contract for fire and engineering insurance; and excess of loss reinsurance contract for accident insurance.	None
Reinsurance Contract	(Korean Reinsurance Company)	2025.01.01~2025.12.31	Assuming the following reinsurance contracts from South China Insurance Company: proportional reinsurance contract for fire insurance and fire insurance endorsements; ordinary excess of loss reinsurance contract for fire and engineering insurance; catastrophe excess of loss reinsurance contract for fire and engineering insurance; and excess of loss reinsurance contract for accident insurance.	None
Reinsurance Contract	(Munich Reinsurance Company Hong Kong Branch)	2025.01.01~2025.12.31	Assuming South China Insurance Company's proportional reinsurance contract for auto insurance and proportional reinsurance contract for engineering insurance.	None
Reinsurance Contract	(Odyssey Reinsurance Company Singapore Branch)	2025.01.01~2025.12.31	Assuming South China Insurance Company's proportional reinsurance contract for fire insurance and fire insurance riders.	None
Reinsurance Contract	(Swiss Re Asia Pte Ltd Hong Kong Branch)	2025.01.01~2025.12.31	Assuming South China Insurance Company's proportional reinsurance contract for engineering insurance and catastrophe excess of loss reinsurance contract for fire and engineering insurance.	None
Reinsurance Contract	(Taiping Reinsurance Company Limited)	2025.01.01~2025.12.31	Assuming South China Insurance Company's fire insurance and fire insurance rider proportional reinsurance contract, cargo marine insurance proportional reinsurance contract, hull proportional reinsurance contract, engineering insurance proportional reinsurance contract, fire and engineering insurance general excess of loss reinsurance contract, fire and engineering insurance catastrophe excess of loss reinsurance contract.	None
Reinsurance Contract	(The Toa Reinsurance Company, Limited Hong Kong Branch)	2025.01.01~2025.12.31	Assuming South China Insurance Company's fire insurance and fire insurance rider proportional reinsurance contract, cargo marine insurance proportional reinsurance contract, hull proportional reinsurance contract, auto insurance proportional reinsurance contract, facultative auto insurance reinsurance contract (high-value vehicles and other excess liability), fire and engineering insurance catastrophe excess of loss reinsurance contract.	None

Note: All major contracts listed above are reinsurance contracts, and their purpose is to protect South China Insurance Company's annual underwriting liabilities.

Responsibility

**Continuous improvement and pursuit
of excellence Take responsibility in
the face of challenges**



V. Review and Analysis of Financial Condition and Financial Performance, and Risk Management Matters

I. Financial Condition

Unit: NT\$ thousand

Item	Year	2025	2024	Difference	
				Amount	Ratio
Cash and Cash Equivalents		41,545,842	75,858,073	(34,312,231)	-45%
Due from Central Bank and Interbank Placements		263,088,193	242,231,622	20,856,571	9%
Financial Assets at Fair Value through Profit or Loss		203,228,059	160,653,672	42,574,387	27%
Financial Assets at Fair Value through Other Comprehensive Income		409,995,430	374,241,188	35,754,242	10%
Debt Instrument Investments Measured at Amortized Cost - Net		819,228,514	835,917,351	(16,688,837)	-2%
Bills and Bonds Purchased under Resell Agreements		1,449,086	2,219,241	(770,155)	-35%
Receivables - Net		95,583,616	84,024,820	11,558,796	14%
Current Income Tax Assets		218,046	334,871	(116,825)	-35%
Discounts and Loans - Net		2,405,636,369	2,391,862,041	13,774,328	1%
Reinsurance Contract Assets - Net		6,175,017	5,887,139	287,878	5%
Investments Accounted for Using Equity Method - Net		276,675	276,595	80	0%
Other Financial Assets - Net		18,413,013	14,240,547	4,172,466	29%
Investment Properties - Net		13,889,856	13,347,574	542,282	4%
Property and Equipment - Net		33,664,412	33,690,460	(26,048)	0%
Right-of-Use Assets - Net		2,308,677	2,185,115	123,562	6%
Intangible Assets - Net		1,027,777	960,683	67,094	7%
Deferred Income Tax Assets		3,871,413	3,837,916	33,497	1%
Other Assets - Net		4,486,464	4,492,988	(6,524)	0%
Total Assets		4,324,086,459	4,246,261,896	77,824,563	2%
Deposits from Central Bank and Interbank		260,567,938	271,436,406	(10,868,468)	-4%
Financial Liabilities Measured at Fair Value through Profit or Loss		5,930,487	5,183,051	747,436	14%
Bills and Bonds Sold under Repurchase Agreements		87,654,599	50,983,741	36,670,858	72%
Commercial Paper Payable - Net		54,755,562	50,860,924	3,894,638	8%
Accounts Payable		54,764,344	46,256,761	8,507,583	18%
Current Income Tax Liabilities		2,661,998	3,085,600	(423,602)	-14%
Deposits and Remittances		3,414,267,655	3,398,731,515	15,536,140	0%
Bonds Payable		71,391,561	71,389,216	2,345	0%
Other Borrowings		3,030,000	2,822,000	208,000	7%
Provisions		25,351,211	24,195,446	1,155,765	5%
Other Financial Liabilities		87,727,244	83,865,306	3,861,938	5%
Lease Liabilities		2,368,437	2,247,642	120,795	5%
Deferred Income Tax Liabilities		6,169,841	6,201,476	(31,635)	-1%
Other liabilities		11,085,504	8,649,923	2,435,581	28%
Total liabilities		4,087,726,381	4,025,909,007	61,817,374	2%
Capital stock		139,169,651	137,791,734	1,377,917	1%
Capital surplus		17,766,839	17,766,839	0	0%

Item	Year	2025	2024	Difference	
				Amount	Ratio
Retained earnings		79,462,691	72,744,449	6,718,242	9%
Other equity		(41,633)	(7,952,555)	7,910,922	-
Equity attributable to owners of the parent company		236,357,548	220,350,467	16,007,081	7%
Non-controlling Interests		2,530	2,422	108	4%
Total Equity		236,360,078	220,352,889	16,007,189	7%
Total Liabilities and Equity		4,324,086,459	4,246,261,896	77,824,563	2%

Analysis of Increase/Decrease Percentage Changes:

1. Cash and cash equivalents decreased compared with the prior year, primarily due to decreases in due from banks and cash on hand.
2. The current year's financial assets measured at fair value through profit or loss increased compared to the previous year, primarily due to an increase in bill investments and government bonds under financial assets measured at fair value through profit or loss compared to the previous year.
3. Bills and bonds purchased under resale agreements decreased compared with the prior year, primarily due to a decrease in government bonds held under such agreements.
4. The current year's current income tax assets increased compared to the previous year, primarily due to an increase in current income tax assets compared to the previous year.
5. The current year's other financial assets - net increased compared to the previous year, primarily due to an increase in time deposits not classified as cash equivalents, customer guarantee deposit accounts, and securities lending margins compared to the previous year.
6. Bills and bonds sold under repurchase agreements increased compared with the prior year, primarily due to an increase in government bonds sold under repurchase agreements.
7. Other liabilities increased compared with the prior year, primarily due to increases in deposits received as collateral and securities lending collateral deposits.

II. Financial Performance

Unit: NT\$ thousand

Item	Year	2025	2024	Difference	
				Amount	Ratio(%)
Net Interest Income		29,254,628	26,228,121	3,026,507	12%
Net Non-Interest Income		40,237,726	40,550,670	(312,944)	-1%
Net Revenue		69,492,354	66,778,791	2,713,563	4%
Bad Debt Expenses and Provision for Guarantee Liabilities		(978,648)	(3,656,196)	2,677,548	-
Net Change in Insurance Liability Reserves		(654,036)	(535,597)	(118,439)	-
Operating Expenses		(35,233,683)	(33,431,223)	(1,802,460)	-
Profit before tax		32,625,987	29,155,775	3,470,212	12%
Income Tax Benefit (Expense)		(6,201,726)	(6,023,000)	(178,726)	-
Net income after tax for the year		26,424,261	23,132,775	3,291,486	14%
Other comprehensive income		6,807,024	5,774,127	1,032,897	18%
Total comprehensive income for the year		33,231,285	28,906,902	4,324,383	15%

III. Cash Flow

(I) Cash Flow Analysis for the Most Recent Two Years

	2025	2024	Increase/Decrease Ratio
Cash Flow Ratio	0.90%	9.62%	-8.72%
Cash Flow Adequacy Ratio	62.82%	195.16%	-132.34%
Cash Flow Satisfaction Ratio	225.82%	2963.92%	-2738.10%

Note 1: The decrease in the Cash Flow Adequacy Ratio for 2025 was due to the decrease in operating cash flows over the most recent 5 fiscal years.

Note 2: The decrease in the Cash Flow Satisfaction Ratio for 2025 was due to the decrease in operating cash flows in 2025 compared to the prior year.

(II) Analysis of cash flow liquidity for the upcoming fiscal year

Unit: NT\$ thousand

Beginning cash balance	Projected Net Cash inflow from Operating Activities for the Year	Projected Net Cash inflow from Investing and Financing Activities for the Year	Projected Cash Balance or Insufficient Amount	Corrective Actions for the Projected Insufficient Balance	
				Investment Plan	Financing Plan
41,545,842	48,671,398	(53,053,075)	37,164,165	-	-

IV. Impact of significant capital expenditures in the most recent fiscal year on financial operations: None

V. Reinvestment Policy in the most recent fiscal year, the main reasons for profits or losses, improvement plans, and investment plans for the coming year

(I) Reinvestment Policy in the most recent fiscal year

In accordance with the Company's Equity Investment Management Guidelines, the purpose of which is to expand the Company's economies of scale and scope, enhance comprehensive operational benefits, and improve investment efficiency.

(II) Main reasons for profits or losses from reinvestment in the most recent fiscal year and improvement plans

In 2025, the Company's after-tax net income was NT\$26.424 billion, with earnings per share (EPS) of NT\$1.90. The major subsidiaries are described as follows:

1. Hua Nan Commercial Bank recorded after-tax net income of NT\$24.152 billion, primarily attributable to an increase in net interest income, an increase in net fee income, and a decrease in net provisions for bad debt expenses.
2. Hua Nan Securities recorded after-tax net income of NT\$2.064 billion, primarily attributable to an increase in gains from disposal and valuation of proprietary trading activities.
3. South China Insurance Company recorded after-tax net income of NT\$1.802 billion, primarily attributable to growth in core insurance business.

(III) Investment plans for the coming year

The Group will leverage its existing overseas branches, representative offices, and OBU to provide customers with integrated domestic and overseas Financial Services Industry, and will prudently evaluate the establishment of new overseas locations or business mergers in accordance with the global deployment of Taiwanese businesses and market conditions.

VI. Risk management

(I) Risk management organizational structure and Policy

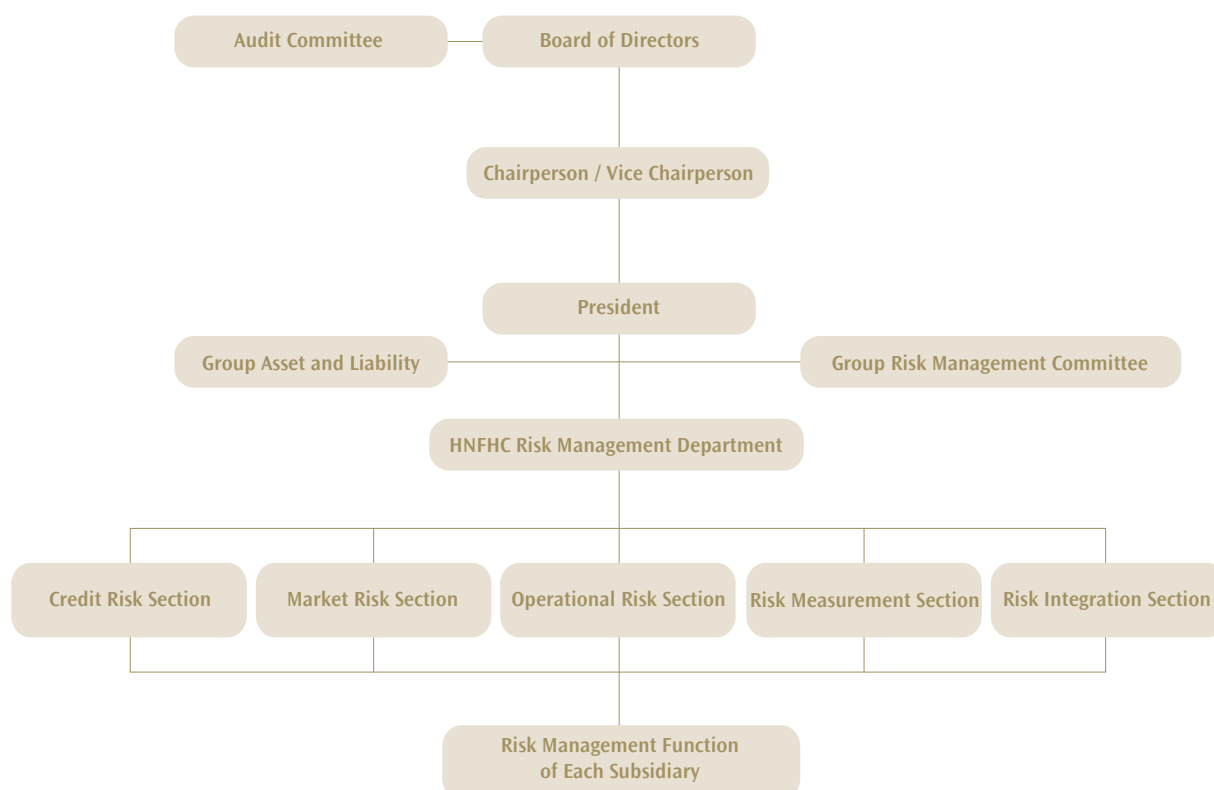
1. Hua Nan Financial Holdings

(1) Risk Management Organizational Structure

The important meetings with risk management functions in the Company include the Board of Directors, the Asset and Liability Management Committee, and the Risk Management Committee. The Board of Directors is responsible for approving the Group's risk management guidelines and various risk policies, and for determining the Group's risk appetite; the Audit Committee is responsible for periodically overseeing the implementation of risk management; the Asset and Liability Management Committee is responsible for matters related to interest rate risk, liquidity risk, foreign exchange risk, portfolio management, and risk capital management in the Group's banking book (non-trading book). The Risk Management Committee is an important meeting for implementing the Group's risk management, handling matters related to market risk, credit risk, operational risk, climate risk, and other risks.

The risk management department of the Company is Risk Management, which is responsible for coordinating the Group's risk management affairs, and has five sections under it: Credit Risk Section, Market Risk Section, Operational Risk Section, Risk Measurement Section, and Risk Integration Section. Each subsidiary establishes an independent risk management department or function based on the nature of its business and actual needs. The main functions of the Group's risk management are:

- A. Group Risk Integration
- B. Formulation, approval, and control of the Group's risk-related policies
- C. The Group's risk limit setting, approval, and control
- D. Coordination and management of various risk issues across subsidiaries

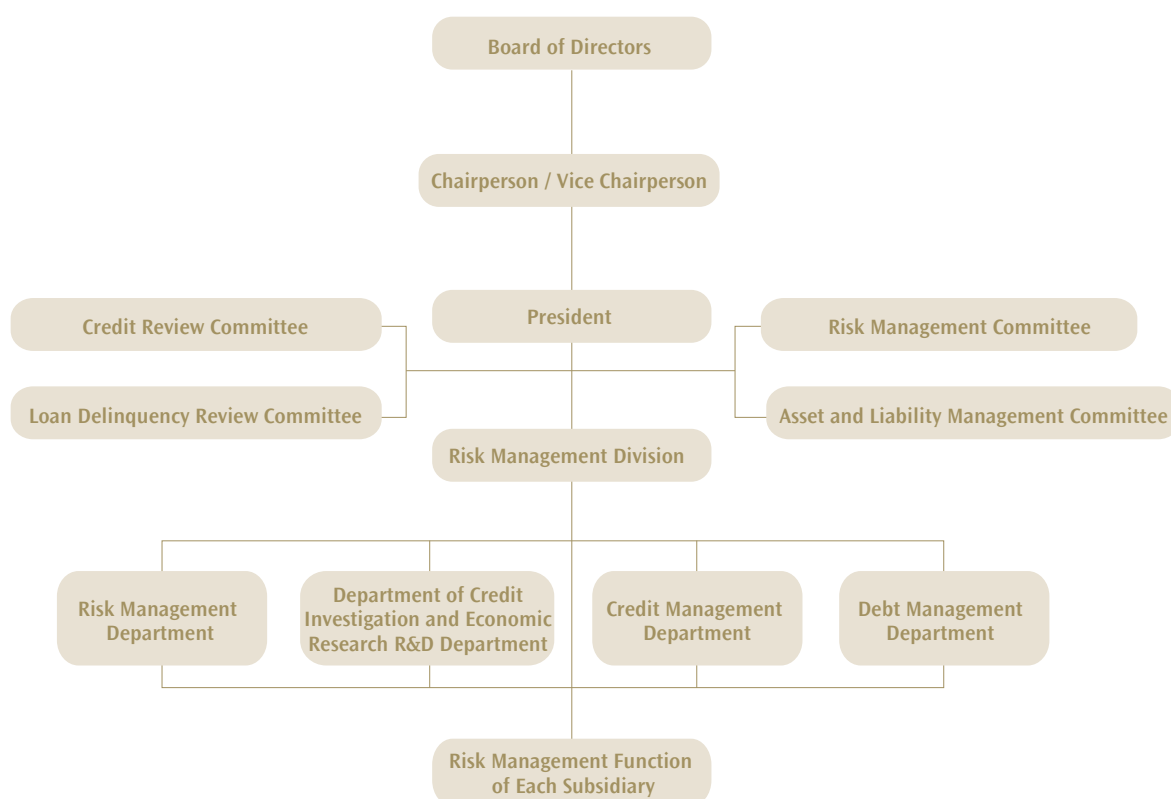


(2) Risk management Policy

The Company's risk management Policy is to establish and implement a set of standards applicable to all members of Hua Nan Financial Holdings, and to identify, measure, control, assume, and manage risks accordingly, ensuring that all operational risks are controlled within tolerable limits and reflect the Group's business goals and corporate values.

2. Hua Nan Commercial Bank

- (1) Hua Nan Commercial Bank has established the following key committees with risk management functions under the President:
 - A. Risk Management Committee: Centrally supervises all aspects of risk management to plan a sound risk management system and culture.
 - B. Asset and Liability Management Committee: Deliberates on the asset and liability management system and oversees its implementation.
 - C. Credit Review Committee: Evaluates large credit risk cases to ensure the protection of creditors' rights.
 - D. Overdue Loan Review Committee: Reviews cleanup guidelines for major and complex cases and write-off of bad debt cases, fulfilling the function of collection guidance and cleanup.
- (2) Hua Nan Commercial Bank has established a Risk Management Group, which consists of four departments. The responsibilities of each department are described as follows:
 - A. Risk Management Department: Responsible for the planning and management of credit risk, climate risk, market risk, operational risk, and asset and liability management for the entire bank.
 - B. Credit Management Department: Responsible for the planning and management of credit risk review and re-examination for the entire bank.
 - C. Credit Investigation and Economic Research Department: Responsible for the analysis and research of domestic and foreign financial economics and various industries, collection and financial analysis of general corporate credit information, as well as the compilation, editing, and publication of related publications.
 - D. Debt Management Department: Responsible for the management of risk rating classification of overdue credit assets and the collection and cleanup of overdue loans for the entire bank.



3. Hua Nan Securities

(1) Risk Management Organization and Structure

To ensure the effective implementation and efficiency of risk management, the Board of Directors of Hua Nan Securities has established a Risk Management Committee, with the Chairman serving as the Convener. The responsibilities of the Board of Directors, Risk Management Committee, Risk Management Department, and the three lines of defense of Hua Nan Securities are as follows:

A Board of Directors

- a. To identify all risks that need to be assumed in operations, ensure the effectiveness of risk management, and bear the ultimate responsibility for overall risk management.
- b. In accordance with the Group's risk management guidelines and various risk management policies, approve the risk management policies for each risk category of Hua Nan Securities.
- c. Approve various risk limits.
- d. Review and filing of important risk management reports of Hua Nan Securities.

B Risk Management Committee

- a. Deliberate on various risk management policies and management guidelines of Hua Nan Securities.
- b. Deliberate on various risk measurement methodologies, major risk management reports, and product proposals of Hua Nan Securities.
- c. Based on the risk limits approved by Hua Nan Financial Holdings, deliberate on the risk limits that each department of Hua Nan Securities can assume.
- d. Deliberate on issues related to various risks of Hua Nan Securities.
- e. Supervise the implementation of risk management operations of Hua Nan Securities.
- f. Deliberate on proposals identified as high risk in the operational risk assessment process of Hua Nan Securities.
- g. Other matters designated by the Board of Directors, Chairman, and President for discussion by this committee.

C Risk Management Department

- a. Formulate and revise various risk management systems in accordance with the Hua Nan financial holding company's risk management regulations.
- b. Formulate various risk management guidelines and precautions.
- c. Plan and submit for approval various risk management-related limits.
- d. Plan and implement various risk management-related mechanisms.
- e. Consolidate risk information provided by each business unit of Hua Nan Securities and regularly submit risk management-related reports.
- f. Handle other risk management-related matters (including various risk management matters stipulated by regulatory authorities).

D Implementation of the three lines of defense for risk control at Hua Nan Securities

The first line of defense is the 'Business Units,' where each business unit shall manage daily risks in accordance with risk management regulations and delegated authority controls; the second line of defense is the 'Risk Management Department and Legal Compliance Department,' responsible for the risk management mechanism and Legal Compliance system of Hua Nan Securities; the third line of defense is the 'Audit Office,' which independently and objectively monitors whether the company's overall risk management is appropriate. Various risks are controlled through the implementation of these three lines of defense.

(2) Risk Management Strategy and Process

A. Risk Management Strategy

Hua Nan Securities is a subsidiary of Hua Nan Financial Holdings. In order to implement the risk management policies and strategies of Hua Nan Financial Holdings, the risk management of Hua Nan Securities is based on the risk management guidelines and policies established by Hua Nan Financial Holdings. Accordingly, Hua Nan Securities has formulated its own risk management policy as well as risk management key points and precautions for each department, which serve as the basis for risk management at Hua Nan Securities.

B. Risk Management Process

The risk management process of Hua Nan Securities includes risk identification, risk measurement, risk monitoring, risk reporting, and risk response measures. Through these five stages, the risk exposure and risk tolerance of each business unit can be accurately understood, and risk information can be effectively communicated to management in order to achieve the goal of risk control.

4. South China Insurance

(1) Risk Management Organizational Structure:

A. Risk Management Committee:

To ensure that all risk management operations are aligned with the Board of Directors' operational goals and strategies, and to ensure the effectiveness of risk management and assume ultimate responsibility, South China Insurance Company has established a Risk Management Committee under the Board of Directors, stipulating that an independent Director serves as the Chairperson and that all committee members are non-executive Directors.

B. Risk Management and Asset-Liability Management Meeting:

To effectively operate risk management activities across departments and facilitate cross-departmental interaction and communication, and to implement the risk management mechanism and risk management culture from the bottom up, South China Insurance Company has established a Risk Management and Asset-Liability Management Meeting under the President, stipulating that the President is responsible for convening and chairing the meetings, with meeting members comprising the Executive Vice President, Risk Management Department Senior Vice President & General Manager, Actuary, and Chief Compliance Officer.

C. Risk Management Department:

To effectively coordinate and handle various risk management matters, South China Insurance Company has established a Risk Management Department under the President, which includes the Insurance Risk Department, Operational Risk Department, and Integrated Risk Department.

The risk management responsibilities and implementation overview at each organizational level of South China Insurance Company are described as follows:

Organization Level	Major Responsibility
Board of Directors	(1) Approval of various risk management policies and asset-liability management policies. (2) Approval of risk appetite and risk limits. (3) Review of major risk management reports. (4) Awareness of various risks to be assumed in operations, ensuring the effectiveness of risk management and bearing ultimate responsibility for overall risk management.
Risk Management Committee	(1) Deliberation on risk management policies, frameworks, organizational functions, and qualitative and quantitative management standards, with regular reports submitted to the Board of Directors and timely feedback on risk management implementation, along with necessary improvement recommendations. (2) Execution of the Board of Directors' risk management decisions, and review of the development, establishment, and implementation effectiveness of the overall or various risk management mechanisms through periodic management reports. (3) Ensuring the maintenance of sound, effective, and timely risk management-related information to generate periodic management reports that assist and supervise various departments in conducting risk management activities. (4) Assisting in the deliberation of matters related to the formulation of risk limits. (5) Deliberating on the company's risk appetite within the established strategies and budget, and adjusting risk categories, risk limit allocations, and methods of risk assumption in response to changes in the overall economic environment. (6) Coordinating cross-departmental interactions and communications for risk management functions. (7) Deliberation on stress testing. (8) Deliberation on other potential risks and significant issues, such as risks that may exist in major investments or strategic transactions, and in products with high complexity, high profitability, or high transaction volume. (9) Assisting and supervising the establishment of a sound risk management culture, and ensuring that risk management personnel can perform risk management duties with an independent and objective mindset. (10) Responsible for overseeing the company's overall risk management, where overseeing refers to supervising the actual implementation of risk management mechanisms by the managerial departments.
Risk Management and Asset-Liability Management Committee Meeting	(1) Deliberation on matters related to various risk management and asset-liability management considerations. (2) Deliberation on mechanisms related to various risk management and asset-liability management. (3) Deliberation on limits related to various lines of insurance and financial instruments. (4) Deliberation on new insurance or financial product proposals. (5) Deliberation on planning for the establishment of major risk management systems. (6) Handling of issues related to various risk management and asset-liability management. (7) Other matters related to risk management and asset-liability management as assigned or authorized by the Risk Management Committee.
Risk Management Department	(1) Formulation or amendment of various risk management policies and asset-liability management policies. (2) Formulation or amendment of various risk management and asset-liability management related guidelines. (3) Formulation, amendment, and control of various risk and asset-liability limits. (4) Evaluation of system construction related to various risk management and asset-liability management. (5) Planning and execution of various risk management and asset-liability management related mechanisms. (6) Consolidating risk information provided by each business unit, coordinating and communicating with each business unit to implement policies and limits, and periodically submitting risk management related reports. (7) Handling of various risk management and asset-liability management related issues.

(2) Risk Management Policy:

South China Insurance Company has established various risk management policies and asset-liability management policies to address the major types of risks that may be encountered during operations, including market risk, credit risk, operational risk, insurance risk, climate risk, and asset-liability management related risks. Through management processes such as risk identification, risk measurement and assessment, risk control, risk monitoring, and reporting, the Company ensures that all risks are controlled within tolerable limits in order to achieve the Goal of maximizing shareholder value.

5. Hua Nan Investment Trust

(1) Hua Nan Investment Trust has established a risk management policy based on long-term stable operations and profit growth, in order to effectively identify, measure, control, and manage various risks, keeping potential risks within an acceptable range, so as to achieve the Goal of maximizing shareholder value.

(2) The risk management policy of Hua Nan Investment Trust operates at two governance levels — the Board of Directors and the President — with an independent Risk Management Department established to monitor internal risk management matters and ensure the effective implementation of risk management policies.

6. Hua Nan Venture Capital

(1) Risk Management Organizational Structure:

The highest-ranking officer of risk management at Hua Nan Venture Capital is the Executive Vice President. The executing unit for risk management is the management department or other relevant departments of Hua Nan Venture Capital, and independent risk management personnel or functions, separate from the business units, shall be established as needed based on the nature of the business and actual requirements.

(2) Risk Management Policy:

Hua Nan Venture Capital shall effectively identify, measure, control, and manage various risks in all business activities, keeping potential risks within an acceptable range, in order to achieve the Goal of maximizing shareholder value.

7. Hua Nan Assets Management

(1) Risk Management Organizational Structure:

The President is the highest-ranking officer of risk management, responsible for directing and overseeing matters related to the Company's risk management, with the risk management department serving as the executing unit.

(2) Risk management Policy:

All business activities shall effectively identify, measure, control, and manage various risks, keeping potential risks within an acceptable range, in order to achieve the policy Goal of maximizing shareholder value.

(II) Methods and quantitative exposure information to measure and control various risks:

General Qualitative Disclosure: Each subsidiary is required to disclose, for each individual risk area (including credit risk, market risk, operational risk, and other risks), a description of its risk management objectives and policies, covering the following items:

- Strategies and processes.
- Organization and structure of relevant risk management systems.
- Scope and characteristics of risk reporting and measurement systems.
- Policies for hedging and mitigating risks, as well as strategies and processes for monitoring the ongoing effectiveness of hedging and mitigation instruments.

1. Hua Nan Financial Holdings

(1) Credit Risk

A. Key control mechanisms

Each subsidiary, in carrying out its various business activities, shall formulate relevant regulations and management mechanisms in accordance with the Group's credit risk management policies and guidelines. That is, relevant risk factors shall be taken into consideration when setting credit risk limits and periodically assessing the Credit Portfolio positions. At the same time, risk indicators and early warning mechanisms shall be established to strengthen action management mechanisms. When the total exposure reaches a certain percentage of the various quantitative limits, alerts must be submitted to management, and subsequent response measures shall be determined.

In order to further enhance the current risk control mechanisms, the Company has assisted its subsidiary, Hua Nan Commercial Bank, in building an internal credit rating model, which has been independently validated. The model is currently being applied to fundamental functions such as case review, early warning mechanisms, limit setting, and risk profile assessment. In the future, credit risk will primarily be structured around three key parameters—probability of default, loss given default, and exposure at default—to establish various quantitative management indicators, thereby achieving advanced functions such as capital requirement calculation, loan pricing, and credit asset portfolio management.

B. Risk Management Report

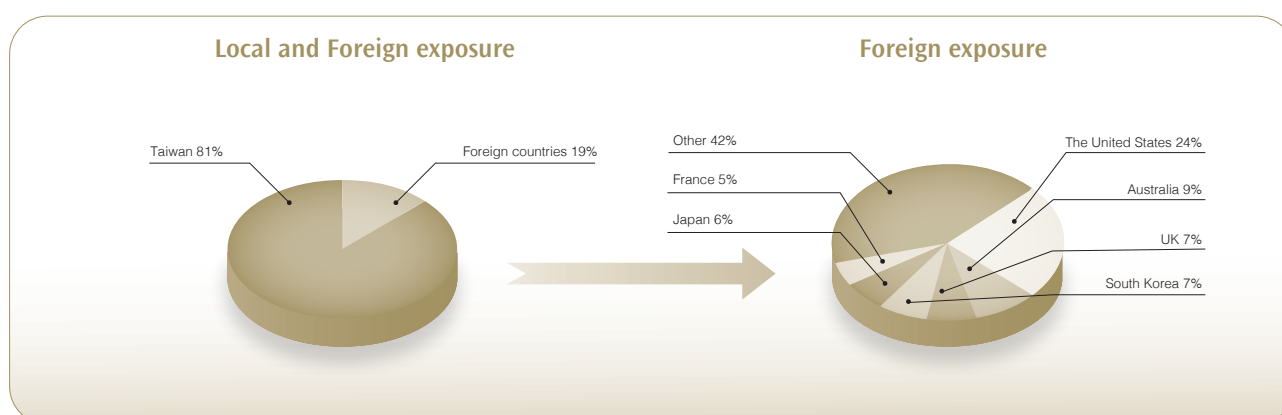
Regular submission of the Group's credit risk management reports, signed and reported to the Chairman monthly, and submitted to the Group Risk Management Committee, Audit Committee, and Board of Directors quarterly.

a. Total Credit Exposure

The Group's total credit exposure at the end of 2025 was approximately NT\$4.15 trillion, primarily comprising credit business at approximately 63%, bond and bill business at approximately 33%, and other businesses at approximately 4%. Compared to the total credit exposure at the end of 2024, the total credit exposure increased by approximately NT\$35 billion, mainly due to an increase of approximately NT\$33 billion in bond and bill business.

b. Concentration Risk Management

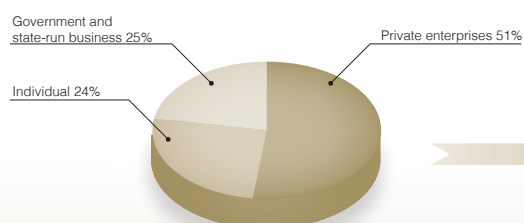
By country, 81% of the Company's credit exposure comes from Taiwan and 19% from overseas. Among the overseas portion, the top six countries are the United States, Australia, the United Kingdom, South Korea, Japan, and France, collectively accounting for 58% of overseas exposure, while the share of each remaining individual country is less than 5%.



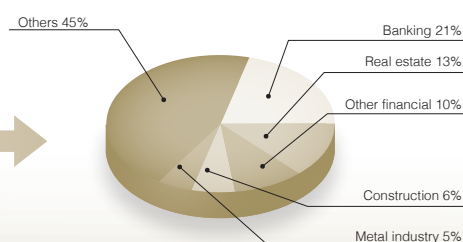
By sector, 51% of the Company's credit exposure comes from private enterprises, 24% from individuals, and 25% from government and public enterprises.

Among private enterprises, the top five sectors are banking, real estate, other financial industries, construction, and metal industries, accounting for a combined 55% of private enterprise exposure, while each of the remaining individual industries accounts for less than 5%.

Exposure by segments

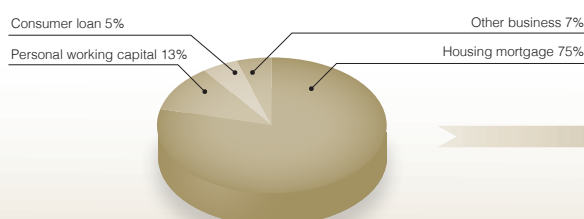


Exposure by corporate financial industry

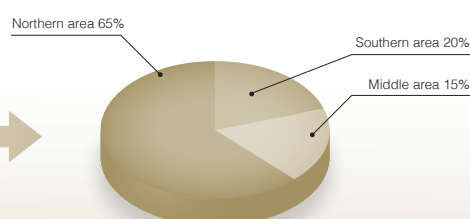


For the individual sector, mortgage loans account for the largest share at 75%, followed by personal revolving credit at 13%, consumer loans at 5%, and other personal banking products (credit cards, auto loans, sole proprietorship/partnership revolving credit, cash cards, and personal securities financing) at approximately 7%. In terms of regional exposure for mortgage loans, the northern region accounts for the highest share at 65%, followed by the southern region at 20%.

Exposure by consumer banking product



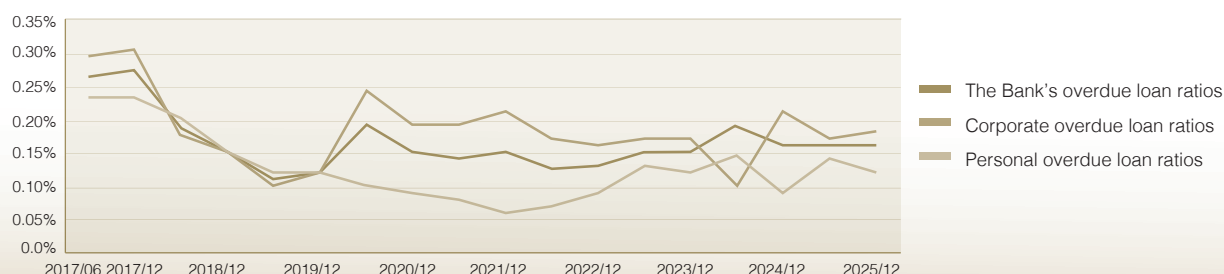
Exposure of consumer banking mortgage loans by region



C. Credit Asset Quality

The credit asset quality of the subsidiary Hua Nan Commercial Bank can be assessed by analyzing changes in the non-performing loan ratio. Hua Nan Commercial Bank's non-performing loan (NPL) ratio has remained at a low level in recent years, with the bank-wide NPL ratio standing at 0.16% at the end of 2025.

Tendency of Hua Nan Bank's overdue loan ratios



(2) Market Risks

The Company has established Group market risk management policies and relevant guidelines, with the goal of controlling the Group's market risk exposure within the range that the Group's capital can bear.

A. Key control mechanisms

Key market risk control mechanisms include pre-trade management and post-trade risk control.

a. Pre-transaction management: New financial product approval process

In order to identify the risks of new financial products, each subsidiary of the Group is required to submit a new financial product proposal for review prior to trading new financial products.

b. Post-transaction risk control: Limit management

To avoid excessive impact on the Group's capital and to control the losses of each subsidiary's trading book positions within an acceptable range, each subsidiary of the Group sets market risk-related limits in conjunction with the annual budgeting process and monitors them on a daily basis.

B. Risk Management Report

As capital markets change rapidly, in addition to the daily monitoring of market risk-related limits by subsidiaries, the financial holding company also compiles the Group's trading book exposure on a weekly basis, and takes necessary measures if any abnormalities are identified.

Regular reporting of the Group's market risk management report, submitted monthly to the Chairman, and quarterly to the Group Risk Management Committee, Audit Committee, and Board of Directors.

The Group adopts Value at Risk (VaR) as a tool to measure the market risk of trading book positions. Value at Risk estimates the maximum potential loss over a given holding period (e.g., 1 day or 10 days) at a specified confidence level (e.g., 99% or 95%) under normal market conditions, based on historical data observed over a past period. It is primarily used for risk measurement and limit control of financial products. For example, if a subsidiary's 1-day VaR at a 99% confidence level is NT\$30 million, it means that out of 100 trading days, losses are expected to exceed NT\$30 million on 1 day, while on the remaining 99 days, daily losses are expected to be less than NT\$30 million.

a. The methodology and parameter settings adopted by the Group for calculating Value at Risk (VaR) are as follows:

- (a) "Methodology": Historical simulation method is adopted.
- (b) "Confidence Level": A confidence level of 99% is adopted.
- (c) "Holding Period": The maximum potential loss over the next 1 day is estimated.
- (d) "Length of Historical Data": Historical data from the past 1 year (approximately 250 trading days) is used for observation.

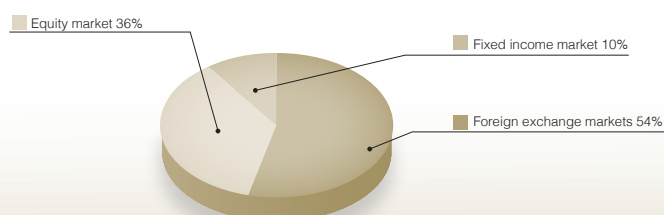
b. Changes in VaR of the Group's Trading Book Positions in 2025

In 2025, the minimum VaR of the Group's trading book positions was NT\$112.66 million, the maximum was NT\$839.04 million, and the average VaR was NT\$362.38 million. The VaR of the Group's trading book positions at the end of 2025 was NT\$184.19 million, an increase of NT\$65.7 million from NT\$118.49 million at the end of 2024.

c. Summary of VaR for the Group's Trading Book Positions at End of 2025

The VaR of the Group's trading book positions at the end of 2025 (NT\$184.19 million) represents 0.08% of the Group's net worth at the end of 2025, which remains within the Group's acceptable risk tolerance. Classified by risk factors, foreign exchange products account for the largest proportion (54%), followed by equity products (36%) and fixed income products (10%).

Trading Portfolio VaR by Risk Type



d. Backtesting

Back-testing is a tool for validating the VaR model. To enhance the accuracy and credibility of VaR measurement, the Group conducts back-testing on a regular basis.

(3) Asset and Liability Management

Asset and liability management takes the overall operational planning as its starting point, continuously formulating, executing, measuring, and monitoring asset and liability allocation decisions within acceptable exposure levels, while constantly adjusting strategies. Through adjustments to the asset and liability structure of non-trading positions, it controls interest rate risk, liquidity risk, and foreign exchange risk of non-trading positions both on and off the balance sheet.

The Company has established Group asset and liability management policies and relevant risk guidelines, and regularly submits Group Asset and Liability Management reports, which are signed and reported to the Chairman monthly, and submitted to the Group Asset and Liability Management Committee, Audit Committee, and Board of Directors on a quarterly basis.

Each subsidiary may design its applicable risk management framework and measurement tools based on its scale, business scope, and nature of operations, and set relevant limits to monitor and manage risk exposures related to asset and liability management.

A. Non-trading book interest rate risk

Non-trading book interest rate risk refers to the risk that changes in market interest rates may reduce the earnings or the economic value of equity of Group members. It is typically measured using net interest income sensitivity and economic value of equity sensitivity.

a. Key control mechanisms

After considering the nature of operations of the Company and its subsidiaries and the extent to which interest rate changes affect their balance sheets, currently only Hua Nan Commercial Bank within the Group is subject to the non-trading book interest rate risk management framework.

Hua Nan Commercial Bank uses tools including net interest income sensitivity and economic value of equity sensitivity to measure non-trading book interest rate risk. Limits are set for these measurement indicators and monitored regularly. The Bank also adjusts its balance sheet structure through mechanisms such as the non-trading book portfolio, derivative financial instruments, and internal funds transfer pricing system to effectively manage its non-trading book interest rate risk exposure.

b. Risk Management Report

Based on the asset and liability structure of Hua Nan Commercial Bank as of December 31, 2025, and under the assumption that no active management actions are taken, an analysis of the changes in net interest income over the next year under different interest rate scenarios shows that if market interest rates gradually rise by 100 basis points, net interest income is estimated to increase by 6.5% compared to the unchanged rate scenario; conversely, if market interest rates gradually decline by 100 basis points, net interest income is estimated to decrease by 10.34%.

Market Interest Rate Fluctuations in the Coming Year	Changes in Net Interest Income Over the Next Year (Compared to a Scenario with Constant Interest Rates)
Gradual increase of 100 basis points	+6.5%
Gradual decrease of 100 basis points	-10.34%

In terms of the economic value of equity, if market interest rates gradually rise by 100 basis points, the economic value of equity is estimated to decrease by 5.3% compared to the unchanged rate scenario; conversely, if market interest rates gradually decline by 100 basis points, the economic value of equity is estimated to increase by 5.82%.

Market Interest Rate Fluctuations in the Coming Year	Changes in the Economic Value of Shareholders' Equity (Compared to a Scenario with Constant Interest Rates)
Gradual increase of 100 basis points	-5.3%
Gradual decrease of 100 basis points	+5.82%

B. Liquidity Risks

Liquidity risk refers to the risk that may cause impairment to the current or future earnings or shareholders' equity of group members due to their inability to repay maturing liabilities, or the need to obtain repayment funds at the cost of significant losses.

After considering the business nature of the Company and its subsidiaries, the liquidity risk management framework currently applies to Hua Nan Financial Holdings, Hua Nan Commercial Bank, Hua Nan Securities, South China Insurance Company, Hua Nan Investment Trust, and Hua Nan Assets Management within the Group.

The tools used by the Company to measure liquidity risk include the balance sheet liquidity ratio, cash flow gap table, and funding source diversification analysis. Different measurement tools are adopted according to the business nature of each subsidiary, with limits set for measurement indicators and regular monitoring conducted.

The Company regularly conducts liquidity stress tests on each subsidiary based on crisis scenarios, analyzing cash flow gaps across various intervals and on a cumulative basis, in order to formulate response strategies or plan optimal funding sources in advance.

C. Non-Trading Book Foreign Exchange Risk

The Group's non-trading book foreign exchange risk is measured using the adverse exchange rate movement impact on non-trading foreign currency open positions. After considering the business nature of the Company and its subsidiaries, the non-trading book foreign exchange risk management framework currently applies to Hua Nan Commercial Bank, Hua Nan Securities, and South China Insurance Company, with limits set for their measurement indicators and regular monitoring conducted.

(4) Insurance Risk Management

Assisting the subsidiary South China Insurance Company in completing the formulation of its insurance risk management policy, regulating the management procedures and monitoring early-warning mechanisms for insurance risks, with the aim of controlling insurance risks within an acceptable range and achieving the goal of maximizing risk-adjusted returns.

A. Key control mechanisms.

New Insurance Product Approval: Subsidiaries are required to carefully consider the characteristics of insurance products and target customer groups before launching them, and to properly plan the control procedures for each stage of the insurance product. The risk management unit of the subsidiary shall assist in identifying the risks faced, evaluating various risk control methods, and making recommendations on control mechanisms. Based on this, an insurance product proposal shall be drafted and submitted to the Group Risk Management Committee for deliberation, so as to balance profitability and risk control.

Limit Management: In order to control insurance risks within an acceptable range and avoid excessive impact on group capital, insurance risk management indicator warning values are established. The written loss ratio and net loss ratio are reviewed monthly, and if any non-compliance occurs, response measures must be reported.

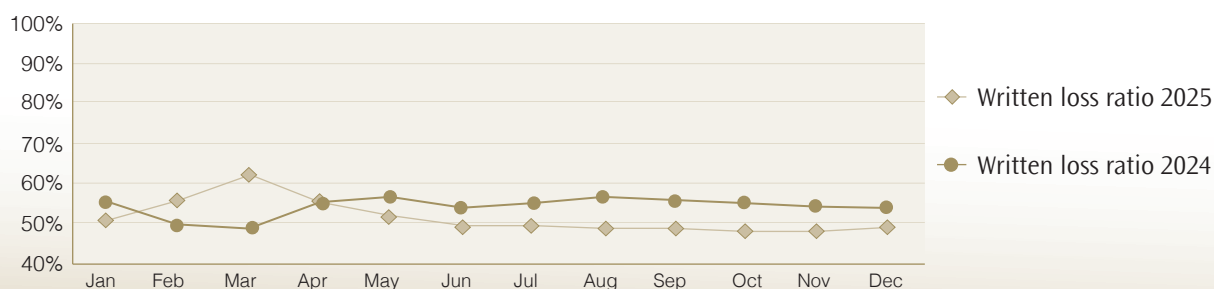
B. Insurance Risk Report

Group insurance risk management reports are submitted on a regular basis: monthly to the Chairman, and quarterly to the Group Risk Management Committee, the Audit Committee, and the Board of Directors.

a. Written Loss Ratio

The written loss ratio is the ratio of written claims to written earned premiums, and is primarily used to assess the quality of underwriting business. The written loss ratio for 2025 decreased compared to 2024, mainly due to fewer large claims occurring during the year.

Trend of Written Loss Ratios

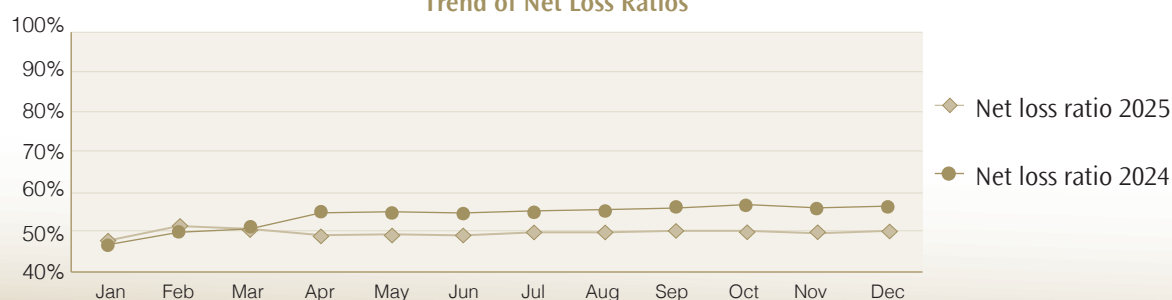


Note: The calculation of the indicators in the above chart does not cover compulsory auto insurance, nuclear insurance and policy-oriented earthquake insurance.

b. Net loss ratio

The net loss ratio is the ratio of retained claims to retained earned premiums, and is primarily used to review reinsurance strategies. The retained loss ratio for 2025 decreased compared to 2024, mainly due to fewer large claims occurring during the year.

Trend of Net Loss Ratios



Note: The calculation of the indicators in the above chart does not cover compulsory auto insurance, nuclear insurance and policy-oriented earthquake insurance.

(5) Operational Risks

The Company has established group operational risk management policies and related guidelines to build a consistent operational risk management framework and mechanism within the Group. When implementing these at the subsidiary level, the specific execution procedures are flexibly adjusted in a customized manner, taking into account the industry type and scale of each subsidiary.

A. Key control mechanisms

a. Risk Self Assessment (RSA)

The business and management departments of each company within the Group conduct self-identification and assessment of operational risks in their existing operations through a systematic approach, and formulate action plans to strengthen risk control.

b. Operational Risk Assessment Process (ORAP)

A procedure for identifying operational risks (including legal risks) and reputational risks, developing risk mitigation plans, and evaluating residual risks for new or significantly revised proposals related to products, processes, systems, or organizational structures (including outsourced operations).

c. Corporate Loss Database (CLD)

An integrated database that provides systematic collection of operational risk loss data within the Group, enabling management at all levels to analyze and manage operational risks.

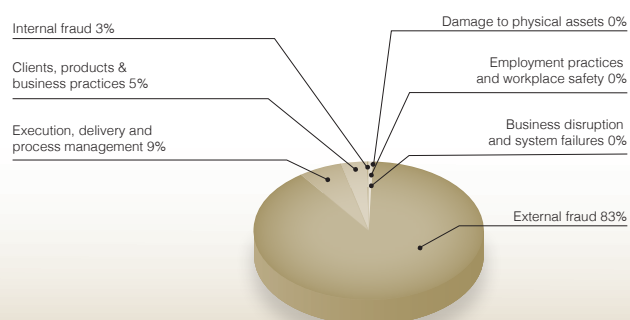
d. Key Operational Risk Control (KORC)

Provides an overview of operational risks and control methods within key operational processes across the Group, serving as the minimum basic requirement for internal controls and as a reference for implementing other operational risk management tools.

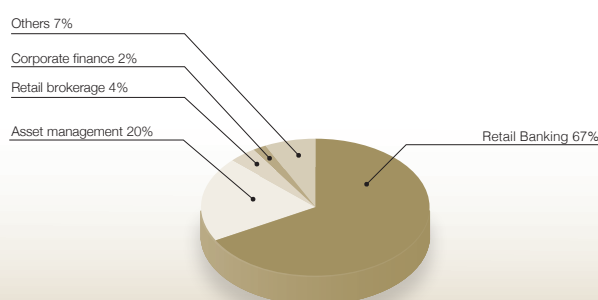
e. Key Risk Indicator (KRI)

Functions as an early warning mechanism to detect changes in the Group's potential operational risk profile. This tool provides trend analysis through time series and, when necessary, triggers relevant mechanisms or action plans to mitigate operational risks.

The ratios of the Basel event categories classified according to the internal operational loss data



The ratios of the Basel business categories classified according to the internal operational loss data



B. Risk Management Report

Operational risk management reports are submitted regularly on a Group-wide basis, reported to the Chairman monthly, and submitted to the Group Risk Management Committee, Audit Committee, and Board of Directors on a quarterly basis.

- When weaknesses are identified by each unit through operational risk management tools or mechanisms, reviews and improvements are conducted, and progress on remediation is reported and tracked on a regular basis.
- The breakdown of internal operational loss data collected by the Group by Basel event type and business line is as follows:

(6) Climate Risks

A. Key control mechanisms.

Each subsidiary engaged in businesses affected by climate risk shall formulate relevant regulations and management mechanisms in accordance with the Group Climate Risk Management Policy, adopt differentiated management measures for industries with high climate risk, and regularly conduct scenario analysis or stress testing for physical risks and transition risks to assess potential changes and losses in the asset portfolio under climate change scenarios. At the same time, group-level exposure limits for high climate risk industries are established. When the exposure reaches a certain percentage of the limit, a warning must be issued to management, and subsequent response measures must be determined.

To strengthen the quality of inventory data, the Company completed and passed third-party verification of the Scope 3 Category 15 financed emissions portfolio carbon inventory in 2025, and continues to enhance disclosures on climate-related issues in alignment with the Financial Supervisory Commission's International Financial Reporting Standards (IFRS) Sustainability Standards roadmap.

B. Risk Management Report

Using the end of 2025 as the reference date for the Group's investment and financing portfolio carbon inventory, the financed emissions of Hua Nan Commercial Bank's investment and financing targets account for the largest share of the Group's total, representing over 90%.

The Company will continue to monitor changes in the Group's high climate risk exposure, conduct scenario analysis or stress testing in a timely manner, and report to the Group Risk Management Committee, Audit Committee, and Board of Directors.

2. Hua Nan Commercial Bank

(1) Risk Management Goals, Policies, and Management Approaches

A. Credit Risks

Item	Description
1. Credit Risk Management Strategies and Processes	(I) Credit Risk Management Strategy The ultimate goal of Hua Nan Commercial Bank's credit risk management is to establish an optimal capital allocation policy, adopt the Advanced Internal Ratings-Based Approach for internal management to measure credit risk-weighted assets, become a bank that conforms to international best practices in credit risk management, and pursue profit maximization within an acceptable risk range. To establish a consistent credit risk management culture and ensure the sound development of Hua Nan Commercial Bank, the Bank has formulated the "Hua Nan Commercial Bank Corporate Banking Credit Risk Management Policy" and the "Hua Nan Commercial Bank Personal Banking Credit Risk Management Policy" as the basis for regulating credit risk-related matters. Key guidelines and notes have also been established for important content to ensure compliance. (II) Credit Risk Management Process The credit risk management process of Hua Nan Commercial Bank can be mainly divided into the following stages: credit investigation, collateral appraisal, credit rating, application, analysis and review, documentation, limit registration, limit disbursement, credit monitoring, and early warning review. Management reports are generated through information systems for control purposes, enabling the Bank to grasp the true risks of counterparties and achieve the goals of risk management.
2. Organization and Structure of the Credit Risk Management System	(I) Board of Directors: The highest decision-making body for credit risk at Hua Nan Commercial Bank, responsible for reviewing all matters related to credit risk management policies. (II) Risk Management-Related Committees 1. Risk Management Committee: Deliberates on credit risk and other related issues of Hua Nan Commercial Bank to strengthen the credit risk management system and culture. 2. Credit Review Committee: Evaluates large credit risk cases of Hua Nan Commercial Bank to safeguard creditor rights. 3. Overdue Loan Review Committee: Reviews the resolution guidelines for significant and complex cases and write-off of bad debt cases, performing the function of collection guidance and resolution. (III) Credit Investigation and Economic Research Department: Responsible for credit investigation, financial analysis, and research on industries and the economy. (IV) Credit Management Department: Responsible for credit review, planning and management, as well as early warning and re-examination management of credit extensions. (V) Debt Management Department: Responsible for the collection and resolution of overdue loans (including bad debts), and the management of evaluation and classification of overdue credit assets. (VI) Risk Management Department: Responsible for credit risk planning and management.
3. Scope and Characteristics of the Credit Risk Reporting and Measurement System	(I) Various credit risk report formats and frequencies are established for different reporting targets. Report items include portfolio risk assessment, credit grading reports, industry-specific reports, credit loss reports, and regulatory examination reports. (II) In order to measure customers' credit risk and assess their expected losses, Hua Nan Commercial Bank has established an internal credit rating model to effectively measure customers' probability of default, which serves as a reference indicator for setting credit authorization limits, managing asset portfolios, and pricing credit products. At the same time, the collection of various data is being studied to serve as the calculation standard for measuring customers' loss given default and exposure at default in the future. (III) The "Bank's Own Capital and Risk-Weighted Assets Capital Adequacy System" has also been established to regularly calculate credit risk-weighted assets and statutory capital in accordance with regulatory requirements, and to use the calculation results as a basis for internal management.
4. Policies for Credit Risk Hedging and Mitigation, and Strategies and Processes for Monitoring the Ongoing Effectiveness of Hedging and Mitigation Instruments	(I) In order to avoid losses to Hua Nan Commercial Bank caused by borrower or counterparty default, relevant credit risk management regulations of Hua Nan Commercial Bank stipulate requirements for obtaining collateral, guarantors, and referrals to credit guarantee institutions, so as to effectively reduce credit exposure or potential credit exposure by having customers or third parties provide assets, rights, or guarantees as security. (II) To ensure the ongoing effectiveness of risk mitigation instruments, Hua Nan Commercial Bank has established the following regulations for compliance: 1. The collateral-related management operational regulations of Hua Nan Commercial Bank stipulate rules for the collection, appraisal, registration, periodic inspection, re-appraisal, and preservation of collateral. When collateral has depreciated or is at risk of depreciation, additional collateral must be provided or part of the loan must be recalled. 2. The relevant credit risk management regulations of Hua Nan Commercial Bank stipulate guarantor qualifications and the continuous review of guarantors' credit status. When a guarantor's financial and credit condition deteriorates to the point of being unsuitable as a guarantor, a replacement or additional substantial guarantor must be provided immediately. 3. The relevant credit risk management regulations of Hua Nan Commercial Bank stipulate that for business referred to credit guarantee institutions, verification must be conducted upon submission for guarantee, loan disbursement, and during the interim period to confirm that the referred cases comply with the regulations of Hua Nan Commercial Bank and the guarantee institution, so as to ensure the validity of the guarantee.

B. Liquidity Risks

Item	Description
1. Liquidity Risk Management Strategies and Processes	(I) Liquidity risk management is intended to prevent insufficient liquidity from impairing current or future earnings or shareholders' equity. The primary management objective is to balance the reduction of funding costs and the enhancement of asset returns with maintaining adequate liquidity to respond to crisis events. (II) Hua Nan Commercial Bank has formulated relevant regulations covering management processes such as risk identification, measurement, monitoring, and reporting, and has established a risk limit monitoring mechanism to regularly report risk information to the Asset and Liability Management Committee and the Board of Directors.
2. Organization and Structure of the Liquidity Risk Management System	(I) Board of Directors: As the highest decision-making body for liquidity risk management, it is responsible for approving management policies, management frameworks, and risk limits, as well as reviewing significant risk reports. (II) Asset and Liability Management Committee: As the staff unit responsible for researching and overseeing the implementation of risk management mechanisms, its primary responsibilities include studying asset and liability management regulations, risk limits, and related matters, periodically reviewing exposure levels, and researching risk response strategies. (III) Risk Management Department and Fund Management Unit: The Risk Management Department formulates relevant regulations for liquidity risk management and prepares periodic risk reports. The funding department maintains appropriate short-term liquidity positions based on daily operational liquidity needs.
3. Scope and Characteristics of Liquidity Risk Reporting and Measurement Systems	(I) Risk assessment is conducted through two dimensions: normal operating basis and stress testing. Key tools include setting management indicators such as liquidity ratios and cash flow gaps, analyzing changes in funding source diversification, and conducting stress tests. In addition, emergency funding contingency guidelines have been established to guide the handling of liquidity crises. (II) Risk reports are prepared on a regular basis to disclose key risk information and compliance with risk limits, which are submitted to the Asset and Liability Management Committee and reported to the Board of Directors on a quarterly basis for decision-making reference.
4. Policies for Liquidity Risk Hedging and Risk Mitigation, and Strategies for Monitoring the Ongoing Effectiveness of Hedging and Mitigation Instruments	To properly manage exposures and respond in a timely manner, Hua Nan Commercial Bank has established a liquidity risk limit management mechanism, setting limits for various management indicators and monitoring them on a regular basis. In the event of a limit breach, the relevant units will develop response measures and submit them to the Asset and Liability Management Committee for deliberation and implementation.

C. Market Risks

Item	Description
1. Market Risk Management Strategy and Process	(I) Management Strategy: 1. In accordance with regulatory requirements, the Group's risk management guidelines, market risk management policies, and Hua Nan Commercial Bank's "Internal Control System," relevant market risk management regulations for Hua Nan Commercial Bank are formulated. 2. Comprehensive pre-trade management and post-trade risk tracking mechanisms for financial instrument transactions are established to effectively utilize and manage capital, ensuring that market risk exposures are maintained within acceptable ranges and earnings targets are achieved. (II) Management Process: Market risk management processes are formulated and implemented in accordance with relevant regulations, encompassing management mechanisms and tools for identifying, measuring, controlling, and disclosing market risks. The risk management department regularly reports to the Risk Management Committee and senior management, who continuously oversee and provide guidance to assess whether trading performance aligns with business strategies and whether market risk exposures are within acceptable ranges.
2. Market Risk Management Organization and Structure	(I) Board of Directors: As the highest decision-making body for market risk management, it is responsible for approving market risk management policies, management frameworks, and market risk limits, as well as overseeing the implementation of market risk management functions. (II) Risk Management Committee: As the staff unit for the market risk management mechanism and supervisory implementation, its primary responsibilities include deliberating on market risk management regulations and market risk limits, discussing market risk-related issues, regularly reviewing exposure levels, and developing market risk response measures. (III) Risk Management Department: Responsible for market risk planning and management 1. Formulating market risk management-related regulations. 2. Planning and implementing market risk-related control mechanisms. 3. Establishing market risk management-related systems. 4. Reporting bank-wide financial transaction market risk exposure information and related significant issues.
3. Scope and Characteristics of Market Risk Reporting and Measurement Systems	(I) Risk exposure measurement and analysis are conducted for relevant market risk factors and positions involved in bank-wide financial transactions. Bank-wide market risk reports are prepared on a regular basis to disclose bank-wide market risk information and provide reference for senior management decision-making. (II) The purpose of market risk measurement is not only to provide clear standards for defining and measuring market risk in the trading book, but also to provide a consistent framework for measuring market risk exposures, in order to achieve effective comparison, monitoring, and analysis of all market risk-bearing activities on the same basis. (III) A Value-at-Risk (VaR) system has been established to calculate market risk exposures for various financial transactions on a daily basis, implementing the bank-wide financial transaction market risk limit control mechanism. In addition, a "Bank's Own Capital and Risk-Weighted Assets Capital Requirement System" has been established to periodically calculate market risk-weighted assets and statutory capital in accordance with regulatory requirements, and to utilize relevant information for internal management purposes.
4. Policies for market risk hedging or risk mitigation, as well as strategies and processes for monitoring the ongoing effectiveness of hedging and risk mitigation instruments	(I) Establish market risk-related limits and management mechanisms. (II) When exposure amounts or loss amounts exceed approved limits, business units shall formulate response measures and submit business action reports, and the risk management unit shall track the implementation thereof. (III) A holding period management mechanism for trading book securities has been established to reduce the accumulation of positions with poor liquidity.

D. Operational Risks

Disclosure Items	Description
1. Operational Risk Management Strategies and Processes	(I) Management Strategy: Formulate an operational risk management policy approved by the Board of Directors, encompassing policies, methodologies, and procedures for managing operational risks related to major products, activities, processes, and systems; and develop an appropriate operational risk management environment, where the Board of Directors and senior management actively participate in establishing the operational risk management framework and mechanisms, and oversee their implementation throughout the bank's daily operations. (II) Management Process: Develop relevant operational risk management tools and mechanisms in accordance with the operational risk management cycle of "Identify, Assess, Control, and Monitor".
2. Organization and Structure of the Operational Risk Management System	The operational risk management organizational structure of Hua Nan Commercial Bank includes the Board of Directors, Risk Management Committee, Head Office Business Groups and Management Groups, Head Office Risk Management Department, and Board of Directors Assistant Auditor Department. The Board of Directors Assistant Auditor Department is responsible for independent audit. (I) Board of Directors: Review the operational risk management framework and ensure that senior management adopts various operational risk management mechanisms and tools to conduct operational risk identification, assessment and measurement, control, monitoring, and reporting. (II) Risk Management Committee: Deliberate on the operational risk management Policy and related regulations of Hua Nan Commercial Bank, discuss operational risk-related issues, and oversee the implementation of the operational risk management framework and mechanisms, while providing recommendations based on implementation results. (III) Head Office Business Groups and Management Groups: Group supervisors are responsible for overseeing the implementation of operational risk management Policy and guidelines, as well as the execution of various operational risk management mechanisms and tools; unit supervisors oversee their staff in assessing and managing operational risks within their areas of responsibility, ensuring that operational risks are reduced to an acceptable level. (IV) Risk Management Department: Formulate and establish operational risk management-related regulations, develop operational risk management execution plans, plan the implementation of operational risk management mechanisms and tools, promote and strengthen operational risk management awareness and capabilities of Hua Nan Commercial Bank, and report operational risk management execution-related information to the Risk Management Committee and the Board of Directors on a quarterly basis.
3. Scope and Characteristics of the Operational Risk Reporting and Measurement System	(I) Hua Nan Commercial Bank has established an "Operational Risk Loss Database," where each unit submits reports to measure the operational risk losses incurred by Hua Nan Commercial Bank. The collected data includes event name and description, occurrence unit, responsible unit, occurrence region, event type, business lines affected by the event, event occurrence date, discovery date, end date, follow-up action plan, loss amount, loss details, loss recovery amount, recovery method, and insurance details. (II) Its characteristics include enhancing risk awareness among all units through the reporting process and training of the operational risk loss reporting system, and systematically tracking data related to operational risks and the implementation progress of subsequent improvement measures, thereby strengthening operational risk management quality and capabilities. (III) The Risk Management Department reviews the collected operational risk loss event details and action plans on a quarterly basis, and reports to the Risk Management Committee and the Board of Directors.
4. Policy for Operational Risk Hedging or risk mitigation, and Strategies and Processes for Monitoring the Continued Effectiveness of Risk Mitigation and Hedging Tools	(I) Operational Risk Hedging or risk mitigation Policy: Hua Nan Commercial Bank analyzes operational risks based on their "impact level" and "likelihood of occurrence," and after considering the benefits and costs of risk mitigation, adopts operational risk strategies such as risk avoidance, risk transfer, risk control, or risk acceptance. (II) Strategies and Processes for Monitoring the Continued Effectiveness of Risk Mitigation and Hedging Tools: Hua Nan Commercial Bank implements various operational risk management mechanisms and tools, adopting risk avoidance or risk mitigation tools according to practical needs. For the formulated risk mitigation tools, such as action plans, the executing units are responsible for implementation and tracking of progress. The Risk Management Department reports to the Risk Management Committee and the Board of Directors on a quarterly basis to ensure that all mitigation tools are continuously and effectively implemented.

E. Climate Risks

Disclosure Items	Description
1. Climate Risk Management Strategy and Process	(I) In order to strengthen Hua Nan Commercial Bank's climate risk management and ensure its sound and sustainable operations, Hua Nan Commercial Bank has formulated the "Group Climate Risk Management Policy". (II) Hua Nan Commercial Bank has established relevant regulations covering risk management processes including risk identification, assessment, monitoring, and reporting, and has built a risk limit monitoring mechanism to regularly report risk information to the Risk Management Committee and the Board of Directors.
2. Organization and Structure of Climate Risk Management	(I) Board of Directors: As the highest decision-making unit for climate risk management of Hua Nan Commercial Bank, it is responsible for approving climate risk management policies, climate risk limits, and reviewing climate risk reports to supervise the implementation of the climate risk framework. (II) Risk Management Committee: Deliberating on climate risk management policies and related considerations, climate risk limits, key climate indicators and goals, and climate risk reports. (III) The first line of defense is responsible for identifying, assessing, and managing climate risks and opportunities within its scope of duties; the Risk Management Department of the second line of defense formulates climate risk management policies and limits, reports climate risk management conditions to the Board of Directors and the Risk Management Committee on a quarterly basis, and assists in the implementation and promotion of climate risk management. The Legal Compliance Department shall supervise the operations of each unit and ensure management regulations are updated in accordance with external regulatory amendments; the third line of defense is responsible for auditing and evaluating the effectiveness of climate risk monitoring by the first and second lines of defense, and providing recommendations as appropriate.

(2) Exposure Quantitative Information

A. Credit Risks

Exposure Amount and Required Capital After Credit Risk Mitigation Under the Standardized Approach

December 31, 2025

Unit: NT\$ thousand

Exposure Type	Exposure Amount After Risk Mitigation	Capital Requirements
Sovereign (A)	911,903,652	156,734
Non-Central Government Public Sector Entities (B)	48,058,555	684,717
Banks (including Multilateral Development Banks and Central Counterparties) (C)	409,964,951	8,635,770
Covered Bonds (D)	0	0
Corporates (including Securities Firms and Insurance Companies) (E)	702,066,117	38,735,525
Retail Exposures (F)	388,137,100	20,242,816
Real Estate Exposure (G)	1,536,204,272	74,284,070
Equity Securities Investment (H)	47,975,161	5,408,810
Fund Equity Securities Investment (I)	0	0
Other Assets (J)	55,187,230	4,833,563
Total (K)	4,099,497,038	152,982,005

B. Liquidity Risks

a. NTD Maturity Profile Analysis

December 31, 2025

Unit: NT\$ thousand

	Total	Amount by Remaining Time to Maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	Over 1 year
Major Maturing Cash Inflows	3,428,695,289	480,271,440	340,105,331	262,095,740	273,849,277	322,794,779	1,749,578,722
Major Maturing Cash Outflows	4,431,109,774	97,818,428	225,060,747	475,584,701	607,421,014	953,115,066	2,072,109,818
Maturity Gap	-1,002,414,485	382,453,012	115,044,584	-213,488,961	-333,571,737	-630,320,287	-322,531,096

b. US Dollar Maturity Ladder Analysis Tables

December 31, 2025

Unit: USD thousands

	Total	Amount by Remaining Time to Maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	Over 1 year
Major Maturing Cash Inflows	38,107,439	11,883,935	3,126,566	3,787,593	6,007,327	13,302,018
Major Maturing Cash Outflows	41,881,986	18,990,306	7,513,693	2,889,011	3,975,650	8,513,326
Maturity Gap	-3,774,547	-7,106,371	-4,387,127	898,582	2,031,677	4,788,692

C. Market Risks

Capital Requirements for Market Risk - Standardized Approach

December 31, 2025

Unit: NT\$ thousand

	Item	Capital Requirements
1	General Interest Rate Risk	1,323,234
2	Equity Risk	27,080
3	Commodity Risk	0
4	Foreign Exchange Risk	527,040
5	Credit Spread Risk - Non-Securitisation	505,889
6	Credit Spread Risk - Securitisation (Non-Correlation Trading Portfolio)	0
7	Credit Spread Risk - Securitisation (Correlation Trading Portfolio)	0
8	Default Risk - Non-Securitisation	2,168,537
9	Default Risk - Securitisation (Non-Correlation Trading Portfolio)	0
10	Default Risk - Securitisation (Correlation Trading Portfolio)	0
11	Residual Risk Add-On	0
12	Total	4,551,778

3. Hua Nan Securities

(1) Risk Reporting, Assessment and Measurement

A. Risk Reporting

Hua Nan Securities regularly and irregularly prepares risk management-related reports to facilitate control and reporting in accordance with hierarchical responsibilities, enabling managers at all levels to grasp risk information. The implementation of market, credit, operational, and climate risk management is periodically reported to the Risk Management Committee and the Board of Directors. The minutes of the Risk Management Committee meetings are also reported monthly to the parent company Hua Nan Financial Holdings for reference.

B. Risk Assessment Scope

Hua Nan Securities incorporates all risks involved in on-balance-sheet and off-balance-sheet activities into its management scope. All risk management reports are handled in accordance with company regulations and reported for approval according to hierarchical responsibilities, with capital adequacy ratios disclosed as required.

a. Market Risks

Hua Nan Securities manages market risk in accordance with the relevant provisions of the "Hua Nan Securities Market Risk Management Policy," which establishes risk limits, stop-loss limits, and over-limit handling procedures. Risk management reports and statements are provided regularly and irregularly to senior managers and Hua Nan Financial Holdings as references for operational management and business supervision. Business units have also established hierarchical responsibilities and various management regulations to effectively manage risks.

Hua Nan Securities cooperates with Hua Nan Financial Holdings in adopting the Risk Metrics market risk value system built by MSCI as a quantitative management tool. The financial holding company generates daily Value at Risk (VaR) reports, and the Risk Management Department discloses and provides relevant risk information to the company's management and business units based on the daily VaR and trading profit/loss risk management reports, assisting them in managing controls within the approved annual market risk limits to keep risks within the company's acceptable range.

b. Credit Risks

In accordance with the "Hua Nan Securities Credit Risk Management Policy," with respect to the credit management of debt and bond instruments and counterparties, business units manage based on external credit ratings of debt and bond instruments and counterparties, periodically review the credit status of debt and bond instruments and counterparties, and continuously monitor the credit risk arising from transactions. Credit equivalent amounts for derivative financial instrument positions are also subject to control. For customer credit risks arising from brokerage margin trading and unrestricted-purpose loan businesses, the responsible units grant credit transaction limits based on customers' financial conditions through a tiered approval process, periodically review customer credit status, and continuously monitor the default risk arising from customers. Effective controls are in place for customer credit and the credit risk of securities entrusted by customers, and the Internal Audit Office reviews the implementation by each brokerage business unit.

c. Operational Risks

In accordance with the "Hua Nan Securities Operational Risk Management Policy" and the group's relevant operational risk management tool guidelines and notes, five operational risk management tools have been introduced: Risk Self Assessment (RSA), Operational Risk Assessment Process (ORAP), Key Operational Risk Control (KORC), Key Risk Indicator (KRI), and Corporate Loss Database (CLD), to enhance operational risk awareness and culture at Hua Nan Securities.

d. Liquidity Risks

Liquidity risk is divided into funding liquidity risk and market liquidity risk. The Finance Department has established liquidity risk management guidelines, regularly forecasts future funding needs and supply, and monitors fund allocation status. Each business department has established position liquidity restriction regulations to avoid risks caused by insufficient market liquidity.

e. Legal Risks

Hua Nan Securities has established operating procedures for legal risk. The drafting of all contracts must be reviewed by the Legal Compliance Department for its opinion in order to avoid legal risks.

f. Climate Risks and Other

In accordance with the regulations of the reportable event management guidelines, when a reportable event occurs, it shall be reported to Hua Nan Financial Holdings in accordance with the regulations.

In alignment with Hua Nan Financial Holdings's promotion of corporate sustainable development, the Group Climate Risk Management Policy has been established for Hua Nan Securities. The three lines of defense and their respective responsible departments of Hua Nan Securities shall establish climate risk management mechanisms and indicators in accordance with the policy, and continuously promote low-carbon operations to achieve corporate sustainable development.

(2) Policies for hedging and mitigating risks, and strategies and processes for monitoring the ongoing effectiveness of hedging and mitigation instruments

The positions held by each business unit of Hua Nan Securities are categorized into trading positions and non-trading positions. Trading positions are subject to position risk controls in accordance with the risk management regulations of each business unit. When the losses of trading positions reach the loss limit, each business unit shall immediately execute stop-loss measures or take necessary actions. In addition, the hedging positions established by Hua Nan Securities to mitigate risks shall be adjusted appropriately in response to market fluctuations, and the profit and loss of hedging positions shall be evaluated on a regular basis to ensure that the hedging positions can effectively mitigate the relevant risks.

(3) Risk management methods and quantitative exposure information

A. Risk management methods

The risk management methods involved in each business of Hua Nan Securities are as follows:

Risk category	Management objective	Management approach
Market Risk	Managing position risks and profit/loss fluctuations of held positions caused by market price volatility	(1) Planning and reporting in accordance with the risk limits approved by Hua Nan Financial Holdings (2) Intraday position and trading profit/loss monitoring mechanism (3) Control and reporting of risk limit utilization rates for the company as a whole and individual business units (4) Product proposal review
Credit Risk	Avoiding the risk of losses caused by the failure of counterparties to fulfill their obligations	(1) For customer credit risks arising from brokerage margin trading and unrestricted-purpose loan businesses, the responsible units grant credit transaction limits based on clients' financial conditions through a tiered approval process (2) Managing issuer risk and counterparty credit equivalent amounts for bond and bill positions based on external credit ratings (3) Managing counterparty credit risk for derivative financial instruments using credit equivalent amounts
Operational Risk	Avoiding the risk of losses caused by internal operational failures, personnel, systems, errors, or external events	(1) Formulating standard operating procedures and internal control regulations for each business (2) Implementing the five major operational risk management tools A. Risk Self-Assessment (RSA) B. Operational Risk Assessment Process (ORAP) C. Key Operational Risk Control (KORC) D. Operational Risk Key Risk Indicators (KRI) E. Operational Risk Centralized Loss Database (CLD) (3) Operational Risk-Related Education and Training (4) Review and Revision of Operating Procedures
Liquidity Risk	Avoiding Positions That Cannot Be Traded Due to Insufficient Market Liquidity	(1) Market Liquidity Risk Control for Positions Held by Hua Nan Securities Business Units (2) Funding Liquidity Risk Control for Hua Nan Securities
Legal Risk	Unfavorable Rights and Obligations Arising from Various Contractual Agreements	The drafting of all contracts must be reviewed and opined upon by the Legal Compliance Department; for the handling of customer default cases, recovery, and related operations, the Legal Compliance Department has established relevant regulations to ensure that relevant personnel fully understand their rights and obligations.
Climate Risks and Other	Establishing Appropriate Handling Procedures for Climate Risks and Other Risk Matters	(1) A management guideline for reportable events has been established, and a reporting management system has been put in place. (2) The responsible departments across the three lines of defense implement climate risk management matters in accordance with the Group Climate Risk Management Policy.

B. Exposure Quantitative Information

a. Market Risks

Hua Nan Securities regularly discloses market risk-related information in its financial reports. For the full year of 2025, the company-wide market risk Value at Risk (VaR) reached a maximum of NT\$474,028 thousand, a minimum of NT\$168,680 thousand, and an average of NT\$338,423 thousand, all of which were managed in compliance with regulations and within the company's prescribed limits.

Unit: NT\$ thousand

2025				2024		
Company-Wide Value at Risk (VaR)	Average	Maximum	Minimum	Average	Maximum	Minimum
	338,423	474,028	168,680	125,159	192,159	61,223

b. Credit Risks

As of the end of 2025, the credit risk-related information for Hua Nan Securities is as follows: for margin trading credit transactions, the total exposure amount is NT\$24,146,223 thousand, with an average TCRI rating of 4.519 and a default probability of approximately 0.121%; for unrestricted-purpose loan lending, the outstanding loan balance is NT\$12,658,060 thousand, with an average collateral TCRI rating of 3.464 and an expected default rate of 0.074%; for bond, bill, and derivative financial instrument positions, both the total exposure amount and pre-settlement counterparty risk are managed in compliance with regulations and within the company's prescribed limits.

c. Operational Risks

This year, Hua Nan Securities has completed operational risk self-assessments for the relevant departments in accordance with the operational risk management implementation plan, and regularly updates and maintains the operational risk loss database. Going forward, the company will continue to collaborate with the Group to implement the next phase of the operational risk implementation plan.

d. The risk equivalent amounts for the capital adequacy ratio as of the end of December 2025 are as follows.

Unit: NT\$ thousand

Risk Category	Risk Equivalent Amount
Market Risk	1,926,488
Credit Risk	2,504,881
Operational Risk	810,697
Business Risk	5,242,066

e. Statutory Capital Adequacy Ratio Calculation

Hua Nan Securities adopts the capital adequacy ratio as the measurement indicator for the company's overall operational risk management, in order to assess whether the company's capital is sufficient to cover various potential losses that may arise from operations. For the full year of 2025, Hua Nan Securities's capital adequacy ratio reached a maximum of 374%, a minimum of 269%, and an average of 311%, all of which are in compliance with regulatory requirements.

2025				2024		
Company-wide Capital Adequacy Ratio	Average	Maximum	Minimum	Average	Maximum	Minimum
	311%	374%	269%	289%	327%	252%

4. South China Insurance

(1) Strategies and Processes

South China Insurance Company operates various property insurance businesses and, in order to effectively manage various risks, aims to keep potential future risks within an acceptable range. The strategies and processes for each type of risk are described as follows:

A. Market Risks

a. Strategy

- (a) Implement the limit management and market risk measurement as stipulated in the market risk management policy, in order to achieve the goal of controlling market risk.
- (b) Establish a market risk control mechanism to ensure that market risk exposure is maintained within an acceptable range, thereby achieving earnings targets.
- (c) Establish an internal management system for Risk-Adjusted Return on Capital (RAROC).

b. Process

The management process primarily involves pre-transaction management and post-transaction risk tracking of financial instrument transactions, with the establishment of appropriate control mechanisms.

B. Credit Risks

a. Strategy

- (a) Implement the limit management and credit risk measurement as stipulated in the credit risk management policy, in order to achieve the goal of controlling credit risk.
- (b) Establish a credit risk control mechanism to ensure that credit risk exposure is maintained within an acceptable range, thereby achieving earnings targets.

b. Process

The management process primarily involves credit risk assessment prior to conducting business and credit risk monitoring after conducting business, with the establishment of appropriate control mechanisms.

C. Operational Risks

a. Strategy

- (a) Implement the various operational risk management tools as stipulated in the operational risk management policy, in order to achieve the goal of controlling operational risk.
- (b) Establish an operational risk control mechanism to ensure that operational risk exposure is maintained within an acceptable range, thereby achieving earnings targets.
- (c) Cooperate with the Group in building an operational risk loss database to serve as the primary source for operational risk loss data analysis and reporting, and to meet the future needs of economic capital calculation for operational risk.

b. Process

The management process primarily establishes an "Operational Risk Management Cycle" through the control mechanisms of various management tools, assists management at all levels in controlling operational risks in daily business activities, and builds a consistent operational risk management framework and mechanism across the company to strengthen the risk management culture and awareness.

D. Insurance Risks

a. Strategy

- (a) Implement the early warning indicator management and insurance risk measurement as stipulated in the insurance risk management policy, in order to achieve the goal of controlling insurance risk.
- (b) Establish an insurance risk control mechanism to ensure that insurance risk exposure is maintained within an acceptable range, thereby achieving earnings targets.
- (c) Establish an internal management system for Risk-Adjusted Return on Capital (RAROC).

b. Process

The management process is primarily divided into new product management prior to underwriting insurance products and early warning management after underwriting, with the establishment of appropriate control mechanisms.

E. Asset and Liability Management

a. Strategy

- (a) Implement the limit management and related risk measurements stipulated in the Asset-Liability Management Policy to achieve the objectives of asset-liability management.
- (b) Establish an asset-liability management mechanism to ensure that liquidity risk, foreign exchange risk, non-trading book portfolio exposures, and capital adequacy are maintained within acceptable ranges, in order to achieve earnings targets.
- (c) Establish emergency funding guidelines, aimed at providing an action blueprint for emergency response measures in the event of insufficient liquidity or inability to obtain funds at a reasonable cost.

b. Process

The management process primarily involves pre-transaction management of financial instruments and post-transaction risk tracking, and establishes appropriate asset-liability control mechanisms to continuously carry out the formulation, execution, risk measurement, and monitoring of asset-liability allocation decisions.

F. Climate Risks

a. Strategy

Leverage the influence of capital to encourage clients to prioritize climate risks and opportunities, and continuously promote various low-carbon operational practices.

b. Process

The management process primarily involves identifying and assessing the impact of climate risks when conducting climate risk-related business, and taking timely management measures for high climate risks.

(2) Organization and Structure of Relevant Risk Management Systems

South China Insurance Company utilizes the "Risk Metrics System" to measure market risk exposure, monitoring daily whether risk exposures exceed VaR limits or their warning amounts, and periodically verifying the accuracy and reliability of the VaR exposure measurements through backtesting.

The "Operational Risk Loss Database System" is also utilized to collect internal operational risk loss data. Operational risk loss events that have occurred are recorded in the operational risk loss database through an integrated reporting system, serving as a reference for reviewing existing controls and as the primary source for loss data analysis reports.

(3) Scope and Characteristics of Risk Reporting and Measurement Systems

South China Insurance Company determines the frequency of risk management reporting based on the characteristics of each risk type and submits reports to the Risk Management and Asset-Liability Management Meeting (e.g., market risk management reports, insurance risk management reports, and asset-liability management reports are submitted monthly, while credit risk management reports and operational risk management reports are submitted quarterly). In addition, the overall risk management report is submitted quarterly to the Risk Management Committee and the Board of Directors.

Various stress tests are also conducted annually (e.g., scenarios involving interest rates, stock prices, exchange rates, reinsurer insolvency, and compound catastrophes), and the evaluation results are submitted to the Risk Management and Asset-Liability Management Meeting, the Risk Management Committee, and the Board of Directors.

(4) Policies for Hedging and Mitigating Risks, and Strategies and Processes for Monitoring the Ongoing Effectiveness of Hedging and Mitigation Instruments

South China Insurance Company establishes relevant quantitative (and qualitative) limit management mechanisms and their management action trigger mechanisms based on the characteristics of each risk type, serving as strategies for hedging and mitigating various risks. These are continuously monitored on a regular basis. If a management action trigger point is reached or a limit is exceeded, the relevant business units shall formulate response measures or action plans, which are then submitted to the appropriate approval level for review and implementation.

(5) Risk management approach and exposure quantitative information:

A. Market Risks

a. Management approach

Monitoring Procedures and Methods	
Risk Identification	By formulating a list of financial instruments and separately listing the instruments that may be directly held, in order to understand the market risk factors of each instrument (such as interest rates, exchange rates, equity security prices, credit spreads, correlation coefficients or volatility, etc.).
Risk Measurement	Value at Risk (VaR) is adopted as a tool for measuring the market risk of trading book positions. VaR is derived from historical data over a past period to estimate, under normal market conditions and at a given confidence level (e.g., 99%), the maximum possible loss over a certain future holding period (e.g., 1 day).
Risk Control	(a) Pre-trade management: approval of new financial instruments Before trading any new financial instrument (i.e., one not included in the approved instrument list of South China Insurance Company), a proposal for the new financial instrument must be submitted to the Risk Management and Asset-Liability Management Meeting of South China Insurance Company for deliberation, then submitted to the Risk Management Committee for review, and subsequently reported to Hua Nan Financial Holdings for approval before trading may commence. (b) Post-trade risk tracking: limit management and holding period management In order to control various market risks within an acceptable range and avoid excessive impact on the capital of the Group and South China Insurance Company, various management indicators (and their limits) and holding period thresholds have been established.
Supervision and Reporting	(a) Daily limit management reports. (b) Investment action reports. (c) Monthly holding period management reports. (d) Monthly market risk management reports (including back-testing reports) for the Risk Management and Asset-Liability Management Meeting of South China Insurance Company (e) Quarterly market risk management reports for the Board of Directors / Risk Management Committee of South China Insurance Company

b. Exposure Amount

The market risk exposures of South China Insurance Company as of December 31, 2025 are all within acceptable ranges.

Unit: NT\$ millions

Risk Exposure Amount December 31, 2025	
Maximum Single-Day Value at Risk	0.206
Minimum Daily VaR	0.000
Average Daily VaR	0.059

B. Operational Risks

a. Management approach

Monitoring Procedures and Methods	
Risk Identification	(a) Operational Risk Self-Assessment: Identification of operational risks in existing businesses: Through interviews and meetings with personnel from various departments, identify operational risks within units and review their control measures. (b) Operational Risk Assessment Process: Identification of operational risks for new insurance types and new processes: For new products, processes, operating activities, systems, or organizational structures, identify and assess potential operational risks and reputational risks, develop necessary risk mitigation plans, and obtain approval at the appropriate level while accepting residual risks.
Risk Measurement	Record operational risk loss events that have occurred in the operational risk loss database through an integrated reporting system. The primary purpose is to collect the company's internal operational risk loss data, to serve as a reference for reviewing existing controls and as the primary source for loss data analysis and reporting.
Risk Control	By formulating operational risks, control objectives, and control measures to mitigate risks related to key operational processes and process segments, ensure the basic requirements for operational process quality, and thereby reduce operational risks.
Supervision and Reporting	(a) Through quantitative indicators in key operational risk management reports, assess the operational risk profile at a specific point in time for a specific area, process, or activity, in order to effectively reduce operational risks. (b) Through operational risk loss database management reports, serve as a reference for reviewing existing controls and for future loss data analysis. (c) Through action plan tracking sheets, effectively control the execution of action plans related to operational risks, in order to reduce related operational risks. (d) Quarterly operational risk management reports for South China Insurance Company Board of Directors / Risk Management Committee / Risk Management and Asset-Liability Management Meeting.

b. Exposure Amount

As of December 31, 2025, all indicators of South China Insurance Company are in compliance with applicable standards. Each unit regularly conducts reviews and improvements through operational risk management tools or mechanisms, and tracks the progress of improvements. Therefore, operational risk exposures are within acceptable limits.

C. Credit Risks

a. Management approach

Monitoring Procedures and Methods	
Risk Identification	Considering the differences in risk sources and process controls, risks are categorized into loan credit risk / issuer credit risk / counterparty credit risk / insurance business solicitor credit risk / reinsurer credit risk.
Risk Measurement	(a) Loan credit risk is assessed in accordance with South China Insurance Company's "Notes on Handling Loans" and "Key Points for Loan Operations," as well as by engaging professional appraisal institutions to appraise the collateral provided by borrowers in order to measure the level of risk. (b) Issuer credit risk, counterparty credit risk, and reinsurer credit risk are assessed based on external credit ratings, financial statements, and bond price fluctuations to measure the level of risk. (c) Insurance business solicitor credit risk is assessed in accordance with South China Insurance Company's "Insurance Agent/Broker Contracting Procedures" and "Implementation Rules for the Insurance Business Specialist System" to measure the level of risk.
Risk Control	(a) Pre-Transaction Management: Transaction Review Procedures Prior to conducting any transaction, qualification reviews and evaluation procedures must be carried out in accordance with relevant internal regulations, and transactions may only proceed upon approval by the appropriate approval level. (b) Post-Transaction Risk Monitoring: Limit Management and Anomaly Tracking Mechanism To control various credit risks within acceptable limits and avoid excessive impact on the Group and South China Insurance Company's capital, bond anomaly tracking mechanisms and various management indicators (and their limits) have been established.
Supervision and Reporting	(a) Quarterly bond anomaly tracking reports. (b) Quarterly credit risk management reports for the Board of Directors / Risk Management Committee / Risk Management and Asset-Liability Management Meeting of South China Insurance Company

b. Exposure Amount

The credit risk exposures of South China Insurance Company as of December 31, 2025 are all within acceptable ranges.

Unit: NT\$ millions

Risk Exposure Amount December 31, 2025	
Loans	66
Issuer	8,849
Counterparty	228
Business Solicitation Personnel	380
Reinsurer	6,175
Total	15,698

D. Insurance Risks

a. Management approach

Monitoring Procedures and Methods	
Risk Identification	Considering the characteristics of insurance operation processes, risks are categorized into underwriting risk / reserve risk / reinsurance risk.
Risk Measurement	Measuring risks through management indicators.
Risk Control	(a) New Insurance Product Management Before underwriting any new insurance product, South China Insurance Company is required to submit the new insurance product proposal to the South China Insurance Company Risk Management and Asset-Liability Management Meeting for deliberation, and may only proceed after approval by the President of South China Insurance Company. (b) Early Warning Management In order to control various insurance risks within acceptable limits and avoid excessive impact on the capital of the Group and South China Insurance Company, various early warning management indicators (and their early warning thresholds) have been established.
Supervision and Reporting	(a) Monthly insurance risk management reports for the Risk Management and Asset-Liability Management Meeting of South China Insurance Company. (b) Quarterly insurance risk management reports for the Board of Directors / Risk Management Committee of South China Insurance Company.

b. Exposure Amount

The insurance risk exposure of South China Insurance Company as of December 31, 2025 remains within acceptable limits.

Risk Exposure Amount December 31, 2025	
Written Combined Ratio	78.6%
Net Combined Ratio	83.7%
Unearned Premium Reserve Provision Ratio	49.6%
Loss Reserve Provision Ratio	48.1%
Loss Reserve Tracking Ratio	-6.05%
Net Retention Ratio	123.8%

Note: 1. The calculation of the Written Combined Ratio, Net Combined Ratio, and Net Retention Ratio indicators excludes policy-based insurance products.
2. The calculation of the Unearned Premium Reserve Provision Ratio and Loss Reserve Provision Ratio indicators excludes policy-based insurance products and discontinued products.
3. The calculation of the Loss Reserve Tracking Ratio indicator excludes policy-based insurance products.

E. Asset and Liability Management

a. Management approach

Monitoring Procedures and Methods	
Risk Identification	Considering risk characteristics, risks are categorized into liquidity risk / foreign exchange risk / non-trading book portfolio management / capital adequacy management.
Risk Measurement	Measuring risks through management indicators.
Risk Control	(a) Pre-trade management: approval of new financial instruments Before transacting in any new financial product (i.e., products not on the approved product list of South China Insurance Company), a proposal for the new financial product must be submitted to the South China Insurance Company Risk Management and Asset-Liability Management Meeting for deliberation, then reviewed by the Risk Management Committee, and reported to Hua Nan Financial Holdings for approval before the transaction may proceed. (b) Post-Transaction Risk Monitoring: Limit Management In order to control various asset-liability management risks within acceptable limits and avoid excessive impact on the capital of the Group and South China Insurance Company, various limit indicators (and their warning value).
Supervision and Reporting	(a) Daily non-trading book position (overlay method and FVOCI positions) limit management report. (b) Investment action reports. (c) Monthly foreign exchange risk management report. (d) Monthly liquidity risk management report. (e) Monthly South China Insurance Company Risk Management and Asset-Liability Management Committee asset-liability management report. (f) Quarterly South China Insurance Company Board of Directors and Risk Management Committee asset-liability management report. (g) Semi-annual South China Insurance Company Risk Management and Asset-Liability Management Committee capital adequacy assessment report.

b. Exposure Amount

The asset-liability risk exposure of South China Insurance Company as of December 31, 2025 remains within acceptable limits.

Unit: NT\$ millions

Risk Exposure Amount December 31, 2025	
Liquidity risk highest liquidity asset-to-liability ratio	68.7%
Liquid asset-to-liability ratio	96.2%
Asset-to-liability ratio	144.0%
Financial Asset Liquidity Ratio	85.5%
Cash Flow Gap Due Within 1 Month	9,523
Ratio of Adverse Impact of Foreign Exchange Fluctuations to Owners' Equity	2.93%
Capital Adequacy Ratio	393.32%

F. Climate Risks

a. Management approach

Monitoring Procedures and Methods	
Risk Identification	Assessing the potential financial impact of physical and transition climate risk types on the investment portfolio, thereby identifying relevant climate risks and opportunities.
Risk Measurement	Measuring risks through management indicators.
Risk Control	(a) Pre-Transaction Management: Transaction Review Procedures Prior to conducting any transaction, qualification reviews and evaluation procedures must be carried out in accordance with relevant internal regulations, and transactions may only proceed upon approval by the appropriate approval level. (b) Post-Transaction Risk Monitoring: Limit Management To control high climate risks within acceptable limits and avoid excessive impact on the Group and South China Insurance Company's capital, high climate risk limits have been established.
Supervision and Reporting	(a) Monthly insurance risk management reports for the Risk Management and Asset-Liability Management Meeting of South China Insurance Company (b) Quarterly insurance risk management reports for the Board of Directors / Risk Management Committee of South China Insurance Company (c) Annual handling of climate risk disclosure-related matters.

b. Exposure Amount

The climate risk exposure of South China Insurance Company as of December 31, 2025 remains within acceptable limits.

Risk Exposure Amount December 31, 2025	
Ratio of investment exposure in high climate risk industries to total investment exposure	7.74%

5. Hua Nan Investment Trust

(1) Market Risks

A. Definition of Market Risk:

Refers to the adverse impact on the value of trading positions caused by changes in market risk factors, such as interest rates, exchange rates, commodities, equity security prices, credit spreads, correlation coefficients, or volatility.

B. Market risk management:

a. Proprietary fund market risk management: Hua Nan Investment Trust's proprietary fund market risk management is conducted in accordance with the "Hua Nan Financial Holdings Market Risk Management Policy".

b. Trust fund market risk management

(a) Wealth management product review mechanism prior to trust fund issuance

- i. Wealth management products issued by the investment trust are managed through the Product Review Committee, which evaluates the reasonableness and risk of each product and ensures full disclosure, in order to safeguard the interests of Hua Nan Investment Trust and its clients.
- ii. The scope of product review items includes product content structure, product risk analysis, risk analysis of issuing and guaranteeing institutions, client interest protection, and return analysis.
- iii. All wealth management products of the investment trust are reviewed in accordance with the product review guidelines, and after approval by the Investment Trust Product Review Committee, they are submitted to the Hua Nan Financial Holdings Product Review Team for final approval.
- iv. Each fund prepares a "Product List" that separately identifies the actual investable product types; products not listed in the Product List must comply with the investment scope of the trust agreement and shall be resubmitted to the Hua Nan Investment Trust Product Review Committee for approval, and only after approval may transactions be conducted in accordance with the Hua Nan Financial Group Wealth Management Product Review Guidelines.

(b) Control of investment ratio restrictions: Controls are implemented in accordance with the restrictions set forth in the "Securities Investment Trust and Consulting Act", "Securities Investment Trust Fund Management Regulations", "Regulations Governing the Administration of Discretionary Investment Business of Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises", "Securities Investment Trust Fund Trust Agreement", and "Discretionary Investment Agreement", and other relevant laws and regulations.

(c) Risk tracking of trading profit and loss: In order to effectively manage the investment risk of trust funds, trust funds generally refer to, excluding the company's proprietary funds, the business operated by securities investment trust enterprises as defined in Article 3 of the "Securities Investment Trust and Consulting Act". In order to keep losses within the expected range, a stop-loss mechanism for trust funds has been established for management purposes.

(d) The liquidity ratio of each trust fund and the market liquidity of its investment targets are also important aspects of risk management. The company has established internal management regulations and set ratio limits to conduct quantitative risk monitoring.

(e) Regularly review the position risk of the main equity investment asset pool and the assessment items for the appropriateness of related investment targets, such as quantitative screening criteria for asset pool selection and negative list control items or related management indicators under the fund stock selection management mechanism guidelines.

(2) Credit Risks

- A. Refers to the risk of default loss arising from a counterparty's failure to fulfill contractual obligations due to financial deterioration or other factors.
- B. Credit Risk Management
 - a. Proprietary Fund Credit Risk Management: The credit risk management of Hua Nan Investment Trust's proprietary funds is conducted in accordance with the "Hua Nan Financial Holdings Corporate Finance Credit Risk Management Policy."
 - b. Trust Fund Credit Risk Management
 - (a) Before Hua Nan Investment Trust utilizes trust funds to conduct transactions with relevant counterparties, it shall confirm that the credit ratings of the counterparties comply with the provisions of the "Securities Investment Trust and Consulting Act," the "Regulations Governing Securities Investment Trust Funds," the "Regulations Governing the Administration of Investment Consulting Businesses and Securities Investment Trust Enterprises Engaging in Discretionary Investment Business," and other relevant laws and regulations. Hua Nan Investment Trust also periodically evaluates or reviews the credit ratings of relevant counterparties.
 - (b) Credit Risk Control of Investment Targets and Trading Counterparties: In order to ensure that the screening and control of issuers, guarantors, and trading counterparties of investment targets comply with legal requirements and internal controls, selection criteria and quota controls have been established for issuers, guarantors, and trading counterparties of investment targets.

(3) Operational Risk Management

- A. Definition: Refers to the risk of loss caused by inadequate or failed internal processes, personnel, or systems, or by external events. Its scope includes legal risk, but excludes strategic risk and reputational risk.
- B. Operational Risk Management: Conducted in accordance with the "Hua Nan Financial Holdings Operational Risk Management Policy."

(4) Liquidity Risk and Capital Adequacy Management

- A. Definition of Liquidity Risk Management: Liquidity risk refers to the risk of impairment to current or future earnings or shareholders' equity arising from the inability to repay maturing liabilities or the necessity to incur significant losses in order to obtain repayment funds. Its main sources are as follows:
 - a. Unexpected reduction or change in funding sources.
 - b. Inability to quickly liquidate assets with minimal loss due to failure to detect or respond to changes in market conditions.
- B. Definition of Capital Adequacy Management: In order to meet business strategies, in addition to complying with the statutory capital requirements of regulatory authorities, capital planning shall also be considered, balancing the relationship between risk control and business development, so as to achieve the operational goal of maximizing shareholder value.
- C. Liquidity Risk and Capital Adequacy Management: Conducted in accordance with the "Hua Nan Financial Holdings Asset-Liability Management Policy."

(5) Risk Management Report

- A. Each department of Hua Nan Investment Trust, in accordance with its business responsibilities and nature, submits various risk management reports to the Risk Management Department and its department heads on a real-time, daily, or periodic basis, which serve as the basis for business decision-making.
- B. The Risk Management Department of Hua Nan Investment Trust periodically reports to the Chairman and Board of Directors on the risk control status of various business activities, so that the Board of Directors can understand and monitor whether the risks undertaken are within an appropriate range, and serve as a reference for management decisions.

6. Hua Nan Venture Capital

Personnel responsible for risk management at Hua Nan Venture Capital shall, in accordance with the nature of their business, submit various risk management reports to their supervisors and the risk management department of the parent company on a real-time, daily, or periodic basis; and shall report to the Board of Directors of Hua Nan Venture Capital on a quarterly basis regarding the risk control status of various business activities, so that the Board of Directors can understand and monitor whether the risks undertaken are within an appropriate range, and serve as a reference for management decisions.

7. Hua Nan Assets Management

The scope of risk management mainly includes operational risk, credit risk, asset and liability and climate risk management. The methods for controlling each of these risks are as follows:

- (1) Operational Risk Management: The relevant operational risk management is conducted in accordance with the 'Hua Nan Financial Holdings Operational Risk Management Policy'. In addition, to avoid legal risks that may damage shareholders' equity arising from contracts signed with others that lack legal compliance or have incomplete legal documentation, all legal contracts that Hua Nan Assets Management intends to sign with others, except for standard form contracts, must be reviewed in advance by legal personnel or retained lawyers before proceeding. Prior to both parties signing a contract, the counterparty's legitimacy and authorization qualifications must also be confirmed. As for Legal Compliance risk, in accordance with the 'Hua Nan Assets Management Legal Compliance System Implementation Guidelines', compliance with laws and regulations is ensured through the organization of educational training and the inspection of Legal Compliance matters to ensure that all operational activities comply with applicable laws and regulations.
- (2) Credit Risk Management: Credit risk refers to the risk of default loss arising from a counterparty's inability to fulfill contractual obligations due to financial deterioration or other factors. The scope of credit risk management applies to fund lending business, and its management includes credit risk assessment prior to conducting business and credit risk monitoring after conducting business, with credit risk limits set to facilitate control.
- (3) Asset and Liability Management:
 - A. Liquidity Risk Management: Normal operating fund management operations are conducted in accordance with the 'Hua Nan Assets Management Borrowing Management Guidelines', with appropriate diversification of funding sources to avoid excessive concentration. In addition, to prevent sudden liquidity crises from affecting normal operations, the 'Hua Nan Assets Management Liquidity Risk Management Guidelines' and the 'Hua Nan Assets Management Liquidity Emergency Response Guidelines' have been established as countermeasures.
 - B. Capital Adequacy Management: In order to align with the business strategy while considering capital planning and balancing the relationship between risk control and business development to achieve the management goal of maximizing shareholder value, Hua Nan Assets Management has established a warning level for the capital adequacy ratio. If the capital adequacy ratio falls below the warning level or is expected to fall below the warning level in the future, relevant countermeasures shall be proposed
- (4) Climate Risk Management: Climate risk refers to the physical risk of direct or indirect losses caused by extreme weather events or long-term changes in climate patterns due to climate change, as well as the transition risk arising from policy regulations, technological, and market changes during the transition to a low-carbon economy. The scope of climate risk management applies to the Company's own operational activities, fund lending business, and investment property business, and the 'Hua Nan Assets Management Climate Risk Management Guidelines' has been established for compliance.

In addition to the various risk control measures mentioned above, before Hua Nan Assets Management conducts any investment, in addition to professional and objective assessments, an Investment Review Committee and an Advance Payment Review Committee have been established to separately review and evaluate judicial auction investment cases, urban renewal and dangerous building capital injection investment cases, and fund lending business. After undertaking the business, the Company also actively processes the disposal of related assets, promotes the progress of urban renewal projects, and conducts post-loan management to reduce capital cost pressure, enhance asset value, and increase the Company's earnings.

(III) Impact of Significant Domestic and International Policy and Legal Changes on the Financial and Business Operations of the Financial Holding Company and Corresponding Measures:

In order to proactively address climate change risks and achieve the policy goal of net-zero emissions by 2050, the Financial Supervision Commission (hereinafter referred to as 'FSC') continues to promote financial resources to support the low-carbon transition of industries. The Group will continue to pay attention to green and transition finance and actively cooperate with the competent authority's policy promotion.

In addition, to ensure uninterrupted operation of the financial system and provide the public with a secure transaction environment, the FSC issued the 'Financial Cybersecurity Resilience Development Blueprint' in 2025 to strengthen the cybersecurity protection capabilities and operational resilience of the financial industry. The Group will take into account the development trends of financial technology and regulatory laws both domestically and internationally, and will continuously study relevant measures and adjust internal regulations in a timely manner to address the impact of new types of cybersecurity threats on the Group's business and finances, while ensuring that the Group's cybersecurity protection capabilities can effectively manage risks and provide secure, convenient, and diversified Financial Services Industry.

(IV) Impact of Technological Changes (Includes cybersecurity risks) and Industry Developments on the Financial and Business Operations of the Financial Holding Company and Corresponding Measures:

In response to the era of digital finance, it is essential to rely on a secure and trustworthy information network environment as the cornerstone of innovative finance. However, due to the borderless nature of the internet, cross-boundary and new types of cybersecurity threats have also emerged, making cybersecurity risk a significant issue. The Group's cybersecurity risk assessment and analysis includes:

1. Management measures for preventing cybersecurity risks

The Group will implement the execution items prioritized for the financial industry as set out in the Financial Cybersecurity Action Plan issued by the FSC.

(1) Strengthening cybersecurity supervision

A. Cultivating an organizational culture within financial institutions that emphasizes cybersecurity

(2) Deepening cybersecurity governance

A. Continuously obtaining certifications related to international information security management standards

B. Conducting cybersecurity governance maturity assessments

C. Continuously strengthening the Security Operations Center (SOC) mechanism

D. Reviewing the competencies and qualifications of financial cybersecurity personnel, systematically training cybersecurity talent to meet practical needs, and encouraging cybersecurity personnel to obtain international cybersecurity certifications

E. Participating in offensive and defensive exercise training courses

(3) Strengthening financial resilience

A. Conducting off-site drills using actual operational procedures

B. Participating in financial cybersecurity offensive and defensive exercises and competitions, with the option to conduct internal drills

C. Participating in major cybersecurity incident response scenario drills, with the option to conduct internal drills

(4) Leveraging cybersecurity joint defense

A. Participating in the F-ISAC cybersecurity intelligence correlation analysis platform

B. Establishing a Computer Security Incident Response Team (CSIRT)

C. Collaborative operation between financial institution SOC and F-SOC

(V) Impact of image changes of the Financial Holding Company and its subsidiaries on the corporate crisis management and corresponding countermeasures:

Based on the philosophy of sustainable business operations, the Company establishes long-term partnerships with customers and other social groups, actively participates in public welfare activities to fulfill its corporate social responsibility, and enhances the Company's positive image.

For example, since 2007, the Company has promoted the "One Ball, One Dream" grassroots baseball cultivation program to assist in the development of grassroots baseball. In addition, since 2012, the Company has co-organized the "Hua Nan Cares, Forever Young" elderly appreciation event with the Hondao Senior Citizen's Welfare Foundation to convey its care for today's aging population society.

For various unexpected situations, in addition to having the competent departments propose countermeasures and having spokespersons and public relations departments provide clear external explanations at the first opportunity, the positive image accumulated through regular participation in public welfare activities will enable the Company to more readily obtain public understanding in the event of a crisis, thereby mitigating the damage caused by the crisis and significantly reducing uncertainty in business operations.

(VI) Expected benefits, possible risks, and countermeasures for mergers and acquisitions:**1. Expected benefits of mergers and acquisitions**

- (1) Improving return on equity: High-quality external mergers and acquisitions help protect and enhance shareholder equity. All external mergers and acquisitions undertaken by the Company are guided by the protection of shareholder equity, with the aim of sustaining the Company's continued operations and maximizing shareholders' return on investment.
- (2) Expanding economies of scale: Through external mergers and acquisitions, the asset scale of each business unit within the Group and the market scale of major business lines are enhanced, enabling the Group to realize its vision of becoming a sustainable, high-quality financial institution and to benefit from economies of scale.
- (3) Expanding economies of scope: Through external mergers and acquisitions, a one-stop financial products and services platform is established, strengthening the Group's cross-industry operations and cross-selling performance, and benefiting from economies of scope.
- (4) Expanding resource-sharing benefits: After completing the integration of external mergers and acquisitions, resources that were previously independently built and maintained—including organizations, departments, operations, equipment, assets, channels, businesses, and personnel—will achieve mutual support and cost-saving benefits through shared utilization.
- (5) Preventing the risk of marginalization: The trend of domestic financial consolidation is expected to continue. Through high-quality external mergers and acquisitions, the Company's competitive strength can be enhanced, effectively preventing the risk of being face the risk of market marginalization.

2. Potential Risks and Countermeasures for Mergers and Acquisitions

- (1) Talent loss in acquired companies: During the M&A process, due to changes in management and talent poaching by competitors, talent loss in the acquired company is likely to occur.
Countermeasures: Seek companies with similar corporate culture and business philosophy as acquisition targets, properly plan the merger transition plan, and retain talent through open and transparent methods.
- (2) Concealment of information by acquired companies: During the M&A process, acquired companies may tend to conceal their actual operating conditions or unfavorable factors in order to facilitate a smooth sale or increase the selling price.
Countermeasures: Implement due diligence projects, conduct extensive discussions with various departments and consultants on potential issues, and if necessary, exclude uncertain risks through contractual terms.
- (3) Overly optimistic benefit assessment: The acquiring company evaluates the M&A benefits too optimistically, resulting in a purchase price far exceeding the actual benefits.
Countermeasures: Exercise caution when evaluating M&A benefits; the purchase price should be assessed through multiple evaluation methods with reference to industry market rates, to avoid significant premium purchases.

(VII) Risks and Countermeasures Arising from Business Concentration: None

(VIII) Impact, Risks, and Countermeasures of Large-Scale Transfer or Change of Shareholding by Directors or Major Shareholders Holding More Than One Percent of Shares: None

(IX) Impact, Risks, and Countermeasures of Changes in Management Control on the Financial Holding Company: None

(X) Litigation or Non-Litigation Matters: None

(XI) Other Significant Risks and Countermeasures: None

VII. Crisis Management and Response Mechanism

(I) The Company has established the "Guidelines for Emergency Response to Liquidity Risk" to provide handling procedures for fund allocation and backup funding when the Company encounters liquidity risks, thereby ensuring the normal operations of the Company.

(II) In order to promptly address operational crises among Group members, and to control and minimize losses or damages caused by such crises, the Company has established the "Hua Nan Financial Holdings Group Operational Crisis Contingency Measures Guidelines". When other operational crises occur among Group members, they shall initiate their contingency measures as required, form an operational crisis management team, and coordinate the overall direction and progress control of crisis management. During the operational crisis management period, the Company's external information disclosure shall be handled through the announcement system of the securities regulatory authority as required, supplemented by newspaper announcements or self-organized press conferences to proactively disclose information to news media.

(III) The Company has established the "Hua Nan Financial Holdings Group Notification Event Guidelines" to establish a reporting mechanism for significant events. Whenever Group members encounter suspected fraud, major theft, natural disasters, information security incidents that damage customer rights or affect the sound operation of the institution, penalties or disciplinary actions from domestic or foreign regulatory authorities, significant changes in risk exposure, or other incidents that may cause financial losses to the company, downgrading of ratings of overseas branches by local regulatory authorities, or other major unexpected events affecting the company's reputation, the company shall immediately report through this mechanism and submit a follow-up review report within a specified period.

VIII. Other Important Matters: None

Teamwork

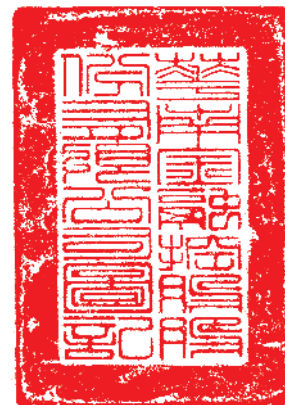
**Teamwork across subsidiaries
Pursue maximum synergistic
effect of financial holdings**



VI. Other Special Notes

- I. Information on Affiliated Enterprises: Please refer to the Market Observation Post System > Single Company > Electronic Document Download > Affiliated Enterprises Three-Report Section (https://mopsov.twse.com.tw/mops/web/t57sb01_q10).
- II. Status of private placement of securities during the most recent fiscal year and up to the date of printing of the annual report: None.
- III. Matters with significant impact on shareholders' equity or securities prices: None.
- IV. Other necessary supplementary explanations: None.

 HUA NAN FINANCIAL HOLDINGS CO., LTD.



Chairperson

Nancy Chen





HONESTY EFFICIENCY ACTIVENESS RESPONSIBILITY TEAMWORK

 **HUA NAN FINANCIAL HOLDINGS CO., LTD.**



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