2 Fulfillment of Trustworthy Governance



SinoPac Holdings is committed to building a corporate culture of fair, honest, and transparent management, abiding by the ethical and decent core value, and optimizing the governance mechanism. The Company aims to serve customers with excellence and become a company respected by all stakeholders.

This chapter includes:

2.1 Corporate Governance: The structure of corporate governance and shareholding, the composition and operation of the Board of Directors, and the senior executive compensation policy, including the linkage between compensation and sustainability performance targets.

2.2 Ethical Corporate Management and Legal Compliance: The mechanisms and practices related to ethical corporate management and legal compliance include the whistleblowing mechanism, financial crime prevention, tax policy, and material violations and improvement measures.

2.3 Risk Management: The risk management framework and policies cover not only credit, market, operation, and liquidity risks, but also extend to the identification and management of operational resilience, emerging risks, climate change risks, nature-related risks, and human rights risks, including investment and lending carbon emissions.

2.4 Information Security/Cybersecurity: Governance structure, management practices, and performance outcomes related to information and cybersecurity systems.

2.5 Privacy and Security: Governance framework, policies, and management measures related to privacy and security, including incident escalation procedures, data breach disclosures during the year and corrective actions taken

2025 Achievements

MSCI ESG Ratings

Achieved an AAA rating for the first time

The Asset

Received Platinum

Award at the Asset ESG Corporate Award for six consecutive years.

The Asia Responsible Enterprise Awards, AREA

Our company's Chairman, Shi-Kuan CHEN, has received the Responsible Business Leadership Award for three consecutive years.

Established a climate change database and automation system

1. Integrated domestic physical climate risk data based on IPCC AR6 and develop an automated system for physical risk scenario analysis
2. Integrated SBT and the PCAF Scope 3 investment and lending portfolio carbon inventory database

【Corresponding GRI Material Topic - Critical Topics】 201: Economic Performance 203: Indirect Economic Impacts 205: Anti-corruption 405: Diversity and Equal Opportunity 417: Marketing and Labeling 418: Customer Privacy

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Sustainability Commitment	Corresponding SDG	Action Plans	2030 Goals
Reduce Inequality		Promote gender equality (Directors, middle and top management positions)	1. Maintain the ratio of female Directors above 1/3. 2. The proportion of female managers in middle and top management at SinoPac Holdings and its domestic subsidiaries exceeds 44%, and the proportion in top management exceeds 33%.
Mitigate and Adapt to Climate Change		Adopt and continue to intensify climate/nature risk management	1. Continuously establish climate change database and automation system. Continuously establish integrated climate (transition risks), decarbonization, PCAF, and SBT target monitoring dashboards to manage and monitor climate risk resilience indicators and targets. 2. Continuously enhance Nature-related Financial Disclosures (TNFD): • Continuously refine the "nature-related dependencies and impacts, risks, and opportunities" framework and scenario analysis in line with TNFD guidance. • Introduce "TNFD investment and lending risk management mechanisms".

Summary of Six Capitals Performance in 2025

INPUT

Financial Capital	• Invested NT$35.83 million in corporate governance expenditures • Invested NT$502.48 million in information security expenditures (including software, hardware and authorization related expenses, as well as training for employees)

OUTPUT

Intellectual Capital	• 100% coverage of Information Security Defense-in-Depth Architecture consistent with the consolidated financial statement boundary)



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Summary of the Results in the 2025 Sustainable Development Plan

Strategy	2025 Objectives and Implementation Results	Implementation Status in 2025	2026 Objectives (Note 1)

Improve corporate governance	• Continue strengthening functions of the Board and Functional Committees
	  ▪ Each board member receives 3 hours of ESG-related and 3 hours of climate-related training annually
	  ▪ Conduct internal performance evaluation the Board of Directors and included the supervision of Sustainable Development Committee into the evaluation items
	  ▪ Submit interim financial reports to the Audit Committee for approval
	  ▪ Assess the independence and competence of external auditors using Audit Quality Indicators (AQIs)
	  ▪ The head of internal audits holds at least two meetings per year with Independent Directors
	  ▪ The Risk Management Division regularly reports potential risk issues and management overviews (including climate and natural-related risk reports) to the Audit Committee
	• Continue enhancing stakeholder communication
	  ▪ Reported on the remuneration of Directors at the annual general meeting (AGM), including the remuneration policy, the types, amounts and levels of remuneration, and the correlation with the results of performance evaluation
	  ▪ Uploaded the entire uninterrupted audio and video recording on the official website after the shareholders' meeting
	• Diversify the Board of Directors, with the ratio of female Directors reaching 1/3
	• Broaden the scope to integrate sustainability goals into performance evaluations for department-level supervisory personnel of SinoPac Holdings and its first-tier subsidiaries
	• Implement minimum shareholding requirements for senior executives
	• The proportion of female managers in middle and top management at SinoPac Holdings and its domestic subsidiaries reached 42%
	• Conduct the 11th Corporate Governance Evaluation and prepare for the self-evaluation for the 12th Corporate Governance Evaluation
		Completed	• Continue strengthening the functions of the Board of Directors and functional committees
			  ▪ Complete the third external performance evaluations for the Board of Directors (including functional committees)
			  ▪ Complete the election of the ninth Board of Directors and continuously implement the policy of board diversity
			  ▪ The average attendance rate of directors at board meetings reaches 80% or above
			  ▪ Require Directors to complete at least six hours of continuing education each year, of which at least three hours should be climate-related training programs
			  ▪ Submit interim financial reports to the Audit Committee for approval
			  ▪ Assess the independence and competency of external auditors using Audit Quality Indicators (AQIs)
			  ▪ The head of internal audits holds at least two meetings per year with Independent Directors
			• Continue enhancing stakeholder communication
			  ▪ Convene the 2026 annual meeting of shareholders with at least a 70% attendance rate of Directors
			  ▪ Hold quarterly investor conferences, actively participate in investment forums organized by securities firms, and dedicate efforts to reinforcing two-way communication with investors
			  ▪ Compile investor feedback every quarter and report results to the Board of Directors
			  ▪ Report on the remuneration received by Directors at the annual meeting of shareholders, including the remuneration policy, types, amounts, brackets, and its correlation with performance evaluation results
			  ▪ Upload the uninterrupted audio and video recording of the entire shareholder meeting onto the official website after the meeting
			• Expand the implementation scope of linkage between sustainability goals and performance to department-level managers of SinoPac Holdings and its domestic subsidiaries
			• Reinforce the communication of the minimum shareholding requirements for senior executives of SinoPac Holdings in accordance with regulations
			• Increase the proportion of female managers in middle and top management at SinoPac Holdings and its domestic subsidiaries to at least 42%
			• Conduct the 12th Corporate Governance Evaluation of TWSE and prepare for the 1st ESG Evaluation, identify gaps in evaluation indicators and new indicators, and include improvements into the work items of the sustainable development roadmap

Intensify ethical corporate management	• Convene the Ethical Corporate Management Committee to report the results of the 2024 performance evaluation, the results of audits on compliance measures for preventing unethical conduct, and regularly report on the progress on the whistleblowing cases of the Company and subsidiaries • Conduct annual training and integrity statement signing for all Directors, supervisors, and employees of the financial holding company and its subsidiaries (covering all entities within the consolidated financial statements), to effectively monitor the implementation of integrity-related policies • Continued to enhance information disclosure and review the effectiveness of the code of conduct/moral standards • Continue to audit the compliance with anti-corruption and integrity programs • Continue to pay attention to international development trends of ethical corporate management	Completed	• Execute annual training programs and integrity statement signing operations, covering SinoPac Holdings and its subsidiaries (individual scopes must be consistent with the consolidated financial statement boundary), targeting all directors, supervisors, and employees (including dispatched, part-time, and contract employees), achieving a 100% participation rate to enhance employees' awareness of integrity management • Conduct review and disclosure on the appropriateness and effectiveness of programs for preventing unethical conduct • Audit the compliance status of programs for preventing unethical conduct • Convene meetings of the Ethical Corporate Management Committee • Continue to pay attention to international ethical corporate management trends

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Strategy	2025 Objectives and Implementation Results	Implementation Status in 2025	2026 Objectives (Note 1)
Enhance information disclosure transparency	• Continue to optimize and update the visual design of the official website, functionality and backend maintenance efficiency, enhance user browsing and operation experience, and strengthen the digital image and information transparency	Completed	• Implement the official website update project to update the visual design of the official website, functionality and backend maintenance efficiency, enhance user browsing and operation experience, and strengthen the digital image and information transparency

Optimize risk management mechanisms	• Establish a climate change database and automation system
	  ◦ Integrate AR6 domestic physical climate risk database and establish automated physical risk scenario analysis system.
	  ◦ Integrate a database for SBT targets and the PCAF carbon inventory of scope 3 financed emissions.
	• Continuously enhance Nature-related Financial Disclosures (TNFD), including enhance the TNFD framework for identifying nature-related risks and opportunities and introduce TNFD exploratory scenario analysis.
		Completed	• Continuously establish climate change database and automation system
			  ◦ Integrate overseas physical climate risks database and establish an automated physical climate risk scenario analysis system.
			  ◦ Continuously integrate a database for SBT targets and the PCAF carbon inventory of scope 3 financed emissions and establish an automated PCAF calculation system.
			• Continuously enhance Nature-related Financial Disclosures (TNFD), including Introducing external assurance mechanisms for TNFD, and enhancing disclosure aspects of LEAP (Locate and Evaluate).

Strengthen information security	• Continuously optimize the risk-driven information security management
	  ◦ Convene regular meetings of the Information Security Committee / information security sharing conference
	  ◦ Compendium of measures to prevent the occurrence of online frauds
	  ◦ Enhance the capacity of information protection in response to the financial digital transformation and innovative applications
	  ◦ Implement cost reduction for information security expenses
	• Continuously optimize information security of AI application systems
	• Plan and introduce a cloud-based information security management platform to continuously strengthen internal control
	• Bank SinoPac and SinoPac Securities subsidiaries complete the transition to the updated ISO270012022 certification
		Completed	• Optimize risk-driven information security management and monitoring
			• Enhance zero trust security governance, establish or optimize network control mechanisms, and strengthen connection authentication and authorization management
			• Optimize core information systems and infrastructure to enhance operational resilience
			• Evaluate the inclusion or expansion of the scope of international information security certifications, and maintain the validity of international information security certification certificates
			• Optimize or adopt information security defense mechanisms beneficial to corporate operations
			• Evaluate the introduction of application programming interface (API) security protection mechanisms to mitigate risks of potential attacks from third parties

Note 1: Please refer to "Roadmap and Commitments" on the official website of SinoPac Holdings for the latest sustainability work plans and target.

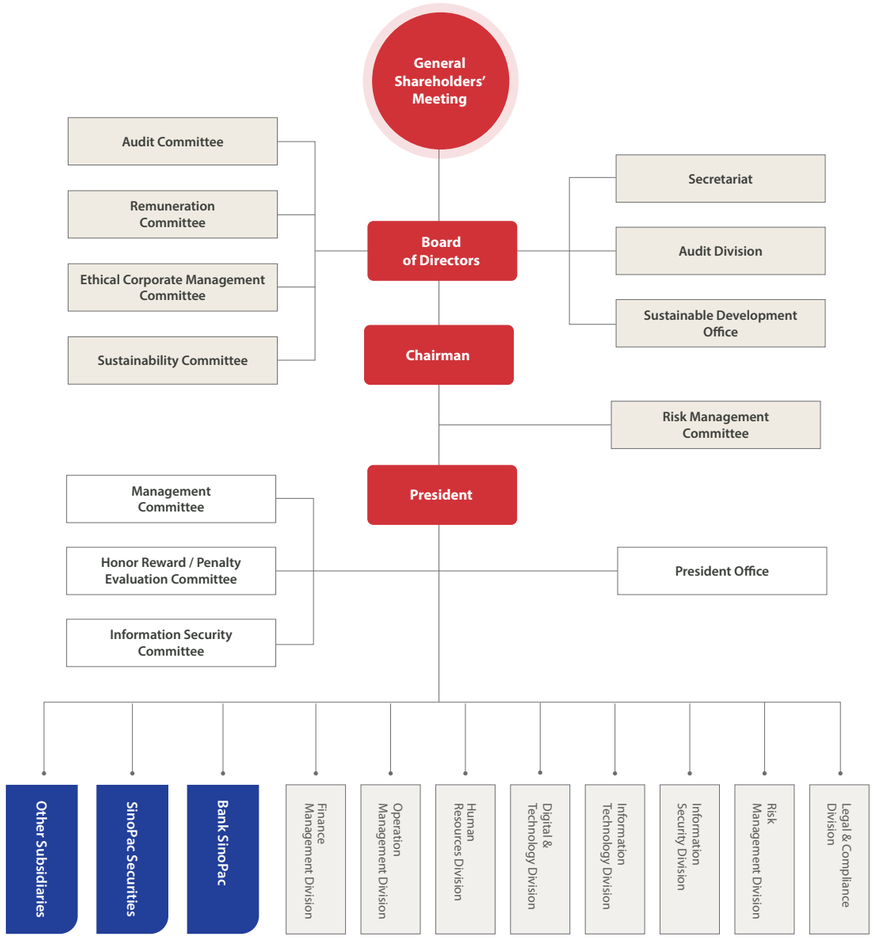
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2.1 Corporate Governance

2.1.1 Governance Framework

To establish a solid corporate governance system, SinoPac Holdings has established the "Corporate Governance Guidelines" in accordance with the "Corporate Governance Best Practice Principles for Financial Holding Companies" and the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".



Main directions of implementation of the "SinoPac Holdings' Corporate Governance Guidelines"

- Compliance and solid internal management.
- Reinforcement of the functional duties of the Board of Directors.
- Respect for the interests of employees and stakeholders.
- Protecting shareholders' rights and interests and the corporate governance relationship between the Company, its subsidiaries and its affiliates.
- Fulfillment of Audit Committee's function.
- Enhancement of information transparency.

List of SinoPac Holdings' Functional Committees

Committee	Committee Composition	Responsibilities	Organizational Charter and Important Guidelines	Operations in 2025
The 4th Audit Committee	The Audit Committee consists of all Independent Directors of SinoPac Holdings. The Independent Director Wen-ling MA serves as the convener.	• Supervise the fair presentation of the Company's financial statements • Supervise the appointment (or dismissal), independence, and performance of the external auditor • Supervise the effective implementation of internal control. • Supervise the Company's compliance with laws and regulations • Supervise the management of existing or potential risks faced by the Company.	Audit Committee Organizational Charter	A total of 11 meetings were held and the attendance rate was 100%.
The 5th Remuneration Committee	The Remuneration Committee consists of all Independent Directors of SinoPac Holdings. The Independent Director Wei-ta PAN serves as the convener.	• Establish Directors' and managers' performance evaluations and salary policies, systems, standards, and structures. • Regularly assess Directors and managers' remuneration.	Remuneration Committee Organizational Charter	A total of 10 meetings were held and the attendance rate was 100%.
The 3rd Ethical Corporate Management Committee	The Ethical Corporate Management Committee consists of all Independent Directors of SinoPac Holdings, Bank SinoPac, and SinoPac Securities Corp. The Independent Director Wei-ta PAN serves as the convener.	• Responsible for the review of the ethical cooperate management policies and prevention programs, as well as the supervision of the managerial department's implementation performance; regularly reporting on the compliance status to the Board of Directors. • Incorporate good faith and ethical values into the Company's business strategy. • Review preventive programs of unethical acts and checks and balances mechanisms for ethical. corporate management. • Establish a whistleblowing system and supervision of the effectiveness of its implementation.	Ethical Corporate Management Committee Organizational Charter Guidelines for Ethical Corporate Management Procedures for Ethical Management and Guidelines for Conduct	A total of 2 meetings were held and the attendance rate was 100%.
The 1st Sustainable Development Committee	The Company's Sustainable Development Committee is composed of eleven directors from SinoPac Holding, Bank SinoPac, SinoPac Securities, and SinoPac Leasing, King's Town Bank, including three Independent Directors of the Company. The Chairman Shi-kuan CHEN serves as the convener.	• Review the establishment and amendment of the Company's sustainable development policies, systems, and short, medium, and long-term implementation plans. • Review and approve the annual work plan for sustainable development. • Review, monitor, and revise the implementation effectiveness of the annual work plan for sustainable development. • Supervise the disclosure of sustainable information and approve the sustainability report. • Supervise the execution of business activities related to the Company's Sustainable Development Guidelines or other sustainable development tasks approved by the Board of Directors.	Sustainable Development Committee Organizational Charter	6 meetings were held, with an average actual attendance rate of 100% (including proxy attendance).

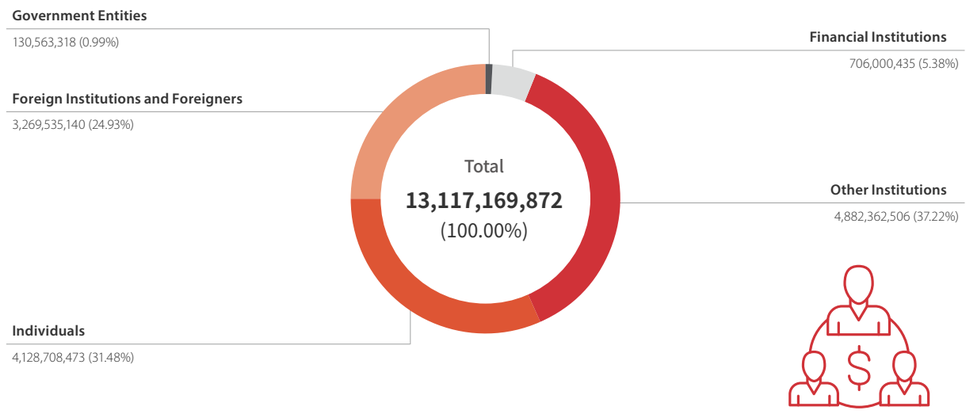
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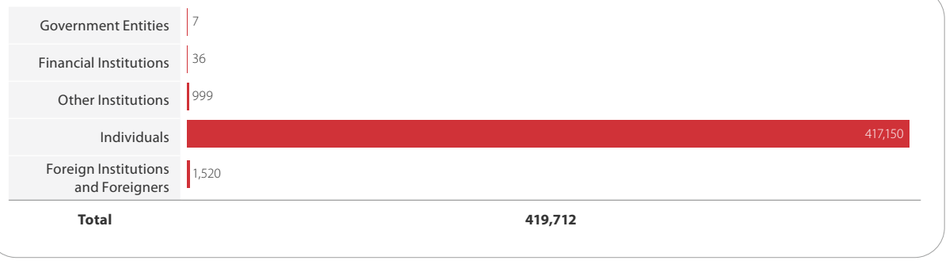
2.1.2 Shareholding Structure

SinoPac Holdings discloses its shareholder structure as shown in the table below. Shares held by government entities account for less than 1%.

Shareholder Structure (Common Stock)

August 27, 2025; Unit: Shares





Shareholder Structure (Type A Preferred Stock)

August 27, 2025; Unit: Shares

	Government Entities	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Foreigners	Total
Number of Shareholders	—	—	—	1	—	1
Shares	—	—	—	10,000,000	—	10,000,000
Percentage	—	—	—	100%	—	100%

2.1.2.1 Percentage of Shares Held by Family Members

S. C. Ho and the same related party declared their holding of 19.52% of SinoPac Holdings' shares on December 31, 2025 (major shareholders and the same related party with more than 10% of shares). Please refer to the "inquiries on the reports on the change of shareholding by major shareholders of banks (financial holding companies) " on the Market Observation Post System.

2.1.3 Composition and Operations of the Board of Directors

2.1.3.1 Composition of the Board of Directors

SinoPac Holdings' 8th Board of Directors consists of seven Directors including one Executive Director and six non-executive Directors. Three Directors (43%) meet the criteria for independent director based on the laws and regulations of Taiwan and six Directors (86%) meet the criteria for Independent Directors based on international practices (same as Dow Jones Best-in-Class Indices definition). Except for the Executive Director for whom the independence criteria of non-executive Directors do not apply, the Chairman and other non-executive Directors meet the independence criteria in international practices. For detailed definitions, please refer to the notes on the right-hand side of the composition and background of SinoPac Holdings Directors on the following page.Furthermore, in the event that a Director breaches their duties and causes damage to the company, all matters will be handled in accordance with the laws and regulations of Taiwan. The Company has not established preset clauses limiting directors' liability. SinoPac Holdings established the "Procedures for Election of Directors " and values diversity in the composition of the Board of Directors. It stipulates in the "Corporate Governance Guidelines " that diversity must be considered for the composition of the Board of Directors, and the Company must establish suitable diversity policies for basic qualifications and values (including but not limited to gender, age, nationality, race, and culture). To ensure gender equality in the composition of the Board of Directors, the 8th Board of Directors includes 3 female Directors and 4 male Directors, female members account for more than 40% of all Directors and Ms. Shi-Kuan CHEN was reelected as the Chairman.

The current Board of Directors consists of three female directors and four male directors with an average age of over 55 years old; among them there are three doctors and four masters, all of whom have relevant professional background and experience required by the financial industry or other industries. Based on the professional capabilities of these seven Directors, the Board of Directors possesses various skills, such as operational judgments, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership, decision-making, and risk management knowledge. As of May 26, 2026, the average term of Directors is 5.8 years.



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The composition and background of SinoPac Holdings Directors are as follows

Name of Board Member	Basic Information							Industry Experience							Professional Skills							Relevant Work Experience in Financial Industry	Concurrent Role as Manager	Independence	
	Nationality	Gender	Concurrent Role as Manager	Age			Term	Financial Industry						Other Industries	Banking	Commerce	Law	Finance/Accounting	Information Security/ Information Technology	Climate Change/ Environmental Protection	Risk Management		Fewer than Four Other Position Concurrently Held in Other Companies (Note 1)	Fulfillment of Independence Criteria of Non-Executive Directors Based on Taiwanese Definitions (Note 2)	Fulfillment of Independence Criteria of Non-Executive Directors Based on International Definitions (Note 3)
				Under 30	30(include) ~ 50(exclude)	Above 50		Financial Holding Company	Bank	Securities	Insurance	Investment Trust														
Shi-Kuan CHEN	ROC	Female				●	May 13, 2020~	●	●			●		●	●	●		●	●		●	• Ph.D. in Economics, Yale University, USA • President, Chung-Hua Institution for Economic Research, which provides the government with recommendations on medium to long-term economic policies • Independent Director, DBS Bank (Taiwan) Ltd. • Director, Mega Financial Holdings Co., Ltd. • Supervisor, Mega International Commercial Bank Co., Ltd. • Director, Central Bank of the Republic of China (Taiwan) • Committee Member, Review Committee on Application of Financial Regulatory Sandbox, Financial Supervisory Commission (Taiwan)	●		●
Wei-ta PAN	ROC	Male				●	May 13, 2020~	●			●			●	●	●	●				●	• President, Soochow University; Professor, Department of Law, Soochow University (Note 4) • Independent Director, China Life Insurance Co., Ltd. (Note 5)	●	●	●
Huey-jen SU	ROC/ U.S	Female				●	May 24, 2023~	●						●	●	●				●	●	• PhD in Environmental Health, Harvard School of Public Health • President, National Cheng Kung University • Distinguished Chair Professor, Department of Environmental and Occupational Health, College of Medicine, National Cheng Kung University • Committee Member, Future Earth Taipei, Academia Sinica (Note 6) • Member of the National Climate Change Committee of the Presidential Office (Note 6)	●	●	●
Wen-ling MA	ROC	Female				●	May 24, 2023~	●	●			●			●	●		●			●	• Chief Executive Officer, Nomura Asset Management Taiwan Ltd. • President and Chief Sales and Marketing Officer, Aberdeen Standard Investments Taiwan Limited • Managing Director, Head of Wealth Management, Standard Chartered Bank • Executive Director, Head of Investment Products & Services, UBS Wealth Management • SVP, Head of Wealth Management and SVP, Head of Investment and Insurance, HSBC • Manager, Investment Products and Research, CitiBank	●	●	●
Stanley CHU	ROC	Male	●			●	December 5, 2017~	●	●	●					●	●		●			●	• Chairman, Cathay Securities Corporation • Chairman and President, KGI Futures • Spokesman and Senior Executive Vice President, Taiwan Stock Exchange Corporation • Senior Executive Vice President and Director, Taiwan Futures Exchange	●		Not applicable (Note 7)
Chi-hsing YEH	ROC	Male				●	May 1, 2018~	●						●	●	●	●		●		●	• Attorney (Note 8) • Prosecutor of ROC (Note 9) • Assistant Professor, School of Law, Soochow University, where he lectures in courses on the Personal Data Protection Act	●		●
Wei-thyr TSAO	ROC	Male				●	May 13, 2020~	●	●	●					●	●	●		●			●	• Managing Director, Acting President in Taiwan, and Head of Global Finance and Risk Solutions for Greater China, Barclays Capital Asia Ltd. • Managing Director, Morgan Stanley Asia Limited • Executive Vice President and Head of Group Fixed Income, China Development Financial Holding Corporation • General Manager, China Development Industrial Bank • Managing Director, UBS • Executive Director, Goldman Sachs LLC Hong Kong	●		●

Note 1: Article 28 and 38 of SinoPac Holdings' "Corporate Governance Guidelines" state that when the representative of the Company holds a concurrent position, he/she shall ensure the effective execution of current and concurrent duties and shall not engage in acts involving conflict of interest or violation of internal control, supervisory, and balance systems of the Company and its investee enterprises and subsidiaries. The Guidelines also state that Independent Directors should not serve as the director (including independent director) or supervisor of more than four TWSE/TPEx-listed companies at the same time.

Note 2: Non-executive Directors must meet the independence criteria for Directors in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" published by the FSC of Taiwan. The Independent Directors meet the following conditions during the two years before being elected or during the term of office:

(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or its affiliates (this restriction does not apply to Independent Directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with the Securities and Exchange Act or local laws of the registered country).
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in (1) or any of the persons mentioned in (2) and (3).
(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top five in terms of the number of shares held or is designated as a Director or Supervisor of the Company pursuant to Paragraph 1 or 2, Article 27 of the Company Act (this restriction does not apply to Independent Directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with the Securities and Exchange Act or local laws of the registered country).
(6) Not a director, supervisor, or employee of another company where the majority of Directors, or more than half of the voting shares are controlled by a single person (this restriction does not apply to Independent Directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with the Securities and Exchange Act or local laws of the registered country).
(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local laws of the registered country).
(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the company (this restriction does not apply to Independent Directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with the Securities and Exchange Act or local laws of the registered country).
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
(10) Not a spouse or relative within the second degree of kinship of any other Director of the Company.
(11) Not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.

Note 3: Non-executive Directors' compliance with international independence criteria is determined based on the definitions of Independent Directors in the S&P Global Corporate Sustainability Assessment (CSA) . They must meet at least 4 of the 9 independence criteria (of which at least 2 of the first 3 criteria) listed below:

(1) The director must not have been employed by the company in an executive capacity within the last year.
(2) The director must not accept or have a "family member who accepts any payments from the company or any parent or subsidiary of the company in excess of US$60,000 during the current fiscal year", other than those permitted by SEC Rule 4200 Definitions.
(3) The director must not be a "family member of an individual who is employed by the company or by any parent or subsidiary of the company as an executive officer."
(4) The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.
(5) The director must not be affiliated with a significant customer or supplier of the company.
(6) The director must have no personal services contract(s) with the company or a member of the company's senior management.
(7) The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
(8) The director must not have been a partner or employee of the company's outside auditor within the last year.
(9) The director must not have any other conflict of interest with the independent operations of the Board of Directors.

Note 4: Wei-ta PAN has written books on the Company Act, Negotiable Instruments Act, and commercial law, and has extensive knowledge and experience in business transactions between companies, corporate governance, strategic planning, policies, and regulations.

Note 5: During his tenure as Independent Director of China Life Insurance, Wei-ta PAN participated in the review and implementation of important policies and approved the "Business Channel Transformation Project" for the comprehensive transformation and optimization of business management and improvement of China Life Insurance's overall competitiveness in the market. He helped China Life Insurance receive two "excellence certifications" from Taiwan Corporate Governance Association during his time at the company.

Note 6: Ms. Huey-jen SU has a PhD in Environmental Health, Harvard School of Public Health. Her expertise includes sustainable development, climate change, and environmental science. All financial regulators in different countries emphasize the importance of the Board of Directors in the climate governance of financial institutions. SinoPac Holdings also adopted "Mitigate and Adapt to Climate Change" as one of its three main commitments. A director with climate-related expertise in the Board of Directors will enhance the Company's climate governance competencies.

Note 7: Stanley CHU is an executive director (manager of the Company) and the independence criteria for non-executive director do not apply.

Note 8: Chi-hsing YEH is one of the rare attorneys in Taiwan with expertise in both technology and law. He has assisted the government and enterprises in dealing with legal issues derived from FinTech and emerging network technologies. He is also an expert in FinTech and specializes in legal issues involving emerging technologies such as big data, artificial intelligence, blockchain, and Internet of Things (IOT).

Note 9: Chi-hsing YEH drafted Chapter 36 "Offenses Against the Computer Security" of the Criminal Code during his tenure as a prosecutor and he has extensive knowledge of e-commerce and the information security industry. He had served as senior manager of e-commerce and information security companies

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Board Diversity Targets

At least one female director in the Board of Directors	Achieved Achieved, over 40% of Board members are female
At least 3 Independent Directors with no less than one-third of the Directors' seats and no more than 3 consecutive terms	Achieved
Directors who serve concurrently as managers should not account for a high proportion of the Board of Directors	Achieved
All Directors must sign the compliance statements for the Ethical Corporate Management Policy	Achieved
The Board of Directors possesses nine major capabilities for corporate governance	Achieved
The Board of Directors possesses professional experience in 7 major industries including banking, business, law, accounting/finance, information on security/information technology, climate change/ environmental protection and risk management	Achieved
At least one Director must have bank and securities expertise	Achieved

2.1.3.2 Operations of the Board of Directors

As a principle, SinoPac Holdings' Board of Directors convenes one meeting each month and the minimum of attendance for all members required is 80%. 15 meetings of the Board of Directors were held in 2025, and the average board meeting attendance was 100%. The average board meeting attendance of Directors is included as an evaluation item in the performance evaluation of individual Directors. Directors that have conflicts of interests in resolutions would recuse themselves from voting in accordance with laws. Please refer to P40 to 41 of SinoPac Holdings' 2025 Annual Report for the attendance of Directors in board meetings and the recusal of Directors due to conflicts of interests. SinoPac Holdings has maintained Liability Insurance for Directors, Supervisors, and Managers of the holding company and its domestic and overseas subsidiaries since 2003 , and reviews the policy coverage annually.

SinoPac Holdings uses the TWSE Market Observation Post System, corporate website, and annual reports to disclose the Directors' education/ training and attendance in the Board of Directors. Major resolutions are disclosed in the Annual Report and company website as well as recusals of Directors from agenda items due to conflicts of interests to improve information transparency in the operations of the Board of Directors. For more information on SinoPac Holdings' Composition and Operation of the Board of Directors and the Regulations Governing the Evaluation of the Performance of the Board of Directors , please refer to the official website.

All Directors met requirements as specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" in 2025 with an average of 18.78 hours of training which was higher than the required in regulations. Continuing education courses included courses on topics such as Protection of the Elderly and Trust Management, anti-money laundering and counter terrorism financing, low-carbon economy and sustainable development, information security and digital finance, ESG and Financial Management and other related courses. Please refer to P64 to 66 SinoPac Holdings' 2025 Annual Report for details on the continuing education/ training of Directors.

2.1.3.3 Board Performance Review

SinoPac Holdings has established the Regulations Governing the Evaluation of the Performance of the Board of Directors under which the performance of the Board of Directors and functional committees (including the Audit Committee, Remuneration Committee, Ethical Corporate Management Committee, and Sustainability Committee) should be reviewed according to the review procedures and indicators set forth in the Regulations on an annual basis. The performance review of the Board of Directors and functional committees shall be conducted by an external professional independent institution or a team of external experts and scholars at least once every three years, and the results of performance review shall be reported to the Board of Directors before the end of March in the following year. The circumstances under which the Board of Directors adequately supported the Company's efforts to promote sustainable development and regular review the development of the Company's sustainable development work plans and implementation were also included as indicators in the evaluation. The results of the fiscal year 2025 evaluation of the Board of Directors are set forth below:

Evaluation Method	Evaluation Scope	Evaluation Content	Evaluation Results
Internal Self-evaluation	Performance evaluation of individual board members	1. Control over the Company's goals and missions 2. Understanding of duties as Directors 3. Degree of participation in the Company's operations 4. Management of internal relationship and communication 5. Directors' professionalism and continuing education 6. Internal control	Excellent
External evaluation (Appointed EY Business Advisory Services Inc. to conduct the evaluation)	Performance evaluation of the Board of Directors, Audit Committee, Remuneration Committee, Ethical Corporate Management Committee and Sustainable Development Committee.	The evaluation of the structure, people, and process and information of the Board of Directors and functional committees was conducted by means of document review, self-evaluation questionnaires for Directors, and onsite interviews. It includes 8 major items: 1. Structure and procedures of the Board of Directors and functional committees 2. Members of the Board of Directors and functional committees 3. Legal entity and organizational structure 4. Roles and responsibilities 5. Actions and culture 6. Director training and development 7. Monitoring of risk management 8. Reporting/disclosure, performance supervision, etc.	Performance across all three dimensions was rated as "Benchmark" (not only exceeding the basic requirements of the competent authority and relevant regulations, but also representing practices that are regarded as benchmark exemplars).

Note : Evaluation Period: January 1, 2025, to December 31, 2025

Directors' Remuneration Policy

The range of SinoPac Directors' remuneration including the transportation and attendance fees, compensation, and rewards. The payments for transportation and attendance allowances shall be processed in accordance with the "Payment Guidelines for Transportation and Attendance Allowances for Directorsand Supervisors" adopted by the Board of Directors. The directors' remuneration is determined by the Remuneration Committee and the Board of Directors with reference to the industry's average level. The criteria and procedures for appropriating Directors' remuneration are specified in the Articles of Incorporation. The rate and amount of director's compensation are based on the results of director's performance evaluation, the performance of duties, the company's financial and operating performance, corporate governance and ESG performance, and the reasonableness of the correlation of future risks, with reference to the industry's average level, and are reviewed and approved by the Remuneration Committee and the Board of Directors, and reported to the shareholders' meeting.

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2.1.4 Senior Executive Remuneration Policy

2.1.4.1 Senior Executive Remuneration System

The remuneration for the President and Vice President (top management) of SinoPac Holdings is based on their individual professional qualifications and experience and the prevailing rates in the industry, discussed in the remuneration committee, and then submitted to the Board of Directors for approval. In addition to the fixed monthly base salary and allowances, the Company issues performance bonuses and long-term incentives according to the Company's rules with consideration of the overall annual business performance, personal performance, and future risks in the medium to long-term strategy of SinoPac Holdings.

To balance short-term and long-term remuneration, business performance and personal performance, cash and non-cash remuneration, SinoPac Holdings established the Long-Term Incentives and Remuneration. The proportion of President and Vice President's (top management) long-term compensation deferral is equivalent to more than 20% of the performance bonus, which is deferred by way of virtual shares and employee stock ownership. The performance evaluation period for the variable compensation is 3 years and the total lock-up period is 5 years. It is connected to the value of the shares of SinoPac Holdings, so that the remuneration of managers is closely linked to the business performance and long-term development of SinoPac Holdings.

Clawback Policy and Explanation

The long-term incentive compensation plan includes a cancellation mechanism. If manager violates laws or professional ethics, commits acts of negligence or dereliction of duties, or engage in inappropriate conduct that causes businesses risks and damages the Company's interests or reputation, the Company may adjust the distribution ratio after the approval of Board of Directors or implement a clawback of distributed incentives.

2.1.4.2 Senior Executive Sustainability Performance Targets

To fulfill sustainability strategies and implementation progress, SinoPac Holdings already included sustainable development into one of its five major strategies for 2025-2027 as well as the long-term and short-term performance targets of the President and senior executives. It is also connected to the variable remuneration and targets are explained below:

Long-term performance targets

The long-term incentives for the President and Vice Presidents (top management) of SinoPac Holdings include the financial performance, implementation of long-term strategies, and TSR shareholder value of SinoPac Holdings and subsidiaries in the next 3 years, the risk management, corporate governance, and the sustainability indicator which is additionally account for 15% are considered as well. In 2025, the linkage between sustainable goals and performance continues to be expanded to the department-level supervisory personnel of the Company's first-tier subsidiaries. In addition, the company connects managers' obligations and responsibilities to long-term performance in the implementation of sustainability targets and passage of domestic and international evaluations or rankings as the conditions for unlocking the shareholding trust scheme.

Long-term Performance Goals of top management

Metrics	Weight	Description
Financial indicators	50~70%	Financial growth of company operations, such as ROA, ROE, total shareholder return (TSR), etc.
Strategy indicators	25~50%	To ensure the realization of its medium-and long-term business objectives, the Company establishes and implements strategic business plans.
Management indicators	Weighted -100%~+15%	To strengthen risk management and corporate governance, and to ensure sound organizational operations, the evaluation mechanism incorporates weighted deductions for the number of major penalties and bonus points for inclusion in sustainability-related indices.

Short-term performance targets of the President

Metrics	Weight	Description
Financial indicators	20%	The Company's financial performance and comparison with competitors such as ROE, ROE ranking in the industry, TSR, budget attainment rate, total assets, and revenue.
Strategic indicators	50%	Objectives of future medium and long-term strategies such as performance of digital transformation, driving overseas revenue growth, and mitigation and adaptation to material topics.
Sustainability and	30%	Implementing three major commitments; attaching importance to ethical corporate management, legal compliance and risk management; executing key ESG tasks (including green power value chain financial services and promoting green power trading services, which account for 10%.).
internal control indicators	Additional items	Enhance the Holdings' sustainable finance impact indicators, talent retention and development, and occupational safety and health initiatives.

Short-term sustainability performance indicators of top management

<table>
<tr><th>Metrics</th><th>Weight</th><th>Description</th></tr>
<tr><td>Material topic mitigation and adaptation</td><td>10%</td><td>Assign at least 10% to the KPI sustainability indicators for each department of SinoPac Holdings based on the sustainability indicators they manage. Relevant responses to the material topics are included in the performance indicators of the President and the short-term performance indicators of top management of SinoPac Holdings.
<table>
<tr><th>Material topic</th><th>Top management in Charge</th><th>Performance Indicators</th><th>Percentage of Performance Links</th></tr>
<tr><td>Corporate Governance</td><td>Director, Legal & Compliance Department of SinoPac Holdings</td><td>• Corporate Governance Related Programs.
• Enhancement of corporate governance evaluation, integrity management, and implementation of whistleblowing mechanism.</td><td>10%</td></tr>
<tr><td>Risk Management</td><td>Director, Risk Management Division of SinoPac Holdings</td><td>Optimize the risk management mechanism by introducing and continuously/ nature deepening climate risk management.</td><td>10%</td></tr>
<tr><td>Information Security and Cybersecurity</td><td>Director, Information Security Division of SinoPac Holdings</td><td>Enhance information security-e.g., optimizing AI applications security systems, maintaining ISO 27001 certification, and conducting information security exercise.</td><td>10%</td></tr>
<tr><td>Sustainable Finance</td><td>Director, Financial Management Division of SinoPac Holdings</td><td>• Strengthen sustainable finance-related policies and regulations, and advances net-zero initiatives.
• Promote sustainable financial products and services.</td><td>10%</td></tr>
</table></td></tr>
<tr><td>Climate change mitigation and adaptation</td><td>5%~15%</td><td>To promote climate change mitigation and adaptation, climate-related KPIs have been included in the performance indicators of top management of SinoPac Holdings as listed below:
1. Raise internal awareness of climate risk and net-zero goal (Responded to the policy of "Green Finance Action Plan 3.0 by encouraging the acquisition of sustainability finance-related professional certifications among all employees.)/ Director, Human Resources Division of SinoPac Holdings (5%).
2. Net zero commitment such as inventory and certification of environmental and energy management systems, and the use of renewable energy/Director, Operation Management Division of SinoPac Holdings (10%).
3. Risk management such as the deployment of physical risk assessment data and risk grading for climate change / Director, Risk Management Division of SinoPac Holdings (15%).</td></tr>
<tr><td>Occupational safety and health promotion</td><td>5%</td><td>Promoting workplace safety are included in the performance indicators of the President and senior executives of SinoPac Holdings, such as ISO 45001 coverage rate, anti-discrimination and anti-harassment, the employee health promotion activities, and the achievement of workplace-friendly recognitions and ratings.</td></tr>
</table>

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2.1.4.3 Executive Remuneration

In 2025, total remuneration paid by SinoPac Holdings to top management accounted for 0.53 % of the net profit after tax. The remuneration paid to top management ranked President and Vice Presidents of SinoPac Holdings accounted for 1.30 % of the net profit after tax of SinoPac Holdings' consolidated financial statements. Refer to P.38~39 of the 2025 Annual Report of SinoPac Holdings for related information on their remuneration. According to the "Guidelines on Shareholding Requirements for Senior Executives" of SinoPac Holdings, the President and Executive Vice Presidents are required, in principle, to hold SinoPac Holdings shares with a value equivalent to at least two times their annual base salary. This includes shares held by the executive, their spouse, minor children, shareholding trusts, and long-term incentive compensation plans. This requirement aims to strengthen corporate governance and promote sustainable business operations.

Compensation ratio between the President and employee in 2025

Ratio between the total annual compensation of the President and the mean compensation of employees	30.2 ~ 60.4
Ratio between the total annual compensation of the President and the median compensation of employees	39.6 ~ 79.1
Ratio between the increase in total annual compensation of the President and the increase in median compensation of employees	2.39%

Mean compensation of employees (excluding the President)	1,655 (in NT$ thousand)	Median compensation of employees (excluding the President)	1,264 (in NT$ thousand)

Note 1: The highest-paid executive in the Company is the President.
Note 2: The statistics are based on employees who were employed in Taiwan as of the end of 2025, the scope excludes employees of King's Town Leasing and King's Town Construction Management.

2.2 Ethical Corporate Management and Legal Compliance

2.2.1 Ethical Corporate Management Culture

SinoPac Holdings established the "Ethical Corporate Management Committee" in 2018. The " Ethical Corporate Management Committee" which is jointly formed by Independent Directors of SinoPac Holdings, Bank SinoPac, and SinoPac Securities. Meetings of the Committee are convened at least once every six months. The Committee is responsible for the review of the ethical corporate management policies and prevention programs, and for supervision of the implementation performance of the managerial departments. The Committee regularly obtains information concerning the risks of unethical conduct and whistleblowing system from the Legal & Compliance Division, Audit Division, and units related to the cases, and reports the compliance status and resolutions to the Board of Directors after the meetings of the Committee. Please refer to the official website for related duties. Two meetings of the Ethical Corporate Management Committee were held in 2025 and the results included:

- Organization of the 2024 performance evaluation of the Ethical Corporate Management Committee and compilation of the self-evaluation reports of members as a reference for the review and improvement of the Ethical Management Committee.
- Supervision of the effectiveness of the whistleblowing system such as the review of the Regular Reports on Whistleblowing Cases of SinoPac Holdings and Subsidiaries and the special case audit reports sent by the Banking Bureau to the Company.
- Supervision of the promotion of the ethical corporate management policies and training, including arranging for all employees of the Company and its subsidiaries to sign the Statements of Compliance with the Ethical Corporate Management Policy, as well as conducting advocacy and training on the Ethical Corporate Management and Whistleblowing Mechanism.

2.2.1.1 Ethical Corporate Management Policy and Management

Key points of the SinoPac Holdings Ethical Corporate Management Policy	
1. Prohibition of offering or accepting illegitimate benefits	8. Prohibition of infringement of Intellectual Property Rights
2. Prohibition on offering or promising any facilitating payment	9. Prohibition on engaging in unfair competitive practices
3. Prohibition on offering and acceptance of bribes	10. Compliance with confidentiality agreements and prohibition on insider trading
4. Maintenance of political neutrality and no political donations	11. Compliance and proclamation of related ethical corporate management regulations
5. Charity donations or sponsorship shall be processed in accordance with the "Donation Management Regulations"	12. Ethical corporate management evaluation before establishing business relations
6. Principles for recusal due to conflict of interest	13. Avoidance of commercial dealings with unethical operators
7. Confidentiality obligations	14. Prevention of damage to stakeholders from products or services

SinoPac Holdings established comprehensive ethical corporate management policy for different stakeholders as the basis for compliance by all employees of SinoPac Holdings and subsidiaries. The regulations require employees to process business affairs in an objective manner and recuse themselves from conflicts of interest.

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SinoPac Holdings Ethical Corporate Management Regulations

Title	Targets	Objectives
"Guidelines for Ethical Corporate Management"	Directors, Supervisors, managers, employees, or mandatories of the Company and subsidiaries, or persons with substantive control	Establishment of the Company's corporate culture of ethical corporate management and sound development
"Procedures for Ethical Management and Guidelines for Conduct"		Implementation of ethical corporate management and active prevention of unethical acts
"Guidelines for Code of Ethical Conduct"	Directors, Supervisors, and managerial officers of the Company and its subsidiaries	Guidance for the conduct of Directors, Supervisors, and managers of the Company and subsidiaries in compliance with ethical standards
"Equity Management Policy"	Directors and managers of the Company and shareholders who hold more than 10% of the Company's shares	Ensure that all shareholding reports follow legal requirements and avoid insider trading
"Employee Work Regulations"	Employees of the Company and subsidiaries	Ensure that employees comply with financial regulations and ethical codes, and ensure operational security by responding to changes in the financial environment and maintaining workplace discipline
"Supplier Sustainable Development Guidelines"	Suppliers of the Company and subsidiaries	Fulfill corporate social responsibilities, promote the sustainable development of the environment, protect basic human rights, and encourage suppliers to adopt the same standards for fulfilling corporate social responsibilities
"Whistleblowing Policy"	Directors, Supervisors, managerial officers, and employees of the Company and subsidiaries	The whistleblowing system is established to promote sound operations. The Company designated a unit in the head office with independent authorities to process and investigate reported cases

2.2.1.2 Implementation of Ethical Corporate Management

SinoPac Holdings and its subsidiaries organize regular internal awareness campaigns and communicate the importance of ethical corporate management and whistleblowing issues to all employees each year. The policies and regulations for ethical corporate management and whistleblowing system are included in the orientation training courses for new employees and the Statements of Compliance with the Ethical Corporate Management Policy is included as a document that must be signed by new employees when they report for duties. Through the SinoPac Cloud, employees are regularly informed of types of unethical conduct and corresponding disciplinary actions. In 2025, employees who attended the training and signed the document (including new employees in 2025, dispatched / contractor / part-time employees) totaled 19,014 people and the participation rate was 100%.

For suppliers, SinoPac Holdings requires suppliers to comply with the " Supplier Sustainable Development Guidelines" and encourages suppliers to fulfill corporate social responsibility together. It also requires SinoPac Holdings and subsidiaries to evaluate the legality and ethical corporate management policy of distributors, suppliers, and customers and determine whether there are records of unethical conducts to ensure that the party operates business in a fair and transparent manner before making the decision to work with them. When engaging in commercial activities, the Company shall explain its ethical management regulations to the counterparty, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name. For more information on SinoPac Holdings' whistleblower reporting mechanisms and whistleblowing channels, please refer to the official website.

Proportion of Communication on Anti-Corruption Policies and Procedures

			2025	
			Number of personnel communicated	Percentage
Members of the Board of Directors (Note 1)			135	100%
Employees (Note 2)	Management	Taiwan	2,340	100%
		Overseas	577	100%
	Non-management	Taiwan	10,835	100%
		Overseas	5,262	100%
Suppliers (number of companies) (Note 3)			438	100%

Note 1: Members of the Board of Directors include those of SinoPac Holdings, Bank SinoPac, SinoPac Securities, SinoPac Leasing, SinoPac SITC, and SinoPac Venture Capital. The Legal & Compliance Division of SinoPac Holdings provides regulations such as the SinoPac "Guidelines for Ethical Corporate Management " and "the Procedures for Ethical Management and Guidelines for Conduct" to the Directors and Supervisors of SinoPac Holdings and its subsidiaries for reference and compliance. It also requires the Directors and Supervisors of SinoPac Holdings and its subsidiaries are also required to submit the compliance statements for the Ethical Corporate Management Policy each year.

Note 2: SinoPac Holdings and its subsidiaries incorporate policies and regulations for ethical corporate management and whistleblowing system are included in the on-the-job and pre-job training for current employees, student part-time, dispatched / contractor / part-time employees, and new employees each year. In 2025, 19,014 employees participated in the communication on anti-corruption policies and procedures (excluding those who have not returned to work due to maternity leave or sick leave.).

Note 3: The Company established the "Supplier Sustainable Development Guidelines" and requested 438 suppliers to sign the " Supplier Sustainability Commitment", which 100% of new suppliers have signed. The Company organized 3 internal and 2 external training sessions, the third supplier conferences in 2025. Number of suppliers and the percentage of commitment signings, covering SinoPac Holdings, Bank SinoPac, SinoPac Securities, SinoPac Leasing, SinoPac Securities Investment Trust, SinoPac Venture Capital, and King's Town Bank.

Due Diligence on Implementation of Ethical Corporate Management

SinoPac Holdings conducts due diligence on risks related to integrity management through regular Risk Management, Compliance self-evaluation, Review of Regulations, and Auditing. The scope of due diligence covers 295 operating sites of SinoPac Holdings and its subsidiaries, with a coverage ratio of 100%.

Due Diligence Procedures	Objectives	Implementation and Results in 2025
Risk Identification	From the perspective of integrated risk management, the Company identifies and evaluates relevant risk factors affecting the value of the Company, and at the same time, assigns relevant subsidiaries or departments to coordinate and implement corresponding countermeasures in order to facilitate the management and control of such risks, including operational, reputational, legal, and compliance risks.	The Risk Management Division reports to the Board of Directors on a monthly basis the operational risks status of internal fraud, prohibited acts, mis-selling, inaccurate warranties, failure to comply with SOPs, sales discipline, and violation of the "Employee Service Guidelines" found by the subsidiaries or departments, as well as the subsequent handling of the situation (e.g., strengthening of counseling, and referral of the case to the Personnel Review Committee for consideration depending on the severity of the case) and report to the Board of Directors.
Compliance self-evaluation	The Company analyzes and evaluates business activities with higher risks of unethical conduct every six months to prevent such conduct in business activities or operations.	The Legal & Compliance Division of SinoPac Holdings has initiated and supervised each unit to implement 2 regulatory inspections and 2 self-assessments of compliance and found no abnormality or need to amend the relevant internal operation regulations, and each unit also declared that there is no matter that should be improved.
Reviews of regulations	The Company verifies that the operating and management rules and procedures are updated in accordance with relevant regulations every six months to make sure all business activities comply with regulatory requirements.	SinoPac Holdings and its subsidiaries have established prevention measures to ensure the ethical corporate management in the relevant internal regulations for employees to follow in business operations.

Audit the compliance status of programs for preventing unethical conduct

To ensure effective compliance with risk prevention programs for unethical behavior, the internal audit units of the Company formulate relevant audit plans annually based on the results of unethical behavior risk assessments in accordance with the provisions of the TWSE "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the "Guidelines for Ethical Corporate Management" of SinoPac Holdings. We also implement improvement measures related to unethical conduct, such as penalties of the competent authority, major contingencies, external examination opinions, and internal audit opinions, and incorporate them into the scope of audit on the compliance status of programs for preventing unethical conduct. Relevant audit plans were executed in 2025, and no material deficiencies were found.

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Identification of and response to highly unethical business activities

SinoPac Holdings has referenced common domestic and international standards and guidelines to formulate risk prevention programs for unethical conduct. Business activities with high risks of unethical behavior include "offering and acceptance of bribes," "illegal political donations," "improper charitable donations or sponsorship," "offering or acceptance of unreasonable presents or hospitality, or other improper benefits," " misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights ," "engagement in unfair competitive practices ," and "damage directly or indirectly caused to the rights or interests of consumers in the course of research and development, advertisement, sale, performance of contracts, and provision of services and consultancy for products and services" Periodic analysis, evaluation, and formulation of prevention measures are implemented to target the aforementioned conduct. The identification of and response to highly unethical business activities by Bank SinoPac and SinoPac Securities are as follows:

Bank SinoPac

- Prior to establishing business relationships, the Bank must verify the ethical management status of the transaction counterparts, The assessment covers whether they have established business integrity policies, operate in countries with high corruption risks ,belong to high-bribery risk industries, and have any records of unethical conduct or human rights violations. The assessment results are retained to ensure that the business conduct of partners is fair and transparent.
- Bank SinoPac adopts a risk-based approach for the annual bank-wide assessment of unethical conduct and internal fraud risks. Through this assessment, high-risk business activities are identified, and resources are allocated and improvement measures formulated based on the assessment results to prevent and mitigate risks of unethical conduct such as corruption, bribery, and internal fraud.

SinoPac Securities

- Implement annual evaluations of various forms of unethical conduct within the business scope.
- The 2025 assessment results revealed a higher number of penalty cases and higher risks in items concerning brokerage business compliance and declarations of ethical management regulations. The Company therefore enacted the "Regulations Governing the Management of Ethical Conduct for Sales Personnel of Branches" to establish management indicators through system construction to prevent unethical conduct of financial advisors and sales representatives, thereby enhancing control and reducing the occurrence of potential risks as a result of unethical conduct.

Operation of the Whistleblowing Mechanism

SinoPac has established the "Whistleblowing Policy ", which clearly defines the reporting channels, case acceptance, investigation, report approval, and procedures for handling violations. Anonymous reports are accepted if they include specific and clear statements along with verifiable information. All reporting information and content are kept confidential, and whistleblower protection provisions are in place to ensure whistleblowers are not subject to unfair treatment or retaliation. Whistleblowing channels are accessible to both internal and external stakeholders, as well as the public.

SinoPac Whistleblowing Channel

Whistleblowing Mailing Address:
12F., No. 306, Sec. 2, Bade Rd., Chungshan District, Taipei City 104498, Taiwan (Attn: Whistleblowing Mailbox, Legal & Compliance Division, SinoPac Financial Holdings Co., Ltd.)

Whistleblowing Email:
whistleblowing.fh@sinopac.com

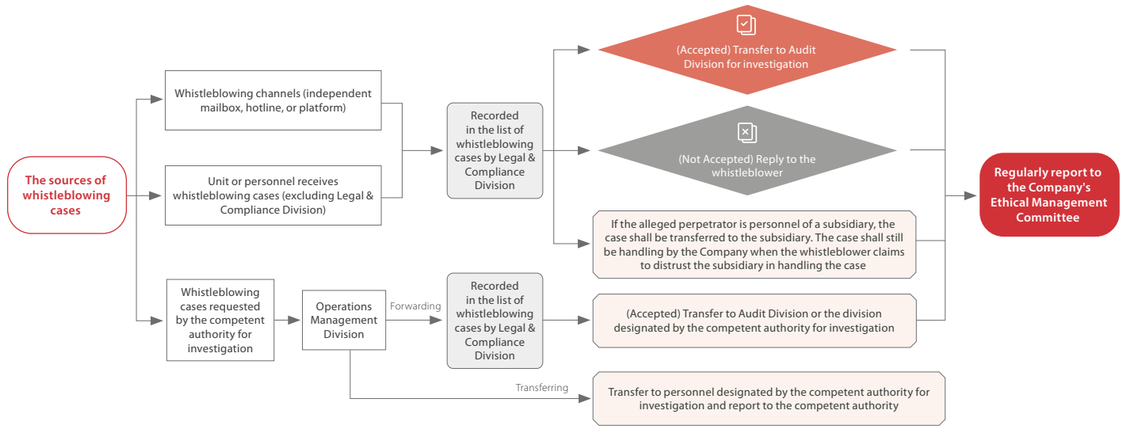
Whistleblowing dedicated Hotline:
02-8161-8581

External whistleblowing channels

Whistleblowers may file reports through the "Report Illegal Financial Activities Section" established by the Financial Supervisory Commission (FSC), with the FSC and its subordinate agencies serving as the competent authorities for receiving such reports. Whistleblowers may file the report in writing, verbally, by telephone, by fax, or by email.

In addition, to maintain financial market order and encourage the public to report financial violations, the FSC has established the "Directions for Encouraging the Public to Report Illegal Financial Activities by the Financial Supervisory Commission". Whistleblowers whose reports lead to the discovery of financial violations may, upon review, be granted monetary rewards.

The Company's whistleblowing cases are received by Legal & Compliance Division and investigated by Audit Division. The Audit Division may also engage other external third-party organizations or personnel to participate in the investigation. The procedure for handling whistleblowing cases is as follows:



In 2025, SinoPac and its subsidiaries received a total of 115 complaints (3 from SinoPac Holdings, 15 from SinoPac Securities, 93 from Bank SinoPac, 3 from King's Town Bank and 1 from Amret ; none are related to corruption or bribery), and analyzed whether to accept, transfer, and respond to them in accordance with the regulations, and reported the status of acceptance and investigation of the whistleblowing cases in the 2 Ethical Corporate Management Committee convened in 2025; in October 2025 to December 2025, SinoPac organized the online education training for the "whistleblowing system" for all Group staff members.

2.2.1.3 Legal Compliance

Promotion of the Culture of Legal Compliance at SinoPac Holdings

2017~2018

Reshape and promoting legal compliance department

- Expanded the "Corporate Governance Review and Improvement Project"
- Established the Ethical Corporate Management Committee and Sustainable Development Committee
- Established the "Whistleblowing Policy"
- The Corporate Governance Task Force of the Sustainable Development Committee is responsible for implementing improvement action plans for corporate governance evaluations
- Increased the weight of the subsidiaries' key performance indicators (KPIs) in audit, compliance, and risk management

2019~2021

Strengthen Management tools and platform evolution

- Implemented theme-based compliance inspections by compliance personnel
- Organized the joint seminar of employees in Mainland China, Hong Kong, and Taiwan
- Implemented the compliance risk rating management system
- Established the "New Compliance Management Platform"

2022~2025

Reshape and promoting legal compliance department

- Continued to optimize the "the compliance intelligence platform", "Compliance Management System", "Stakeholder Management System", "Stakeholder Transaction Information Reporting Platform."
- Continued to optimize the "Anti-Money Laundering Information Platform" by enhancing its security, control mechanisms, and user experience. In addition, for the newly established adverse news screening module, generative AI technology was leveraged to improve the accuracy of name screening.

The Legal & Compliance Division and related units organized regular communication and training sessions including regular lectures by the Legal & Compliance Division on amendments of important regulations and invited external lecturers with practical experience to give courses. SinoPac Holdings organized a total of 292 training programs (including physical and online programs) for 135,859 traffics in 2025. The subjects included personal data protection, the principle of treating customers fairly and friendly finance, consumer protection, anti-money laundering and counter terrorism financing, the Volcker Rule, Ethical corporate management, and whistleblowing mechanism in order to strengthen the compliance awareness of all employees.

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2.2.2 Financial Crime Prevention - Anti-Money Laundering, Fraud Prevention, Combating the Financing of Terrorism and Proliferation of Weapons, Response to International Sanctions

In response to the ever-changing threats of financial crimes and the latest domestic and international risk trends in recent years, SinoPac Holdings not only continues to cooperate with the policies of the competent authorities and actively establishes public-private partnerships but also promotes the use of financial technology and the establishment of a culture of anti-money laundering. In addition, SinoPac Holdings enhances the Group's ability to identify and control financial crime risks, mitigates the related risks, implements the Group's financial care for its customers, and proactively realizes the financial consumer protection aspect of ESG in the context of social responsibility through the following financial crime prevention framework.

2.2.2.1 Financial Crime Prevention Framework

Management Framework	• SinoPac Holdings has set up the Legal & Compliance Division as a specialized unit for Anti-Money Laundering and Counter –Terrorism Financing (AML/CFT), which is responsible for supervising and assisting in the planning and execution of the operations of the Subsidiaries. The Legal & Compliance Division also reports to the Board of Directors and the Audit Committee semi-annually on the implementation status of the subsidiaries. • As for the Subsidiaries, Bank SinoPac has established the Anti-Money Laundering Committee which is chaired by the President. The Committee is responsible for the management and coordination of the operations of different departments in the Bank. Bank SinoPac has also established the Anti-Money Laundering Center to take charge of the formulation of related AML/CFT policies and procedures and to supervise the branches in the implementation of AML operations. • Dedicated AML/CFT supervisors or personnel have also been assigned in other Subsidiaries to take charge of related AML/CFT affairs.
Policy and Suspicious Transaction Report Mechanisms	• SinoPac Holdings has established the AML/CFT Policy for compliance by SinoPac Holdings and all the Subsidiaries. In addition, SinoPac Holdings has established the "Guidelines for Information Sharing and the Procedure for Information Sharing." Through inter-group information sharing, the Group enhances inter-subsidiary communication and strengthens the implementation of measures for Anti-Money Laundering (AML), Combating the Financing of Terrorism and Proliferation of Weapons, Anti-Fraud, and Response to International Sanctions. • All subsidiaries have established comprehensive reporting procedures and mechanisms for suspicious transactions in accordance with the time limits and reporting methods stipulated by the competent authority.
Management and Communication	• SinoPac Holdings holds quarterly meetings of the legal compliance officers of SinoPac Holdings and its Subsidiaries, chaired by the chief compliance officer of the head office and attended by the chief legal compliance officer and the chief AML/CFT compliance officer of the Subsidiaries, to report on the important work of legal compliance, anti-money laundering, and fraud prevention, and to exchange views on practical matters. • In addition, SinoPac Holdings reviews the monthly legal compliance reports submitted by the Subsidiaries to supervise the progress of the implementation of various projects by the Subsidiaries and continues to collect, observe, and analyze the important data of the Subsidiaries for reference in the prevention of fraud and laundering. They include data such as suspicious transaction reports and regular reviews. SinoPac Holdings also provides timely advice to the Subsidiaries for reference, conducting two-way communication. SinoPac Holdings keeps track of the improvement status of the Subsidiaries' internal and external audit deficiencies to ensure that corrections are made to avoid similar deficiencies from occurring again.
Risk Assessment Mechanisms	• SinoPac Holdings and its Subsidiaries use the identification, evaluation, and management of money laundering and terrorism financing risks as the basis for analysis, regularly conducting comprehensive money laundering and terrorism risk assessments, as well as submitting Annual Enterprise-Wide Risk Assessment (EWRA) to the Boards of Directors of each of the Subsidiaries. • The Chairmen, Presidents, Chief Auditors, and AML/CFT Supervisor of Bank SinoPac, King's Town Bank, SinoPac Securities, and SinoPac Securities Investment Trust subsidiaries jointly submit the "Statement for Internal Control System for AML/CFT" each year. The Statement is approved by the Board of Directors of each company and disclosed on the website of the subsidiary.
Third-Party Assurance	• Bank SinoPac and King's Town Bank follow the regulations of the competent authority and appointed an external accountant to provide an assurance report of 2025 on the design and execution of the AML/CFT internal control system. The accountant's conclusion was "Effective and appropriately presented in all material respects." There were no items that required improvements.

2.2.2.2 Financial Crime Prevention Risk Challenges and Response Actions

In response to emerging financial crime, including money laundering, terrorism financing, and weapons proliferation financing, SinoPac Holdings has implemented the following preventive measures to address new types of financial crimes and foster a more transparent and secure financial environment.

Preventive Measures	Improvement Strategy
Group-wide Information Sharing	• Since 2019, SinoPac Holdings has established the "SinoPac Holdings Anti-Money Laundering Information Platform" and formulated relevant information-sharing procedures. This platform enables subsidiaries to share information concerning AML, international sanctions, Anti-Fraud, and CFT. Furthermore, a report on the implementation and execution status of these measures within the Group is submitted to the President of SinoPac Holdings on a semi-annual basis (In January and July).
Applying Technology to Combat Financial Crimes and Enhancing Joint Group Prevention	• The Legal & Compliance division of SinoPac Holdings intends to make use of GAI (Generative Artificial Intelligence) technologies to analyze the information available in negative news and convert that information into a Group consistency list, which will be made available to the Subsidiaries as a powerful tool for enhancing customer due diligence and identifying customer risk profiles. In addition to reducing inter-subsidiary duplication and improving data quality, the tool reduces risk gaps and lowers compliance risk through joint group defense. • To mitigate the risks associated with emerging technology companies, the Subsidiaries collect business registration information via RPA (Robotic Process Automation) and continuously update the high-risk customer list of emerging technology companies for sharing.
Training and Culture Development	• To establish the compliance culture for Anti-Money Laundering and Countering Terrorism Financing, the chief AML/CFT compliance officer and AML/CFT personnel, as well as the supervisors of related business departments of SinoPac Holdings and its Subsidiaries, must attend at least 12 hours of internal and external AML training each year. SinoPac Holdings also organizes regular AML training for all employees of SinoPac Holdings and its Subsidiaries. Participants include Directors, senior executives, chief AML/CFT compliance officers, and general staff. Training is implemented in the form of online training or physical training. Training topics include the global development trends and practical experiences sharing of anti-money laundering and countering terrorism financing, international sanctions regulations, anti-money laundering laws and regulations, and predicate offenses (e.g., tax evasion schemes), anti-money laundering practical experiences sharing, emerging technological money laundering patterns, fraud prevention and fraud recognition, and terrorist financing case studies, etc.
Fraud Prevention Measures	• SinoPac Holdings and its subsidiaries (Bank SinoPac and SinoPac Securities) have established fraud prevention policies, internal regulations and codes of conduct , including the "Counter Service Care Manual", "Enhanced Protection Procedures for Wealth Management and Trust Services for Elderly Customers ", "Records of Good-Faith Customer Care Interviews" and "Care Interviews Records for Elderly and Young Customer Segments". These measures are integrated into daily operations to strengthen customer care. In addition, we maintain close cooperation with government agencies to establish comprehensive prevention mechanisms, thereby enhancing the protection of customer assets, effectively managing risks, and supporting the stability of the overall financial system.

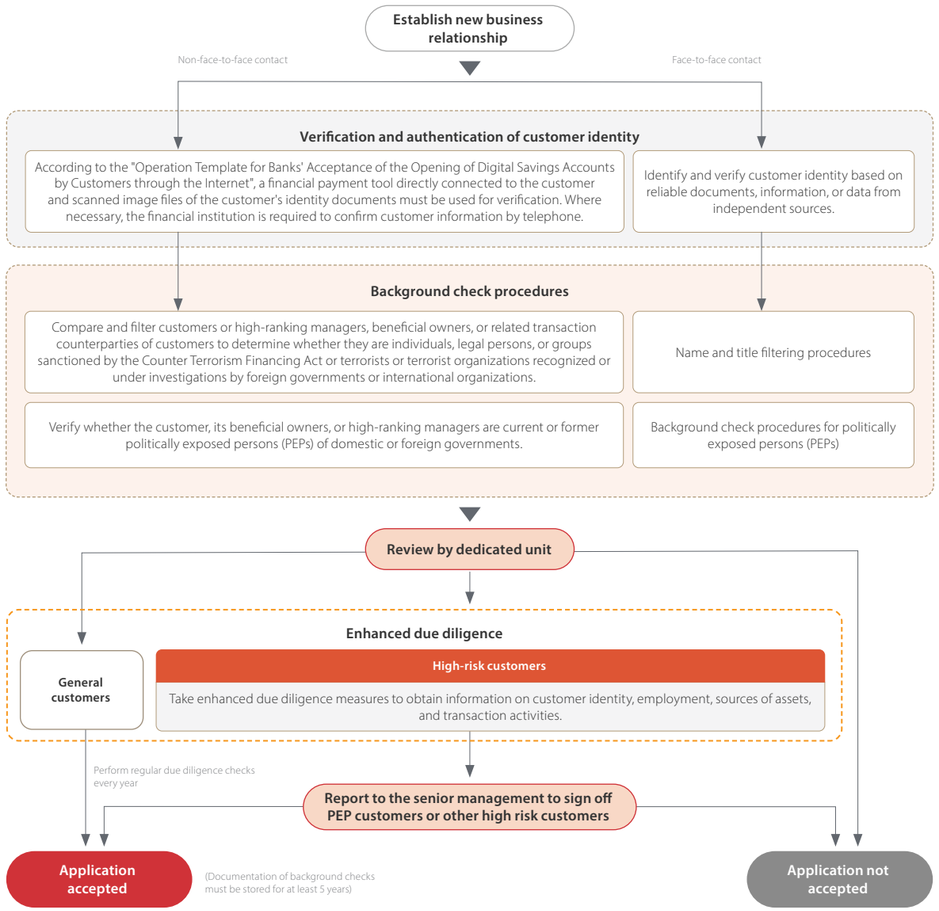
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2.2.2.3 Customer Due Diligence

To implement anti-money laundering and counter terrorism financing tasks, Bank SinoPac has established a detailed Customer Due Diligence (CDD) process as shown in the diagram below, which also includes non-face-to-face CDD procedures for customers opening online or digital accounts, as well as background checks and identity verification procedures for politically exposed persons (PEPs). In addition to establishing policies and procedures for account and transaction monitoring, Bank SinoPac also categorizes, screens, and monitors customers according to a risk-based approach. Furthermore, Bank SinoPac continues to optimize its information system and use financial technology to identify transactions suspected of being financial crimes, determining the reasonableness of the transactions in the identified alert cases. If the transaction is suspected of being money laundering or terrorism financing, it will be reported to the Ministry of Justice Investigation Bureau immediately after being approved by the AML supervisor.

Bank SinoPac Customer Due Diligence (CDD) Procedures:



2.2.3 Tax Policy

SinoPac Holdings established the "Tax Governance Policy" to achieve the goal of corporate sustainability and stable growth, and to meet the international tax governance requirements. SinoPac Holdings mainly operates in Taiwan. In 2025 and 2024, the percentage of revenue from Taiwan were respectively 81.4 % and 83.0 %. Except for Taiwan, no more than 10% of the revenue came from other countries. SinoPac Holdings complies with tax regulations and pays all taxes within the statutory tax-paying period. The income tax paid in 2025 and 2024 were NT$ 5,311,450 thousand and NT$ 4,562,798 thousand in which the percentage of income tax paid in accordance with Taiwan tax laws were 81 % and 76 %, respectively. For more information on the ratio of net profits and the tax in different countries, please see Appendix 1: Other ESG Data for details.

Effective tax rate and related regulations on income tax in the most recent two years

Unit: NT$ thousand

SinoPac Holdings (Consolidated)	2025 (Note 4)			2024		Reasons for the difference with the average effective tax rate in the banking industry
	Amount	Effective tax rate	Average effective tax rate in the banking industry (Note 3)	Amount	Effective tax rate	
Profit from continuing operations before tax	32,033,583	–	–	27,294,566	–	–
Income tax expense	5,272,596	16.46% (Note1)	21.29%	5,065,587	18.56% (Note1)	The difference is attributed to the legal tax rate of 20% in Taiwan, the main area of profitability. It is lower than the average rate of the global banking industry. For more information on the tax items, please refer to the figure below for the difference in the average effective tax rate in the banking industry and the table below for the reported taxes and effective tax rate items.
Income taxes paid	5,311,450	16.58% (Note 2)	19.94%	4,562,798	16.72% (Note2)	

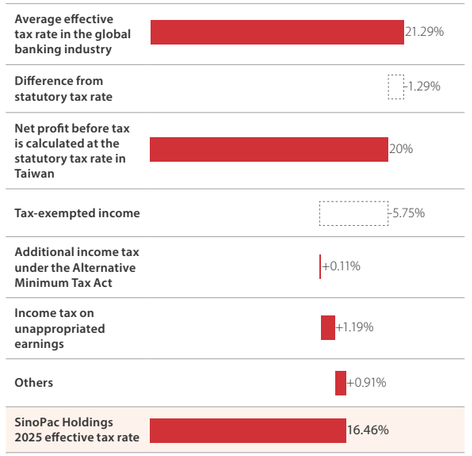
Note 1: Income tax expense divided by profit from continuing operations before tax. Please refer to the table below for the reported taxes and effective tax rate items.

Note 2: Income tax paid divided by profit from continuing operations before tax.

Note 3: According to the 2026 DJBIC Handbook, the average effective tax rate is 21.29%, and the average cash tax rate is 19.94% in the banking industry.

Note 4: The above 2025 amounts include non-controlling interests.

Difference with the average effective tax rate in the banking industry in 2025



Reported taxes and effective tax rate items

Income tax adjustments	2025(Note 3)		2024	
	Income tax amount	Tax rate	Income tax amount	Tax rate
Consolidated profit from continuing operations before tax (Note1)	6,406,717	20%	5,458,913	20%
Tax-exempted income (Note 2)	(1,843,142)	(5.75%)	(1,380,274)	(5.06%)
Additional income tax under the Alternative Minimum Tax Act	35,270	0.11%	40,608	0.15%
Income tax on unappropriated earnings	380,380	1.19%	881,376	3.23%
Others	293,371	0.91%	64,964	0.24%
Total income tax expense and actual effective tax rate	5,272,596	16.46%	5,065,587	18.56%

Note 1: Calculated based on the 20% legal tax rate in accordance with the consolidated profit from continuing operations before tax.

Note 2: Income from OBU businesses and income from securities transactions are calculated based on the 20% legal tax rate.

Note 3: The above 2025 amounts include non-controlling interests.

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2.2.4 Material Violations and Improvement Measures

The senior executives and employees of SinoPac Holdings and its subsidiaries are fully committed to implementing ethical corporate management in daily actions and operations.In 2025, SinoPac Holdings and its Subsidiaries were implicated in 14 violations involving leakage of customer privacy, violations of operating procedures or regulations, and corruption or bribery. The competent authority issued warnings and corrections to implement improvements. The penalties totaled NT$5.7 million. Related personnel received penalties including termination of employment, demerits, reprimands, and warnings. In 2025, there were no cases involving discrimination or sexual harassment, antitrust/anti-competitive practices, conflicts of interest, money laundering, or insider trading. There were thus no such penalties or convictions.

Material and Other Violations and Improvement Measures in 2025

Incident category (Note)	Number of cases	Description of the incident	Impact	Improvements
Violation of customer privacy	1	Sales personnel of SinoPac Securities' Zhongxiao Branch entrusted with brokerage operations committed the following violations: • Disclosing customers' entrusted transaction data. • Engaging in securities transactions with an agreement to jointly share trading gains or losses with customers. • Lending or borrowing funds with customers.	An administrative fine of NT$300,000 and a correction were imposed.	The personnel responsible for the deficiencies were penalized with suspension from executing business and dismissal.
Violations of operating procedures or regulations	10	SinoPac Securities failed to conduct login stress tests for the eLeader electronic middle-office system and the SGTP electronic middle-office system, and failed to establish database failure recovery procedures for the middle-office systems.	An administrative fine of NT$3 million, a warning, and a correction were imposed.	• Login stress tests have been completed. • Developed procedures for the recovery of the database in the event of a failure.
		SinoPac Securities Hsinchu Science Park Branch failed to prepare a processing report on the same day regarding abnormal matters reported by a futures trading customer.		We enhanced employee training programs and required section-level managers to monitor the status of employees at all times and provide real-time assistance.
		SinoPac Futures accepted a customer's online request to change their trading limit, which was directly approved via the system without signatures and approvals from the relevant responsible personnel, reflecting an incomplete credit check procedure.		Modified the system's application and approval processes.
		SinoPac Futures failed to timely fill out the customer complaint or report case notification form for a customer complaint.		Awareness campaigns and training programs have been conducted for sales personnel.
		The Taipei Exchange and the Securities and Futures Bureau (SFB) conducted a special inspection on SinoPac SITC's "internal management of exchange-traded funds (ETFs)" and identified four deficiencies, including the ineffective design and execution of the internal control system.		• Amended the relevant regulations and strengthened operational controls. • Completed system function optimization and subscription operation stress tests. • Communication channels and customer service hotlines have been provided on the official website. • The personnel responsible for the deficiencies have been penalized in accordance with regulations.
		The Financial Examination Bureau conducted a special securities information security inspection on SinoPac Securities and identified three deficiencies, including placing non-externally facing service systems and database servers within the demilitarized zone (DMZ).		• The servers were adjusted to connect to different network segments or removed. • Established the API classification, grading, and management regulations, and updated and expanded the API inventory list. • Established key principles and items for the periodic review of firewall rules, and incorporated network equipment access control lists (ACLs) into the review.
		The Financial Examination Bureau conducted a general business examination on SinoPac Securities and identified six deficiencies, including internal personnel opening accounts at other securities firms.		• Enhanced management reports and employee training programs. • Adjusted order placement restrictions in the account opening system. • Adjusted the screening of total loss-absorbing capacity (TLAC) bonds and the method for determining product attributes. • Adjusted the assessment questionnaire and require the supporting documents of trading experience. • Issued reminders regarding the scope of personal data inventory.
		A former Bank SinoPac clerk was found negligent when handling account opening operations and engaged in large-value fund transactions with a customer.		A training program was provided for the employee.
		Sales personnel at the Dunbei Branch of SinoPac Securities were entrusted with the brokerage of foreign securities. They retained blank instruction forms signed by customers and failed to place orders according to customer instructions. They also failed to fulfill disclosure obligations to customers prior to accepting customer orders to purchase offshore structured products.		The personnel responsible for the deficiencies were penalized and suspended from executing business for 6 months.
		The Financial Examination Bureau conducted a special examination on SinoPac Securities regarding the outsourcing of operations to third parties. It identified three deficiencies including a failure to conduct materiality assessments in accordance with regulations.		• The materiality assessment operations have been corrected and completed. • The reporting operations for outsourcing items have been corrected and supplemented. • We established enhanced control mechanisms and emergency response measures and completed the testing and drills for the emergency response plan.
Corruption or bribery	3	A financial advisor at SinoPac Securities Dayuan Branch concealed fraud, engaged in borrowing and lending with customers, and misappropriated customer funds.	An administrative fine of NT$2.4 million, a warning, and a correction were imposed.	• Implemented customer care operations for six consecutive months and conduct home visits for sales personnel. • Provided case study information and reiterated prohibited behaviors in awareness campaigns. • Adjusted caring indicators and ethical conduct trigger indicators for sales personnel.
		TWSE audited King's Town Securities and identified six deficiencies, including the use of customer funds by sales personnel.		• Added review items to the customer interview form. • Amended internal operational regulations. • Conducted telephone interviews with customers. • Designated managers or personnel to execute the spot-check mechanism for loss-making customers, and designated review managers. • Disciplined the personnel and managers involved in the case. • Implemented a quarterly spot-check mechanism for sales personnel who exhibit frequent trading, over-concentration of performance in their own trading accounts, or continuous losses. Their managers must evaluate the trading status and financial capacity of the sales personnel's accounts and retain evaluation records.
		A former financial advisor at Bank SinoPac South Taichung Branch conducted unauthorized investments with customer funds or misappropriated them for personal use, and engaged in abnormal fund transactions such as paying credit card bills on behalf of customers.		• Adjusted transaction review reports and transaction patterns that require monitoring.

Note : The material violations that must be disclosed herein includes not only the penalties imposed by the competent authority but also the violations of SinoPac Holdings' internal code of conduct and Anti-corruption Policy. The definitions of the categories of violations shall be based on the required items in the Corporate Ethics section of the 2026 DJBIC Handbook.

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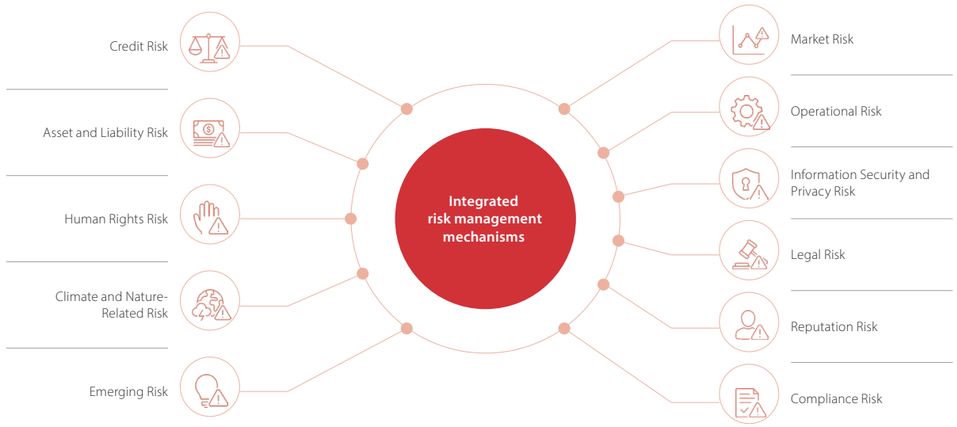
2.3 Risk Management

2.3.1 Risk Management Framework

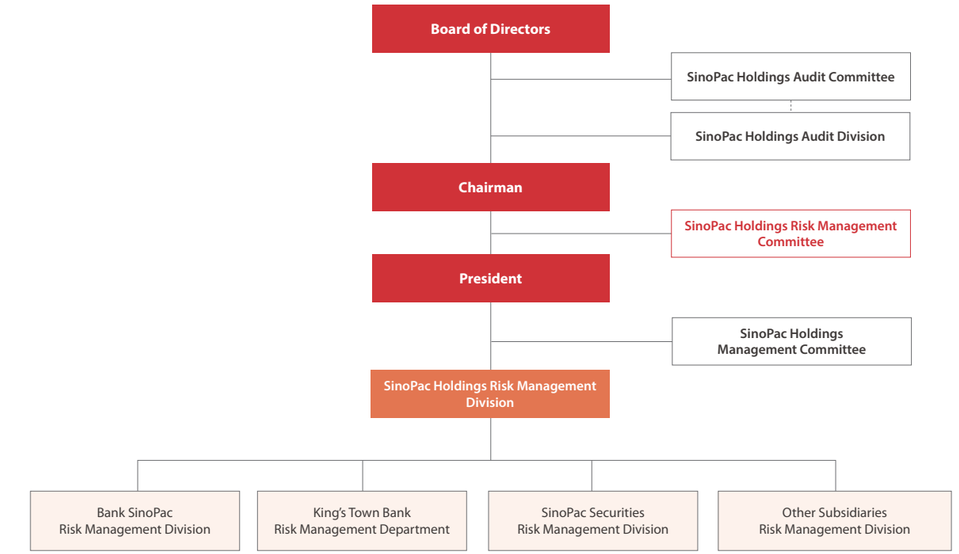
SinoPac Holdings formulated the "Risk Management Policy," which was approved by the Board of Directors in 2009. In addition to developing a risk management environment and culture across its subsidiaries, SinoPac Holdings has established integrated regulations and limits for various types of risks, the authority and operational procedures for business units, to identify, measure, assess, and manage different types of risks. For credit, market, operational, asset and liability, reputational, legal, compliance, and strategic risks, as well as other business-related risks—including emerging risks, climate-related risks, and nature-related risks—the Company conducts risk assessments and establishes appropriate response measures. Based on these processes, relevant risks at the holding company level are identified and corresponding response strategies are formulated, and subsequently reported to the appropriate management level. The risk management unit or personnel of SinoPac Holdings and its subsidiaries are required to regularly report risk management status and improvement recommendations to the Board of Directors. In the event of material risk exposure, appropriate actions shall be taken immediately and reported to the Board of Directors.

The Risk Management Division of SinoPac Holdings reports to the Board of Directors monthly and to the Risk Management Committee quarterly on the implementation of risk management and recommendations for improvement. The overall status of the Company's management of existing or potential risks or climate change risks (including physical risks and transition risk indicators) and the progress of related projects are also reported to the Audit Committee on a quarterly basis.

SinoPac Holdings Risk Management Mechanisms



Risk Management Organizational Structure of SinoPac Holdings



SinoPac Holdings Risk Management Structure and Duties

Board of Directors	The Board of Directors is the highest supervisory unit. It is responsible for the approval of SinoPac Holdings' risk management policies, risk appetite, or limits, and granting authorization to the management for daily risk management.
Audit Committee	The Audit Committee is composed of three independent directors. They assist in supervising the effective implementation of the internal control system of the Company, compliance with laws and regulations, controlling existing or potential risks, and assisting the Board of Directors in making decisions with its professional division of labor and independence. Its duties include receiving regular reports from the Risk Management Division on potential risks and their management, supervising the implementation of risk management by the Company and subsidiaries, and deliberating the Company's risk management policies.
Risk Management Committee	The Chairman serves as the convener of the Risk Management Committee to take charge of deliberating on the risk management policies, organization structure, systems and overall limits, reviewing the overall risk exposure, supervising the risk management activities of SinoPac Holdings and its subsidiaries, coordinating efforts to manage material risk incidents, and reviewing other issues related to risk management.
Audit Division	The Audit Division, under the Board of Directors, is responsible for independent auditing and is the third line of defense in the risk management hierarchy. The Chief Auditor is the highest-ranking person with responsibility for the planning and implementation of various types of audits.
Risk Management Division	The head of Risk Management Division is the highest-ranking officer of risk management units and oversees the formulation of the overall risk management policy and standards of the Company and subsidiaries and the establishment and plans of the risk management system. The policies, guidelines, and systems are approved by the Board of Directors and implemented by the Risk Management Division, which conducts regular evaluations on the performance of all subsidiaries in terms of risk management.

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SinoPac Holdings Risk Management Procedures

Risk identification

Each business unit shall identify risks through self-assessments, review of the audit report, and key risk indicators. The identified risks include financial and non-financial risks in terms of credit, market, liquidity, operational, asset and liability, information security and privacy.

Risk scanning

- The risk management unit shall compile the risk identification results, assess the impact and probability of occurrence of the incident, and measure the overall risk exposure.
- The risk management unit shall search for negative news events and issue "Credit Warning". The subsidiaries shall report related risk exposure and follow-up response measures, which shall be compiled and reported to the Risk Management Committee member of SinoPac Holdings.
- In response to information security and other non-financial risks, the Company shall implement disaster recovery, exercises, detection, and preventive measures in accordance with corresponding regulations.
- Identify and assess the risks of new businesses and new procedures and systems before they are implemented or become effective.
- In the event of a change in the internal and external environment, the unit shall immediately restart the operational risk identification and subsequent tasks.

Risk monitoring

- The Risk Management Division conducts regular and ad hoc risk monitoring.
- Daily: For market risks, the risk management unit shall monitor and report the profit and loss of SinoPac Holdings and its subsidiaries as well as their Value at risk (VaR) to top management to rigorously implement risk management response measures for early warning, limit exceeded or stop loss.
- Monthly/quarterly: Report to the Board of Directors on a monthly basis and to the Risk Management Committee on a quarterly basis on the risk appetite and risk tolerance level of each risk type and indicator and regularly report the implementation and recommendations for improvement to the Risk Management Committee and the Board of Directors. The overall status of the Company's management of existing or potential risks or climate change risks (including physical risk and transition risk indicators) and the progress of related projects are also reported to the Audit Committee each quarter. In the event of material risk exposure, appropriate actions shall be taken immediately and reported to the Board of Directors.
- At least once a year: Review, identify and evaluate the risk appetite and risk tolerance level of each risk category (including capital adequacy, large credit exposure and concentration risks, market risks, and liquidity risks) in accordance with the business strategies defined/adjusted by the Company and budgetary targets. Obtain approval in the corresponding approval level and monitor and manage them based on the frequency described above.
- An overview of nature-related risks is disclosed annually in the risk management report and reported to the Risk Management Committee, Audit Committee, and Board of Directors.

Risk reporting

- The risk management unit is required to regularly report risk management status and the results of the sensitivity analysis and stress test to the Board of Directors.
- In the event of the occurrence or imminent occurrence of a significant risk incident, the subsidiary shall immediately report it to the risk management unit, President, and Chairman.

Audit

The audit unit shall conduct internal audits of the risk management procedures and classify risks into six categories including financial conditions, legal compliance, risk management, internal management, information management, and shareholding management. It shall divide audit plans into "designated special audit items" and "key audit items" based on the risk assessment results of inherent risks and effectiveness of control measures. For external audits, the Financial Supervisory Commission (FSC), the competent authority, conducts general examinations biennially and ad hoc special examinations of the Company. Based on the examination results, the Company carries out follow-up reviews and remediation of identified deficiencies.

SinoPac Holdings simulates predicted scenarios from time to time to identify, evaluate, and review the potential short, medium, and long-term risks. In recent years, the Company identified risks for future economic outlook in response to US-China trade relations, technology and finance wars, Russo-Ukrainian War, and crises in the Taiwan Strait. The 3 major risks and related mitigation measures identified by SinoPac Holdings are as follows. The future risk factors estimated in 2025 (e.g., bonds, securities, credit spread, foreign exchange market, and borrower default) are used to simulate the impact of losses on capital adequacy. From the most minor to the most extreme conditions, SinoPac Holdings' capital adequacy ratio remained between 124.59% and 142.93%, which are still higher than statutory requirements.

		1		2		3	
Risk Incident		**Continuation of deglobalization and multipolar world/ Techwall-driven barriers in global tech hegemony/ Weaponization of strategic supply chain resources**		**Disruptive impact of GENIUS stablecoins on financial system/ Crisis of trust in the independence of the Federal Reserve/ Weakening the effectiveness of monetary policy**		**Geopolitical conflicts fueling global arms race/ Externalization of China's structural imbalances/ Hybrid disruption of Taiwan's external economic linkages**	
Risk Type		• Market risk	• Credit risk - concentration • Credit risk - large credit exposure	• Market risk	• Credit risk - concentration • Credit risk - large credit exposure	• Market risk	• Credit risk - concentration • Credit risk - large credit exposure • Operational risk
Risk Exposure		The Value-at-Risk (VaR) limit: In 2025, the overall market risk exposure exhibited significant volatility due to the impact of the "Trump Tariff Policy," which intensified fluctuations in global financial markets. As a result, the Company's VaR exceeded the established limit during the period from April 7 to April 17, indicating a high-risk level.	The large credit exposure and the concentration indicators, including industry types and high-risk industries, were all below medium risk.	Consistent with the description of the level of the market risk exposure in Risk Incident 1.	The large credit exposure and the concentration indicators, including risk exposure for individual ratings, large credit exposure and different industries, were all below medium risk.	Consistent with the description of the level of the market risk exposure in Risk Incident 1.	The large credit exposure and the concentration indicators, including risk exposure in China and other countries, were all below medium risk.

Process or Framework for Determining Risk Appetite		• Value-at-Risk (VaR) limit management
		  ◦ Market risk quotas are set based on the Bank's business strategy, financial growth targets, risks and returns, and other factors to allocate market risk capital.
		  ◦ Adjust the ratios according to the stress scenario to calculate the market risk limits of the Company as a whole and its subsidiaries under extreme scenarios, and an 80% alert is set for early warning.
		• Concentration and large credit exposure management
		  ◦ Set limits to businesses with the same counterparty or group, country, industry, and rating are capped to diversify risk.
		  ◦ Regularly review the appropriateness and adequacy of various risk limits. For higher-risk industries, risk limits are subject to ad hoc reviews based on industry conditions and are adjusted in a timely and appropriate manner.
		  ◦ Monitor and report the risk exposure to the Board of Directors on a monthly basis
		  ◦ Review its business operations and issues alerts when the risk exposure reaches the alert threshold of the limit utilization rate.					

Management and Mitigation Measures for the Incident	General Measures	• Daily estimation and monitoring of the Value at Risk limit (VaR limit) for the next month. • Evaluate the operation of customers who are listed for early warning, relief, anomaly, and collection of overdue payments, and report the response measures to the executive meeting of SinoPac Holdings. • Monitor the risk exposure of negative news events and propose follow-up actions to top management.					
	Specific Measures	• Monitor the risk exposure of high-risk industries and adjusts the scope of monitoring and quotas for individual industries in a timely manner in response to the prevailing economic conditions.		• On an ad hoc basis, evaluate potential changes in financial market risk factors under different economic conditions and simulates the impact of portfolio profit and loss on capital adequacy, thereby developing appropriate response measures for market, credit, and liquidity risks.		• Implement restrictive controls on emerging countries with political turmoil and financial instability and require the approval of the President of the company for business operations in these countries. • Monitor the overdraft and coverage of City commercial bank s and Rural commercial bank s in China and the transactions and exposures of all subsidiaries • Regularly assess risk exposure in China, distinguish cases based on risk levels, monitor high-risk cases, and report to the meetings of executives and the Board of Directors. • Strengthen information security management, disaster recovery, exercises, detection, and protection measures in accordance with the information security policy and related guidelines of SinoPac Holdings.	

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In addition to the aforementioned risk type and management procedures, SinoPac Holdings and its subsidiaries shall establish three lines of defense in the internal control system, including self-inspection system, legal compliance system and risk management mechanisms, and internal audit system in accordance with their business scope, business activities, and regulations of authorities to ensure their continuous and effective operations of the internal control system. In addition, the Company has set three lines of defense for the top three material risks, including risk management, corporate governance, and information security management, and integrated them into the Company's overall risk/compliance management framework. Please refer to 2.3.6 Climate Change Risk Management for detailed information on the three lines of defense for climate change risks; please refer to 2.5.1 Privacy and Security Governance Framework for information on privacy rights.

SinoPac Holdings' Three Lines of Defense in Internal Control

	First line of defense	Second line of defense	Third line of defense
Responsible unit	Operation and business management units	Risk management and compliance units and business management units	Audit unit
Mechanisms	Self-inspection	Compliance and risk management mechanisms	Internal audit system
Risk management	• They are responsible for the identification and continuous management of risks arising from their day-to-day operations in relation to their functions and scope of business. • Design and execute effective internal control procedures based on the characteristics of the risks to cover all related business activities.	• Assist and oversee risk identification and management by the first line of defense in accordance with its duties. • Establish overall risk management policies for main risks, oversee overall risk capacity and current state of risks, and report the risk management status to the Board of Directors or top management	• SinoPac Holdings has established a chief audit system and established Audit Division under the Board of Directors in accordance with the "Implementation Rules of the Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." The Audit Division reports the audit results to the Board of Directors and Audit Committee at least once every six months. The Internal Audit Division currently compiles and reports on a quarterly basis. • Assist the Board of Directors and top management in verifying and evaluating the effectiveness of risk management and internal controls, including evaluations on the effectiveness of risk controls in the first and second lines of defense. • Provide timely recommendations for improvement, ensure the continuous and effective implementation of the internal control system, and provide a basis for the review and amendment of the internal control system
Corporate governance	• The business management unit regularly analyzes and assesses the risks of unethical conduct within the business scope, adopts corresponding programs to prevent unethical conduct, and enact standard operating procedures and code of conduct in each program with respect to the Company's operations and business. • The business management unit sets up check-and-balance mechanisms for mutual supervision of the business activities within the business scope with higher probability of risks of unethical conduct.	• The Operations Management Division is responsible for the business strategy of SinoPac Holdings. The Risk Management Division is responsible for the planning, supervision, and management of the control mechanisms. • The Legal & Compliance Division processes complaints and the Audit Division serves as the investigation unit for complaints. It may, depending on the nature of the case, invite other units or personnel to participate in investigations.	• Included in the key points of the 2025 Audit Plan for implementation. • The internal audit units of the Company and subsidiaries shall report the results of audits for the compliance of the prevention of unethical conduct to the top management and the unit responsible for ethical corporate management (i.e., the Ethical Corporate Management Committee under the jurisdiction of the Board of Directors) an audit report shall be prepared and submitted to the Board of Directors.
Information Security Management	The units and the Information Technology Division are responsible for performing information security operations to ensure the confidentiality, integrity, and availability of information processed by the Company and subsidiaries and protect the rights and interests of customers	The Information Security Division is responsible for the monitoring and management of information security risks. It reports on the status of information security management in the monthly information security communication meeting, and reports on the overall implementation status to the Board of Directors and the Information Security Committee every six months.	• Included in the key points of the 2025 Audit Plan for implementation, covering information systems planning, network systems, and information security management. • Established a cross-subsidiary IT and Data Audit Team, convening quarterly meetings for knowledge sharing, and disseminating information on deficiencies identified in peer institutions, emerging technologies, and IT and cybersecurity risk topics to support auditors in performing audit assignments. • Participates in external IT-related forums and training programs to stay abreast of information technology developments and the associated cybersecurity risk issues.

Key points of the 2025 audit plan

- Financial conditions (expenses)
- Legal compliance (compliance system, anti-money laundering, counter terrorism financing and anti-proliferation, corporate governance)
- Risk management (investee company management, interested party transactions, group risk exposure, cross-marketing, personal data protection)
- Internal management (hiring of consultants, sustainability information management)
- Information management (information system planning, network systems and cybersecurity management)
- Equity management (major shareholder equity management)

2.3.2 Risk Culture and Management

To effectively improve the implementation results of the mechanisms and culture of risk management, the Risk Management Division of SinoPac Holdings uses the Company's core corporate vision and cultural values to implement supervision and management, provide strategic leadership, and create comprehensive results. Each year, the assessment items and their scoring standards are set according to the attributes of each unit and subsidiary of the Company. The metrics include "Risk Management Mechanisms", "Risk Management Awareness Education and Training", and "Timeliness and Accuracy in Risk Incident Reporting". In addition, the Subsidiaries also cooperate by implementing the "Annual Enhanced Focus" plan each year and report the implementation of key work items and achievement rates each quarter. The results of assessments are used as the basis for determining the annual performance of subsidiaries. Performance evaluations for risk management personnel of SinoPac Holdings and its subsidiaries are based on the Employee Evaluation Guidelines, and a rating is assigned to each employee based on his/her annual work performance, goal attainment, and attendance.

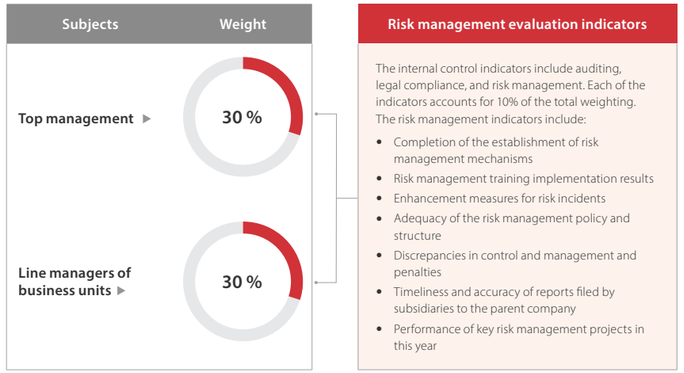
SinoPac Holdings' Actions for Shaping Risk Culture

Inclusion of risk management criteria into employee performance evaluation	• The Risk Management Division established evaluation indicators for subsidiaries in accordance with the "Subsidiary Performance Evaluation Regulations". The evaluation indicators include "Risk Management Mechanisms", "Risk Management Awareness Education and Training", and "Enhanced Measures for Risk Incidents".
Establish mechanisms for proactive identification and reporting	• The Risk Management Division encourages employees to identify potential risks in daily operations, propose response measures and solutions, and actively discuss feasible measures with the unit supervisor. • According to the "Employee Rewards and Punishment Regulation", employees that provide specific recommendations or achieve results are eligible for feedback incentives.
Encourage involvement of employees in structured feedback process	• In terms of information security risks, employees also actively collected intelligence on online attacks from police authorities, TWNIC, F-ISAC, and RSA, and discussed feasible response strategies to continue to improve risk management mechanisms.
Incorporating risk assessment in product development process	• SinoPac Holdings requires all subsidiaries to establish management guidelines for new products or new businesses. Subsidiaries must also implement related risk assessments, risk management procedures, control mechanisms, and accounting and operation procedures, and obtain the approval of related units or the Board of Directors. • SinoPac Holdings evaluates security management and control measures through architecture review meetings to ensure that the development process of new systems meets requirements of the secure software development life cycle to reduce security risks.
Training programs and awareness campaigns	• SinoPac Holdings organizes regular joint seminars on audit, compliance, and risk management to discuss related issues and establish a risk management culture for the entire group. • The supervisors and personnel of SinoPac Holdings and its subsidiaries and executives of related business units must attend AML, compliance, and ethical corporate management training each year.

To effectively increase the quality of risk management and ensure that all employees of SinoPac Holdings and subsidiaries fulfill requirements in the Risk Management Policy of SinoPac Holdings, the Risk Management Division evaluates the implementation of risk management by subsidiaries every year and connects the internal indicators with performance evaluation. Refer to the official website for SinoPac Holdings' actions for shaping a risk management culture.

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SinoPac Holdings Internal Control Indicators and Weight Linked with Performance Evaluation



In addition to compliance with policies and regulations, training is also an important part of improving risk management performance in the Company. All Directors of SinoPac Holdings received a total of 132 hours of advanced training in 2025. Risk management personnel and general employees at SinoPac Holdings and subsidiaries participated in 739 risk-related courses with a total of 68,318 hours in 2025. Contents of the courses include on-the-job training for derivatives, credit risk, market risk, operational risk, Money Laundering Control Act, information security risk, and practical workshops on credit risk management. The Company provides channels for all employees to acquire risk management-related knowledge and cultivate a strong risk management culture.

Risk-related Education and Training in 2025

Recipients	Number of people who completed training	Total number of hours	Number of training sessions	Main training content/course
Board members	7	132	31	They included corporate governance and regulations, the responsibilities of the Board of Directors and the Audit Committee; financial consumer protection and the Fair Customer Treatment Principles; Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT); internal control and audit; information security and personal data protection; sustainable finance and ESG; climate change and carbon management; circular economy; high-net-worth wealth management; financial innovation; financial inclusion and social responsibility.
Risk management personnel	645	36,258	671	They included compliance, anti-money laundering, information security, operational risk, and on-the-job training for the derivatives.
General employees	13,678	31,928	68	They included operational risk, prevention of asset misappropriation risks by banks, practical workshops and case studies on credit risk management, derivatives and risk management, Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) training programs, and other courses related to risk management.
Total	**14,330**	**68,318**	**770**	

2.3.3 Credit, Market, Operation, and Liquidity Risk Management

SinoPac Holdings and its subsidiaries have established management and assessment mechanisms for four major types of risks including credit risk, market risk, operational risk, and liquidity risk to effectively identify, assess, monitor, and manage all types of risks. The Company also compiles a summary of the risk exposure of subsidiaries for management and report results to the Board of Directors. In addition to rigorous compliance with credit risk management regulations, the Company is also aware of the potential impact of ESG trends on the finance industry and loan businesses. SinoPac Holdings thus actively responds to international standards, incorporates ESG indicators into the credit analysis and pre-investment analysis and decision making to implement more comprehensive management of hidden risks in loan and investment businesses.

Risk Type	Credit risk	Market risk	Operational risk	Liquidity risk
Strategy and process	• Establish a credit risk management policy that includes the organizational structure, management regulations, risk control mechanisms, and risk reporting system. • Establish a limit management mechanism that is consistent with the business development risk attributes of SinoPac Holdings and each of its subsidiaries, so as to manage and monitor the overall concentration risk. • SinoPac Holdings incorporated climate risk factors into its concentration risk limit management standards starting from 2021 and established country risk classification indicators in accordance with the "Global Climate Risk Index". • Incorporate ESG risks and performance as reference for credit reviews and decision-making procedures. Please refer to 3.1.3 Responsible Lending for detailed information.	• Use limits based on Value at Risk to control and manage overall market risk. • Evaluate trading book positions daily and execute stop-loss mechanisms. • Improve the evaluation capabilities and management mechanisms for derivatives and structured products. • Incorporate ESG factors into the investment risk assessment procedures before making investments. Please refer to 3.1.2 Responsible Investment for detailed information.	• Strengthen the operational risk management culture and internal control environment and establish standard operating procedures and appropriate control procedures to effectively reduce the occurrence of operational risk.	• Strengthen liquidity allocation capabilities Enhance capital allocation and liquidity adjustment capabilities, maintain prudent fund management, and ensure diversified and flexible funding sources. • Diversification of funding sources Avoid excessive concentration of funds in a single source to reduce liquidity risk exposure.
Risk management and measurement	The Risk Management Division of SinoPac Holdings regularly compiles information on the quality of assets, allowance for doubtful accounts and losses, loss reserve provisions of subsidiaries, and risk exposure of individual products, industries, amounts, overseas regions and countries, and top ten groups. It also establishes concentration risk limits for the same individual, same related party, same affiliate, same industry, and same overseas region or country. It conducts simulated credit risk stress tests from time to time and reports the risk exposure and limit control status to the Board of Directors.	• The subsidiaries of SinoPac Holdings establish risk management indicators for management based on the product type, incorporate ESG factors into the risk assessment, and use external resources and tools to strengthen pre-investment evaluations. The Risk Management Division of SinoPac Holdings regularly compiles information on the market risk exposure and limit control of subsidiaries and reports the information to the Board of Directors. • The market risk management unit conducts stress tests and sensitivity analysis each month and submits the results to the Board of Directors.	The subsidiaries of SinoPac Holdings analyze the reasons for the occurrence of their operational risk incidents, damage status and prevention measures, and include improvements for various procedures as reference information. The Risk Management Division of SinoPac Holdings regularly reports the operational risk incidents and losses incurred to the Board of Directors.	• Subsidiaries establish liquidity risk management indicators based on industry characteristics and business risk profiles. The Risk Management Division of SinoPac Holdings regularly conducts liquidity assessments of the working capital and reports the liquidity risk status and limit control of subsidiaries to the Board of Directors. • Bank SinoPac and King's Town Bank conduct at least one liquidity risk stress test each year and report the results to the Asset and Liability Management Committee and the Board of Directors.
Risk indicator	• Large credit exposure: They include risk categories derived from loans for the same natural person, legal entity, related party/affiliate, investment in the securities of the same company, and investment and lending for a single affiliate based on internal rating. • Concentration: Investment and lending for a single industry, high-risk industry, country, and high-risk internal rating investment and lending based on internal assessments.	Value at Risk limit (VaR limit).	Key risk indicators of operational risk (such as key risk indicators of the operational processes of "remittance operations" and "application system development and maintenance management" in Bank SinoPac; key risk indicators of number and rate of erroneous transactions, and amount of single erroneous transaction in SinoPac Securities).	Debt-to-equity ratio, credit utilization ratio, liquidity coverage ratio, net stable funding ratio.
2025 risk exposure	• Large credit exposure: The risk exposure of the indicator "Investment in securities of the same company" was medium-low risk or below, and all other indicators were low-risk. • Concentration: The risk exposure of indicators "individual industry" and "high-risk industry" were both medium-risk or below, the indicator "country" was medium-low risk or below, and all other indicators were low-risk.	The overall market value at risk (VaR) of SinoPac Holdings in 2025 exhibited significant fluctuations due to the impact of tariff policies implemented by the Trump administration. Volatility in global financial markets intensified, which caused the Company's market VaR to exceed the established upper limit in the period from April 7 to April 17, resulting in a classification of high risk.	Low risk (subsidiaries monitor key risk indicators on a monthly basis. If any indicator is reached or exceeded, an action plan for improvement is reported in the same month).	• **Liquidity of SinoPac Holdings:** The issuance of commercial paper on October 1, 2025, to finance the acquisition of King's Town Bank led to an increase in the Company's debt-to-equity ratio to the high-risk range. The credit facilities rose to medium-low risk level but the undrawn loan commitments remains sufficient to support daily operations, and liquidity risk remains manageable. The overall liquidity indicators are expected to return to the low-risk range once Bank SinoPac completes the merger with King's Town Bank and pays the consideration in cash to SinoPac Holdings. • **Liquidity of subsidiaries:** The relevant risk indicators remained within the low to medium risk range throughout the year, indicating that the working capital of each subsidiary is generally sufficient to effectively support daily operations and unexpected demand for funding.

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Bank SinoPac conducted a scenario analysis of its loan portfolio and considered the possible negative scenarios for its future operations for setting up the stress test scenarios required for Pillar 2. Bank SinoPac divided stress scenarios into minor and more serious scenarios based on the degree of stress and estimated the impact on risk indicators (including the operating ratio, full guarantee ratio, current loan-to-value ratio (CLTV), and debt burden ratio (DBR)) by considering economic indicators such as domestic and international economic growth rate, unemployment rate, interest rate, and housing prices. Bank SinoPac will continue to evaluate climate change, natural resource constraints, human capital risks and opportunities, and cyber security risks, and include them in the tests.

2.3.4 Operational Resilience

In response to potential human-induced or natural disasters, management crises, and cybersecurity incidents, SinoPac Holdings and its subsidiaries have established the "Management Crisis Emergency Response Measures" and the "Emergency Response Rules", and conduct regular drills to mitigate the impact of incidents, restore normal operations as quickly as possible, and safeguard the rights and interests of customers and shareholders.

Risk incident category and impact analysis

Category	Human-induced or natural disasters	Management crises	Cybersecurity
Incident	Political events, strikes, wars, fires, floods, storms, earthquakes, pandemics, etc.	Fraud derived from poor internal control, liquidity crisis, material financial loss, bank run or imminent bank run.	Data leakage or tampering, system service interruption, unauthorized network access, computer virus infection, etc.
Impact or influence on business/ operations	Climate change leads to extreme weather conditions that increase the likelihood of natural disasters. Possible impacts include damage to company premises and equipment as well as loss of customers and investment targets. Heightened geopolitical risks may lead to drastic political, social, or economic changes, which affect financial markets and reduce corporate profits.	The occurrence of sudden cash demand, abnormal deposit withdrawals, large capital loss, and severe liquidity shortage due to a systemic risk crisis may jeopardize normal operations and damage the interests of depositors and investors.	Interrupted information system operations due to major physical disasters (e.g., earthquakes and fires) or network attacks resulting in personal information leakage, customer data alteration, system crash, network outage, etc., may result in loss of business reputation and disruption of operations.
Response plan	1. Business continuity mechanisms: SinoPac Holdings has defined four levels of alert in accordance with the "Natural Disaster Emergency Response Guidelines" and established the safety and maintenance supervision team, emergency response team, epidemic prevention and communication command center, emergency notification mechanism operating procedures, and business continuity backup mechanisms. 2. Disaster adaptation/mitigation measures and plans: (1) Identify high-risk areas and strengthen resilience of buildings structures, waterproofing, and electrical facilities to prevent disasters, and set up a safety maintenance network for business sites to enable immediate reporting of disasters and prevent losses from criminal activities caused by disasters. In addition, we have taken out commercial fire insurance and comprehensive electronic equipment insurance to offset losses in affected sites. (2) Continue to track the cumulative scenario analysis results of physical risks and include the climate history data as a reference for the relocation, setup, and purchase of own real estate.	SinoPac Holdings has set up a "Crisis Management Team" with the President as the convener to plan and supervise the implementation of the emergency response plan. It continuously evaluates market liquidity conditions with respect to risk events, defines three types of situations, namely moderate, severe and very severe illiquidity based on the severity, and plans contingency measures according to the severity of the conditions.	SinoPac Holdings has established emergency response mechanisms for information security incidents and personal data protection incidents. In the event of an information security incident or personal data protection incident, the Company shall immediately handle the incident in accordance with the "Emergency Response Rules" and follow relevant internal and external reporting procedures.

2.3.5 Emerging Risk Management

SinoPac Holdings established the "Emerging Risk Management Guidelines" and implemented management mechanisms for the identification, measurement, monitoring, reporting, and mitigation measures for emerging risks accordingly. Since 2019, the Company has referenced related reports on emerging risks published by external institutions each year to identify emerging risks. The Company also compiles feedback from subsidiaries, identifies emerging risks at the group level, and establishes mitigation plans to prepare in advance.

2.3.5.1 Emerging Risk Identification Procedures

Step 1

Activate emerging risk identification procedures

The Risk Management Division of SinoPac Holdings references research reports published by external institutions and the sustainability reports of benchmarking enterprises in the industry each year and provides a list of risk factors and evaluation table of emerging risks.

Step 2

Subsidiaries perform emerging risk identification and measurement

Each subsidiary refers to the list of risk factors and conducts qualitative or quantitative evaluations based on the possibility of occurrence, level of impact, and possible occurrence period. They identify emerging operation and business risks and submit the emerging risk assessment form to the Risk Management Division of SinoPac Holdings.

Step 3

Identify group-level emerging risks and mitigation and management measures

The Risk Management Division of SinoPac Holdings gathers the level of impact, likelihood, and possible period of occurrence for emerging risks identified by the subsidiaries and consolidates the results based on the weight of each subsidiary's net worth in order to identify emerging risks at group level and formulate corresponding mitigation and management measures accordingly.

Step 4

Disclose emerging risks to external parties

SinoPac Holdings discloses the long-term emerging risks in its Sustainability Report every year.

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2.3.5.2 Emerging Risk Identification Results

SinoPac Holdings compiles the emerging risks submitted by the subsidiaries and considers the possibility of occurrence and the level of impact to identify the emerging risks of the Group. Among them, two major long-term potential risks, namely "Economic downturn" and "State-based armed conflict" have more significant impact on SinoPac Holdings and the Company formulates related mitigation and management measures.

Risk factor	Economic downturn	State-based armed conflict
Possible occurrence period	Long term	Long term
Description of risk	• The rise of global trade protectionism has increased supply chain costs and reduced efficiency. If coupled with weaker-than-expected growth in AI industry demand. This uncertainty over tariffs may lead to a significant slowdown in the global economy. • Taiwan's economy is export-oriented. If international trade growth slows, it may lead to reduced consumer willingness and a decline in export activities, and the economy may face the risk of recession in the future. • Prolonged slow economic growth may lead to stagnant inflation, recession, or global growth contraction, which in turn may lead to a decline in the stock market, a decrease in bond market yields, an increase in market volatility, and an increase in credit risks. These outcomes may result in a decrease in the Company's investment income and an increase in the overdue amounts of its loan businesses.	• In view of the Russo-Ukrainian War, the Israel-Palestine conflict, and recent military attacks launched by the United States and Israel against Iran, global geopolitical conflicts may continue to deteriorate. These conflicts could expand into regional warfare, cause commodity prices to skyrocket, exacerbate inflation, and cripple supply chains, which drastically increase operational costs, and the long-term impacts will become even more significant. • The tensions in the Taiwan Strait have intensified. China has repeatedly stated that it does not rule out the use of military force to invade Taiwan, and the People's Liberation Army launched a military exercise around Taiwan without prior notice in December 2025. If the situation continues to deteriorate, it could spiral into a political or military conflict, affecting global economic stability and corporate operations.
Risk category	Economic risks	Geopolitical risks
Scope of impact	Investment/underwriting services; loan businesses; collaterals; product and sales/customer service	Loan businesses; collaterals; investment/underwriting services; business risks; country risks; industry risks; operational risks
Impact or influence on business/ operations	• The main subsidiaries of SinoPac Holdings are its banking and securities businesses, accounting for 73.46% and 24.32% of revenue, respectively. If an economic downturn occurs in countries or regions where SinoPac Holdings and its subsidiaries conduct investment and lending activities, the value of financial assets will fall and the default risks of loan customers will increase, thereby affecting the profitability of subsidiaries and impacting the overall revenue of SinoPac Holdings. - Bank SinoPac and King's Town Bank: An economic downturn will result in a gradual decline in the profitability of investees, which would have a significant impact on asset prices and result in a reduction in investment income. Adverse economic conditions will affect the development of wealth management businesses. In addition, difficulties in business operations reduce companies' willingness to invest, making it more difficult to develop loan businesses and affecting the repayment capacity of loan customers. - SinoPac Securities: Economic downturn could impact both the stock and bond markets. The Company and its customers may suffer severe losses in investment positions. In the event of an economic slowdown or stagnation, the Company's operations may be affected due to the impact on customers' financial arrangement and investment willingness.	This emerging risk impacts the global economy and stock markets, causing supply chain disruptions and significantly raising operational costs for businesses. The impacts on the business and operations of SinoPac Holdings and its subsidiaries are as follows: • Shortages of vital resources and rising commodity prices reduce the operational cost management and profitability of the Bank's investees and loan customers, while increasing the credit risk, market risk, and country risk of the Bank's credit and investment portfolios. • Intensive volatility in international financial markets (including stock, bond, ETF, and foreign exchange markets) significantly decreases the asset value of investment positions. This reduces the Company's investment income and also dampens customers' willingness to commit to wealth management and investment. • The Company's exposure to China accounts for 30% of its net value. If an armed conflict breaks out across the Taiwan Strait, in addition to the impact on credit asset quality and the asset value of investment positions, it could also result in damage to offices, casualties, and loss of data. As conflicts impact national infrastructure such as power grids, networks, or financial centers, operations are vulnerable to risks of disruption and even loss of assets. • Countries in the Middle East account for 6% of the Company's overall overseas risk exposure, with the United Arab Emirates as the country with the highest exposure. An assessment of the Middle East war's impact on GDP, industries, and financial markets, as well as its effect on the capital adequacy of SinoPac Holdings showed that all capital adequacy ratios of SinoPac Holdings remain higher than the statutory ratios.
Mitigation and management measures	• SinoPac Holdings evaluates future risk factors (such as bonds, equities, credit spreads, foreign exchange, and non-performing loans of borrowers) and simulates the impact of potential losses on capital adequacy under scenarios ranging from mild to extreme. The capital adequacy ratio of SinoPac Holdings remains above regulatory requirements. • Closely monitor international political and economic conditions to prevent over-concentration of assets. Pay close attention to the quality of assets with risk exposures and establish investment and lending limits for industries and countries based on industry characteristics and business risk profiles. • Continue to monitor market developments, adjust corresponding investment strategies based on market changes, and develop a long-term asset allocation approach for investments. Review current market conditions when major changes occur and adjust asset portfolios or develop new products in response to changes. • Implement daily monitoring of the profit and loss of SinoPac Holdings and subsidiaries as well as their Value at Risk (VaR) to rigorously implement risk management response measures for early warning, limit exceedance or stop loss. • Strengthen post-lending monitoring and management mechanisms and actively monitor the operations of customers affected by economic conditions. Where necessary, increase required collateral or recover loans upon maturity to reduce risks.	• Closely monitor international political and economic conditions and changes in financial markets and conduct daily estimation and monitoring of the Value at Risk limit (VaR limit) for the upcoming month. • Consider future industry developments and national political and economic trends, establish credit and investment limits for individual industries as well as specific limits for individual countries and overseas regions, and implement restrictive controls on high-risk emerging countries. • Strengthen credit and investment risk assessments, KYC processes, and due diligence. Enhance the review and monitoring of high-risk countries, regions, and industries, and ensure that investments strictly adhere to transaction stop-losses, asset value evaluations, and position adjustments. • Evaluate the operation of customers who are listed for early warning, relief, anomaly, and collection of overdue payments, and report the response measures. • Strengthen information security management, disaster recovery, exercises, detection, and protection measures in accordance with the information security policy and related guidelines of SinoPac Holdings.

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2.3.6 Climate Change Risk Management

Since 2022, SinoPac Holdings has adhered to the Recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB) and the "Guidelines for Domestic Banks' Climate Risk Financial Disclosure" issued by the Financial Supervisory Commission (FSC), R.O.C. (Taiwan), to identify our climate risks and opportunities. Since 2023, SinoPac Holdings began identifying nature-related dependencies, impacts, risks, and opportunities using the framework released by the Taskforce on Nature-related Financial Disclosures (TNFD), and has disclosed this information alongside climate-related content in the "Climate and Nature-Related Financial Disclosures Report." The key points of the four pillars of the TCFD Recommendations are summarized below. Refer to the 2025 "Climate and Nature-related Financial Disclosures Report " for details.



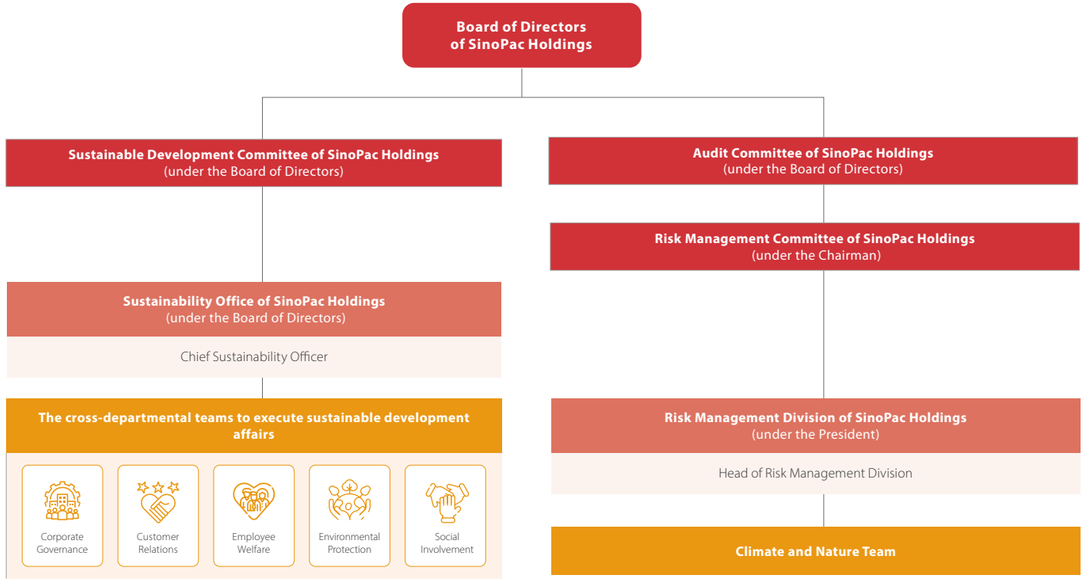
2.3.6.1 Climate Governance

SinoPac Holdings continues to focus on responses to and management of climate change risks and has set "Mitigate and Adapt to Climate Change" as one of the Company's three major sustainability commitments. The Board of Directors serves as the highest governing body for climate and nature- related issues and bears ultimate oversight and management responsibility for such matters. The "Sustainable Development Committee" has been established under the Board of Directors, alongside the "Sustainability Office" as a dedicated unit responsible for implementing sustainability-related tasks (refer to CH1.1 Sustainability Goals and Vision for details). The "Risk Management Committee" has been established under the governance of the Chairman. The Committee is chaired by the Chairman and comprises external members, the President of SinoPac Holdings, and the Chairman of Bank SinoPac. These committees jointly oversee and manage key matters, including the sustainability management, and climate and nature-related strategies implementation, as well as associated risks and opportunities.

SinoPac Holdings incorporated climate change risks into the "Risk Management Policy" and established the "Guidelines for the Management of Climate and Nature-related Risks and Opportunities" to improve the management mechanisms of climate and nature-related risks and opportunities. The Risk Management Division serves as the coordinating unit for overall climate and nature risk management. It discloses the overview of climate change risks (including physical risk and transition risk indicators) and the progress of related projects each quarter in the Risk Management Report, and the results are reported to the Risk Management Committee and the Board of Directors. It also reports to the Audit Committee each quarter on the management of existing or potential risks, or climate change risks.

To advance climate and nature-related strategies, the Risk Management Committee established the "Climate and Nature Team." The Risk Management Division serves as the coordinating unit, integrates climate-related financial data and quantified financial impact, identifies climate and nature-related risks and opportunities and formulates current and anticipated, direct or indirect mitigation and adaptation efforts. SinoPac Holdings has incorporated sustainable development as one of its five core business strategies, and further linked related targets to the short-term and long-term performance of the President and top management, to strengthen the implementation and advancement of its sustainability strategies through specific remuneration mechanisms. Refer to 2.1.4 Senior Executive Remuneration Policy for the short-term sustainability performance indicators of top management.

SinoPac Holdings Climate Governance Structure



Establish five cross-departmental teams to execute sustainable development affairs, and continuously monitor the risks and opportunities of climate change on the Company's operations to formulate action plans and set targets for implementing SinoPac Holdings' commitment to "Mitigate and Adapt to Climate Change".

The progress and execution of related work plans are reported to the Sustainable Development Committee and reported to the Board of Directors at least every six months.

Established the Climate and Nature Team, in accordance with TCFD framework, to integrate climate-related financial data and quantified financial impact, identifies climate and nature-related risks and opportunities and formulates current and anticipated, direct or indirect mitigation and adaptation efforts.

The Risk Management Division of SinoPac Holdings discloses the overview of climate change risks (including physical risk and transition risk indicators) and the progress of related projects in the Risk Management Report, and the results are reported to the Risk Management Committee and the Board of Directors each quarter. It also reports to the Audit Committee each quarter on the management of existing or potential risks, or climate change risks. In addition, the overview of nature-related risks is disclosed in the risk management reports, and annually reported to the Risk Management Committee, the Audit Committee, and the Board of Directors.

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2.3.6.2 Climate Strategy

SinoPac Holdings established the "Guidelines for the Management of Climate and Nature-related Risks and Opportunities" to evaluate the climate-related risks and opportunities of the Company in its operations, measure the impact of the risks and opportunities on financial/business plans and strategies, and formulate mitigation and adaptation actions in response to climate change. For the identification of climate-related risks and opportunities, the management process comprises four steps: (1) the holding company initiates the risk and opportunity management process; (2) subsidiaries conduct risk and opportunity assessments; (3) the holding company identifies group-level risks and opportunities, along with corresponding mitigation and adaptation measures; and (4) risks and opportunities are reported and externally disclosed. Refer to the 2025 " Climate and Nature-related Financial Disclosures Report " for details.

SinoPac Holdings identified one material climate transition risk in 2025. To ensure the completeness of risk identification and assessment, the major physical risk issue with significant impact was also included. Detailed information is provided in the table below:

Risk category	Risk event	Risk description	Potential financial impact	Expected time horizon of occurrence (Note)	Mitigation and adaptation effort/strategy
Transition risk – policy and legal	Economic changes arising from carbon pricing, decarbonization pathways, or climate- disclosures related regulations and policies.	High-emission industries or companies may be affected by regulatory requirements, carbon fee/carbon tax, or decarbonization/net-zero policies, which could increase the financial pressure or default risk of the Company's borrowers and investees, thereby affecting the Company's credit exposures or investment returns.	Increase in credit loss Decline in investment returns Impairment of collateral value	Long term	• SinoPac Holdings has committed to achieving net zero emissions in all of our asset portfolios by 2050 and has established short-, medium-, and long-term net zero targets. In terms of investment and lending, we established the carbon inventory, monitoring, and disclosure mechanisms of the Partnership for Carbon Accounting Financials (PCAF). • SinoPac Holdings has established the "Net Zero Commitment and Implementation Plan ", under which investment and lending assets are categorized into stranded assets, decarbonization-pressured assets, and green assets with corresponding action plans. We have also established a "Decarbonization Policy" for thermal coal and unconventional oil & gas-related exposures.
Physical risks – acute	Increased frequency and severity of extreme climate events such as heavy rainfall, landslides, and droughts.	Extreme climate events (such as heavy rainfall, landslides, and droughts) may damage the headquarters, operating sites, plants, and other assets of the Company's borrowers and investees, or disrupt their operations, thereby affecting the Company's credit exposures or investment returns.	Increase in credit loss Impairment of collateral value Decline in investment returns	Long term	• The Company and its subsidiaries have formulated the "Responsible Investment Management Guidelines" or relevant regulations (refer to CH3.1.2.1 Responsible Investment Policy for details). We incorporate high physical risk areas (e.g., flooding) into the investment evaluation process within the ESG risk assessment form. We also conduct post-investment management at least once every year to review whether investees are affected by extreme climate events such as typhoons and heavy rainfall. • The first line of defense should incorporate climate risk into business considerations across all business activities, and adopt appropriate identification and management procedures to ensure that risks are controlled at an early stage.

Note: Short term refers to events that may occur within 1 year; medium term refers to events that may occur 1 to 3 years from now; long term refers to events that may occur 3 to 5 years from now.

SinoPac Holdings also identified 2 material climate change opportunities in 2025, and the detailed information is provided in the table below:

Opportunity category	Opportunity event	Opportunity description	Impact of potential opportunity	Expected time horizon of occurrence (Note)
Market	Increase investment in or participation in underwriting of green financial products to explore related business opportunities and market opportunities.	Increasing investment in or underwriting of green bonds or equities of green-related industries will help the Company enter new markets and capture new business opportunities in the green or circular economy, thereby driving revenue growth.	Investment and underwriting business Product and sales services Strategic risk	Short, medium, and long term
Products and services	Increase green financial products and services	In line with the global trend toward low-carbon and green energy, and in response to government policies and regulations, the Company will continue to promote green financial products and services—such as green loans (including retail loans such as green building mortgages), low-carbon/climate-related funds, green energy electricity trading trust services, and green credit cards—and support customers' low-carbon transition through engagement channels, thereby increasing the Company's earnings.	Expand business opportunities/market Increase in competitiveness Increase in revenue Improve the Company's reputation	Short, medium, and long term

Note: Short term refers to events that may occur within 1 year; medium term refers to events that may occur 1 to 3 years from now; long term refers to events that may occur 3 to 5 years from now.

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In addition, SinoPac Holdings established scenario analysis models for the climate change risks of different sections across the entire value chain and implemented quantitative calculations of financial impacts. To enhance operational efficiency and data timeliness, SinoPac Holdings has integrated a physical climate risk database and established an automated physical risk scenario analysis system to assess risk levels and expected losses of physical climate risks across different sections. The methodology and scenarios adopted for physical and transition risks are summarized below:

Risk category	Risk factor	Scenarios adopted and timeline (Note 3)	Target of analysis (Note 3)	Analysis results (Note 1)
Physical risk	Heavy rainfall and floods	• Scenario: Low warming (domestic SSP1-2.6 / overseas RCP4.5), medium warming (domestic SSP2-4.5 / overseas RCP4.5), high warming (domestic SSP5-8.5 / overseas RCP8.5) • Time: 2030 / 2050	Upstream suppliers' operating sites, own operating sites, own real estate, loan collateral, and corporate of investment and lending clients' plants (Note 2).	Under all scenarios at all timepoints, SinoPac Holdings calculated the total estimated losses and the potential level of impact on the capital adequacy ratio of SinoPac Holdings as low.
	Landslide disasters	• Scenario: Low warming (domestic SSP1-2.6), medium warming (domestic SSP2-4.5), high warming (domestic SSP5-8.5) • Time: 2030 / 2050		
	Rising sea levels	• Scenario: Low warming (domestic and overseas SSP1-2.6), medium warming (domestic and overseas SSP3-7.0), high warming (domestic and overseas SSP5-8.5) • Time: 2030 / 2050		
	Wildfires	• Baseline period (1981–2010)		
	Droughts	• Scenario: Low warming (domestic and overseas SSP1-2.6), medium warming (domestic SSP2-4.5 / overseas SSP3-7.0), high warming (domestic and overseas SSP5-8.5) • Time: 2030 / 2050	Upstream suppliers' operating sites, own operating sites, and corporates of investment and lending clients' plants (Note 2)	
Transition risk	Carbon cost payments	• Network for Greening the Financial System (NGFS): 1. Below 2°C 2. Net Zero 2050 / 1.5°C • International Energy Agency (IEA): 1. Sustainable Development Scenario (SDS), equivalent to below 2°C 2. Net zero emissions by 2050 (NZE), equivalent to Net Zero 2050 / 1.5°C	Suppliers	Assessments of expected carbon costs transferred from suppliers revealed low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints under all scenarios.
			Investment and lending portfolios in "high-carbon-emission industries" and "high-carbon-emission corporations monitored by the Ministry of Environment"	Assessments of the analysis targets revealed that total incremental expected losses from credit risks and market risks indicated a low-moderate potential impact on the capital adequacy ratio of SinoPac Holdings in 2045 and 2050 under the NGFS (1.5°C) scenario, while for all other scenarios and time points, the potential impact remained low.
	Ministry of Economic Affairs "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Electricity Users above a Certain Contract Capacity"	Nationally Determined Contribution (NDC)	Investment and lending portfolios in major electricity users	Assessments of the analysis targets revealed that total expected losses from credit risks and market risks hold low potential impacts on the capital adequacy ratio of SinoPac Holdings under all scenarios.
	Net zero emissions in own operations	Achieve net zero emissions in own operations by 2030	Own operations	Assessments of the costs required to achieve net zero emissions in own operations revealed low potential impacts on the capital adequacy ratio of SinoPac Holdings at all timepoints.

Note 1: A Low-Moderate level of impact indicates that the estimated expected losses would result in a decline of less than 2% in the capital adequacy ratio of SinoPac Holdings, equivalent to approximately NTD 2.4 billion to NTD 4.8 billion (inclusive); a Low level of impact indicates that the estimated expected losses would result in a decline of less than 1% in the capital adequacy ratio of SinoPac Holdings, equivalent to approximately NTD 2.4 billion or below (inclusive).

Note 2: For overseas investment and lending clients, the scope of assessment covers clients that meet materiality thresholds (investment and lending amount exceeding NT$300 million for SinoPac Holdings and Bank SinoPac, exceeding NT$100 million (inclusive) for SinoPac Securities, and all investment and lending clients of other subsidiaries).

Note 3: For scenario descriptions and scope of assessment, refer to the 2025 "Climate and Nature-related Financial Disclosures Report", Chapter 3: Climate and Nature Scenario Analysis

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2.3.6.3 Climate Risk Management

SinoPac Holdings has adhered to the four pillars of the TCFD framework, international Financial Reporting Standards S2 "Climate-related Disclosures" (IFRS S2), referenced the "Guidelines for Domestic Banks' Climate Risk Financial Disclosure" by the Financial Supervisory Commission, R.O.C. (Taiwan) and the core content of the latest Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), and established "governance", "strategy", "risk management", and "metrics and targets" in the Company's "Guidelines for the Management of Climate and Nature-related Risks and Opportunities" to strengthen the management mechanisms of climate and nature-related risks and opportunities. The subsidiaries have established the "Standards for the Management of Climate-Related Risks and Opportunities" and integrated climate risks into business items. They also established the "Responsible Investment Management Guidelines" and "Responsible Lending Management Guidelines" or relevant regulations for investment and lending businesses for management and control. SinoPac Holdings also established the "Natural Disaster Emergency Response Guidelines" and "Supplier Sustainable Development Guidelines" to ensure prudent management of its credit, market, and operational risks. For more details, refer to the 2025 "Climate and Nature-related Financial Disclosures Report".

SinoPac Holdings has adopted three lines of defense framework in internal controls to clearly define the roles, responsibilities, and governance mechanisms for climate- and nature-related risk management across each line of defense. They are explained below:

First line of defense

Evaluate climate risks when conducting related business activities and incorporate climate-related risks into business decision-making

Identify the correlation between climate-related risks, as well as other risks such as credit, market, operational, and liquidity risks. For all climate-related risks arising from operational and business activities, adopt appropriate procedures for identification, assessment, and management. In addition, propose mitigation and adaptation measures to ensure that such risks are adequately controlled from the outset.

Second line of defense

Effectively monitor and control climate risk management implementation under the first line of defense and ensure that related operations comply with regulatory requirements

- The Risk Management Division effectively monitors implementation of climate-related risk management by the first line of defense, and the Legal & Compliance Division should ensure that the operations of all units are complying with the relevant laws and regulations.
- The Legal & Compliance Division tracks and reviews the latest legal amendments when new laws are announced to confirm that all operations and management regulations are updated in a timely manner in accordance with climate-related risk regulations announced by competent authorities.
- The Risk Management Division Conduct scenario analysis of physical risks and transition risks to assess business impact from climate-related risks and determine resilience toward climate- related risks.
- The Risk Management Division takes scenario analysis results into account when conducting regular reviews of climate-related risk management regulations and practices, and also retains related documentation for at least five years, including selected scenarios and reasonable assumptions.
- The overview of climate change risks is regularly disclosed in the Risk Management Report, and the results are reported to the Risk Management Committee, the Audit Committee and the Board of Directors.

Third line of defense

Assess the effectiveness of climate-related risk monitoring and control activities undertaken by the first and second lines of defense, with recommendations for improvement provided as necessary.

Assess the effectiveness of climate-related risk monitoring and control activities undertaken by the first and second lines of defense, with recommendations for improvement provided as necessary.

2.3.6.4 Climate Metrics and Targets

In response to the challenges of climate-related risks and opportunities, SinoPac Holdings pledged to achieve net zero emissions in its own operations by 2030 and its financial portfolios by 2050. For related short-, medium-, and long-term targets, please refer to the "Net Zero Commitment and Implementation Plan " and the 2025 "Climate and Nature-related Financial Disclosures Report ". SinoPac Holdings has implemented GHG inventory each year since 2018 (please refer to 5.1.2.1 Greenhouse Gas Management for details). The Company reduced carbon emissions by setting SBTs, gradually increasing the use of renewable electricity, expanding renewable energy financing and issuing green bonds, and adjusted the investment and lending strategies (e.g., support clean energy and innovative technologies, assist clients with carbon reduction and transition into low-carbon operations) to expand the scope, uncover climate-related opportunities, and promote the low-carbon transition of the entire value chain .Related plans have been incorporated into the SinoPac Holdings short-, medium-, and long-term key tasks for sustainable development (please refer to 1.1.3 Three Sustainability Commitments and SDGs – Mitigation and Adaptation to Climate Change).

2.3.6.5 Carbon Inventory of Scope 3 Financed Emissions

SinoPac Holdings adopted the standards and guidelines of the Partnership for Carbon Accounting Financials (PCAF) and the Bankers Association of the R.O.C. for conducting the carbon inventory. The Company conducted a carbon inventory of its investment and lending portfolios, as well as the asset management businesses of SinoPac Securities Investment Trust (SinoPac SITC) as of December 31, 2025, and facilitated activities for capital markets in 2025, and completed greenhouse gas validation and verification (Note 1) . The scope of the inventory included assets such as listed/unlisted equity, corporate bonds, sovereign debt, sub-sovereign debt, project finance, business loans, commercial real estate, mortgages, and motor vehicle loans.

The overall coverage rate of investment and lending portfolios was 66.41% (ratio of inventoried amounts to overall investment and lending amounts) (Note 2). The financed emissions of SinoPac Holdings totaled 5.63 million tCO_2e and the overall economic emission intensity was 2.8 (tCO_2e/NT$1 million in investment and lending). In addition, the avoided emissions from renewable energy project finance totaled 1.97 million tCO_2e. In addition to evaluating the financed emissions from investment and lending portfolios, SinoPac Holdings also calculated the financed emissions of assets management business of SinoPac SITC with a coverage rate of 97.34% (Note 3). The financed emissions totaled 0.20 million tCO_2e. The facilitated emissions attributable to SinoPac Holdings was 0.25 million tCO_2e. Please refer to the 2025 "Climate and Nature-related Financial Disclosures Report " for the carbon inventory results for business categories and investment and lending in each industry and country.

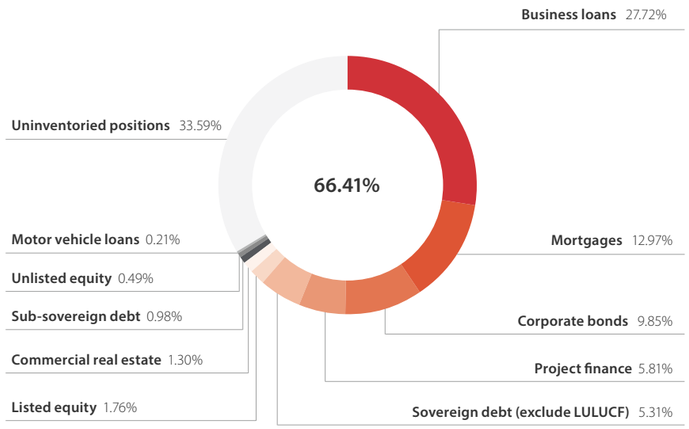
Note 1: The Company and its subsidiaries' carbon inventory of Scope 3 financed emissions for investment and lending portfolios, asset management businesses of SinoPac SITC, and facilitated emissions for capital markets was verified by the verification organization BSI in accordance with ISO 14064-3: 2019, and validation reports and opinions was issued, complying with the regulations set out in Chapter 6 "Assurance (verification) Descriptions" of the "Practical Handbook for Financed Emissions (Scope 3) in Investment and Lending Portfolios of Domestic Banks."

Note 2: The scope of inventory covers the overall domestic and foreign investment and lending positions of SinoPac Holdings and all subsidiaries.

Note 3: The carbon inventory of asset management covers asset classes consistent with the PCAF Standard. Asset classes for which PCAF has not released related technical documents (including short-term bills, deposits, repurchase agreement, and derivatives) are excluded.

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Financed emissions Inventory coverage rate of investment and lending portfolios

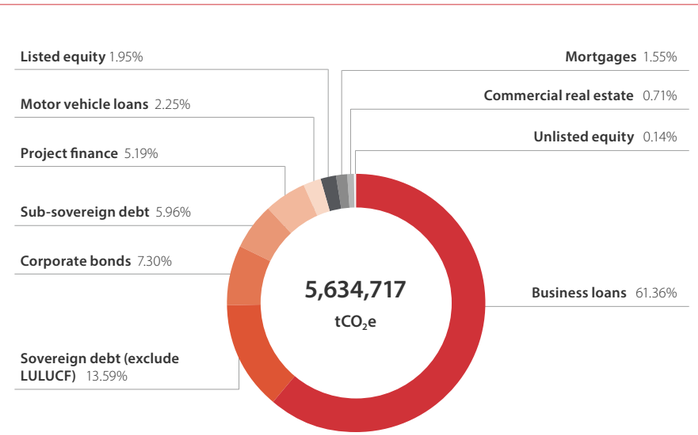


Asset class	Investment and lending amount included in the inventory (NT$ million)	Percentage of total investment and lending (%)
Business loans	827,720	27.72%
Mortgages	387,282	12.97%
Corporate bonds	294,255	9.85%
Project finance	173,453	5.81%
Sovereign debt (exclude LULUCF) (Note 1)	158,495	5.31%
Listed equity	52,677	1.76%
Commercial real estate	38,873	1.30%
Sub-sovereign debt	29,184	0.98%
Unlisted equity	14,689	0.49%
Motor vehicle loans	6,405	0.21%
Uninventoried positions (Note 2)	1,003,029	33.59%
Total	**2,986,061**	**100.00%**

Note 1: Refers to activities related to Land Use, Land Use Change, and Forestry (LULUCF). E.g., transforming the usage of forest to agricultural use.

Note 2: The positions are not yet inventoried consist mainly of four categories: (1) Use of Proceeds (UoP) structures and Securitized and Structured Products (SSP) as defined in the latest version of the PCAF standard (2025); since the calculation requires obtaining their underlying assets, complete information is currently unavailable for calculation; (2) asset classes for which PCAF has not yet published technical documents (including personal unsecured loans, derivatives, and ETFs); (3) "Practical Handbook for Financed Emissions (Scope 3) in Investment and Lending Portfolios of Domestic Banks" published by the Bankers Association of the R.O.C. clearly defines certain asset classes to be excluded (e.g. mortgages (repair and construction), commercial paper negotiable certificates of deposit issued by the Central Bank, and fixed rate commercial paper) ; (4) minor amount of inventory information was incomplete.

Financed emissions of investment and lending portfolios



Reference date: December 31, 2025

Asset class	Investment and lending amount (NT$ million)	Financed emissions (tCO_2e)	Proportion of financed emissions (tCO_2e)	Economic emission intensity (tCO_2e/NT$1 million in investment and lending)	Data quality score (1: best; 5: worst)
Business loans	827,720	3,457,405	61.36%	4.2	3.8
Sovereign debt (exclude LULUCF) (Note 1)	158,495	765,705	13.59%	4.8	1.9
Corporate bonds	294,255	411,092	7.30%	1.4	1.7
Sub-sovereign debt	29,184	336,064	5.96%	11.5	2.2
Project finance	173,453	292,496	5.19%	1.7	3.0
Motor vehicle loans	6,405	126,803	2.25%	19.8	3.8
Listed equity	52,677	110,066	1.95%	2.1	1.1
Mortgages	387,282	87,117	1.55%	0.2	4.0
Commercial real estate	38,873	40,265	0.71%	1.0	4.0
Unlisted equity	14,689	7,704	0.14%	0.5	2.2
Total	**1,983,032**	**5,634,717**	**100.00%**	**2.8**	**3.2**

Note 1: Financed emissions of sovereign debt excluding LULUCF amounted to 765,705 tCO_2e, while those including LULUCF amounted to 728,459 tCO_2e.

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2.3.7 Natural Risk Identification and Management

The "Kunming-Montreal Global Biodiversity Framework" was published at the 15th United Nations Biodiversity Conference (COP15) in 2022. It called upon global enterprises and financial institutions to disclose their business dependencies and impacts on nature capital, and to actively manage nature-related risks and opportunities. The Taskforce on Nature-related Financial Disclosures (TNFD) published the official TNFD Recommendations in September 2023 and focused on the four pillars including governance, strategy, risk and impact management, and metrics and targets as the framework of disclosure. It also established the LEAP (Locate, Evaluate, Assess, Prepare) approach. It also published the "Additional Guidance for Financial Institutions" to evaluate nature-related risks and opportunities associated with investment and lending activities (such as equity and debt investments, trading and insurance, and lending). In 2026, the Financial Industry Net Zero Promotion Task Force's Data and Risk Management Working Group completed the "Demonstration Case Study Report on the Application of Nature-Related Risk Data (Draft)," which includes the "Basic Operations and Recommendation Exercises of Domestic Nature-Related Risk Data for the Financial Industry (Draft)" (hereinafter referred to as the "Domestic Financial Industry Nature-Related Risk Study Report") to assist financial institutions in analyses on nature-related issues. SinoPac Holdings firmly believes that the loss of natural capital and the resulting nature-related risks will affect the business activities, capital allocation, and risk management of enterprises, which in turn will have a potential impact on financial business activities and lead to asset value impairment. On the other hand, the protection and restoration of natural capital will contribute to the sustainable development of industries and economic activities. Refer to the 2025 "Climate and Nature-related Financial Disclosures Report" for details.

SinoPac Holdings formulated a group-level sustainable finance statement in 2022 and has incorporated ESG factors into its corporate banking, retail banking, asset management, wealth management, investment banking and brokerage businesses. The Board of Directors approved the "Sustainable Finance Policy " in July 2023, as the highest guiding principles for sustainable finance businesses, and business units established related management guidelines accordingly. The Company included "risk events related to biodiversity (e.g., species conservation, habitat maintenance)" in the ESG risk assessment of equity investment in accordance with the "Responsible Investment Management Guidelines." The Company engages with investee companies on ESG issues such as climate change, biodiversity, governance or social issues by attending shareholders' meetings, institutional investors' conferences, and exercising voting rights. The Company incorporated the ESG considerations in the lending process and post-loan management in accordance with the "Responsible Lending Management Guidelines. Bank SinoPac focuses on whether clients assess and respond appropriately to the risks and opportunities of climate change and natural capital, whether they understand the impact of climate change and loss of biodiversity (including conservation of species, habitat preservation, etc.) on their financial performance, and whether they have taken response measures. Bank SinoPac also complies with EP4 and the eight Performance Standards (PS1-8) of International Finance Corporation (IFC) and included climate change and biodiversity risks as necessary items for risk assessment.

2.3.7.1 Nature-related Physical Risks Analysis

SinoPac Holdings follows the LEAP analysis procedures, with the "L" (Locate) step focusing on whether the Company's own business activities and value chains affect the natural environment, specific biomes, or ecologically sensitive areas. SinoPac Holdings thus overlays the latitude and longitude location data of own real estate/operating sites, upstream suppliers' operating sites, and downstream investment and lending corporate clients' plants in Taiwan, Kinmen, Penghu, and Matsu (hereinafter referred to as Taiwan) with spatial data referenced in the "Domestic Financial Industry Nature-Related Risk Study Report," including legally designated environmentally sensitive areas, key ecological concern areas, threatened species hotspots and the conservation status of threatened species. The Company thus completed the location sensitivity assessment and species sensitivity assessment, and established a priority concern ranking (Note). For details on the nature sensitivity scoring explanation and matrix, refer to the 2025 "Climate and Nature-related Financial Disclosures Report. "

Note: The sensitivity scoring for both the location sensitivity assessment and the species sensitivity assessment is 5 points each. Based on the results, a combined score greater than 9 points is classified as first priority concern.

In addition, SinoPac Holdings also conducted an analysis of areas within a 0.5 km buffer zone surrounding fault lines. The relevant assessments regarding nature-related physical risks and impacts of fault lines are as follows:

Nature Sensitivity Assessment

Reference date: December 31, 2025
Unit: NT$ million; %

Property type	Priority level: Priority 1				Nature-related physical risks analysis
Own real estate of SinoPac Holdings	Book value	425	Percentage of total assets	0.01%	Most of the own real estate and operating sites are located in urban areas, indicating relatively limited dependence on ecosystems and limited environmental impact.
Operating sites of SinoPac Holdings	Number of operating sites	12 (Number of sites)	-	-	
Downstream corporate clients' plants	Investment and lending amount	40,322	Percentage of total investment and lending	1.3%	Downstream corporate clients' plants are mostly located near coastal and river areas, indicating higher dependence on ecosystems and greater environmental impact.
Upstream suppliers' operating sites	Procurement amount	64	Percentage of total procurement	1.9%	The operating sites and headquarters of suppliers are mostly located in urban areas, indicating relatively limited dependence on ecosystems and limited environmental impact.

Fault line impact analysis

Unit: NT$ million; %

Property type	Reference date	Within 0.5km buffer zone of fault lines			
Own real estate of SinoPac Holdings	December 31, 2025	Book value	203	Percentage of total assets	0.01%
Operating sites of SinoPac Holdings		Number of operating sites	6 (Number of sites)	-	-
Upstream suppliers' operating sites		Procurement amount	0.83	Percentage of total procurement	0.02%
Downstream corporate clients' plants		Investment and lending amount	25,151	Percentage of total investment and lending	0.8%
Loan collateral		Loan amounts	9,893	Percentage of overall loan amounts	0.46%

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2.3.7.2 Nature-related Dependencies and Impacts Evaluation

SinoPac Holdings references the LEAP approach, including "E" (Evaluate), which identifies and evaluates nature-related dependencies and impacts. The analysis procedures are as follows:

01

Inventory

Inventory and disclose the amount of investment and lending exposure to TNFD nature-related sensitive industries according to the second edition of the TNFD Sector Guidance: Additional guidance for financial institutions and the "Domestic Financial Industry Nature-Related Risk Study Report," with industry classifications based on the Statistical Classification of Industries issued by the Directorate General of Budget, Accounting and Statistics, Executive Yuan.

02

Evaluate dependencies and impacts

Assign scores based on the degree of dependencies and impacts of industries according to the significance ratings established based on the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) database, as referenced in the "Domestic Financial Industry Nature-Related Risk Study Report."

Materiality rating	VH	H	M	L	VL
Corresponding score	5	4	3	2	1

03

Industry dependency and impact matrix

Summarize the industry's scores across each ecosystem service and pressure, and standardize them to derive dependency and impact scores, forming an industry dependency and impact matrix.

04

Analyze dependency and impact factors

Identify the ecosystem services and pressures with potential dependencies and impacts for TNFD nature-related sensitive industries based on the significance ratings established using the ENCORE database, as referenced in the "Domestic Financial Industry Nature-Related Risk Study Report."



Exposure to TNFD nature-related sensitive industries

Based on Step 1 above, SinoPac Holdings summarized 12 nature-related sensitive industries. As of December 31, 2025, the investment and lending amount in TNFD nature-related sensitive industries was NT$782,969 million, accounting for approximately 37.17% of the investment and lending portfolio on corporate clients, or 25.02% of the overall investment and lending amount of SinoPac Holdings (including personal loans).

Reference date: December 31, 2025
Unit: NT$ million; %

TNFD nature-related sensitive industries	Total investment and lending amount
Energy	11,014
Materials	79,905
Transportation	57,659
Automobiles & Components	23,292
Consumer Durables & Apparel	37,430
Restaurants & Consumer Staples	27,872
Food, Beverage & Tobacco (including agriculture)	23,226
Household & Personal Products	1,492
Pharmaceuticals & Biotechnology	6,249
Semiconductors & Semiconductor Equipment	80,448
Utilities (including electric utilities, gas utilities, independent power and renewable electricity producers, water utilities, and environmental & facilities services)	192,684
Building Services & Equity Real Estate Investment Trusts (REITs)	241,699
Total nature-sensitive industries (Note)	**782,969**

Note: The investment and lending amount in non-nature-sensitive industries was NT$1,323,707 million.

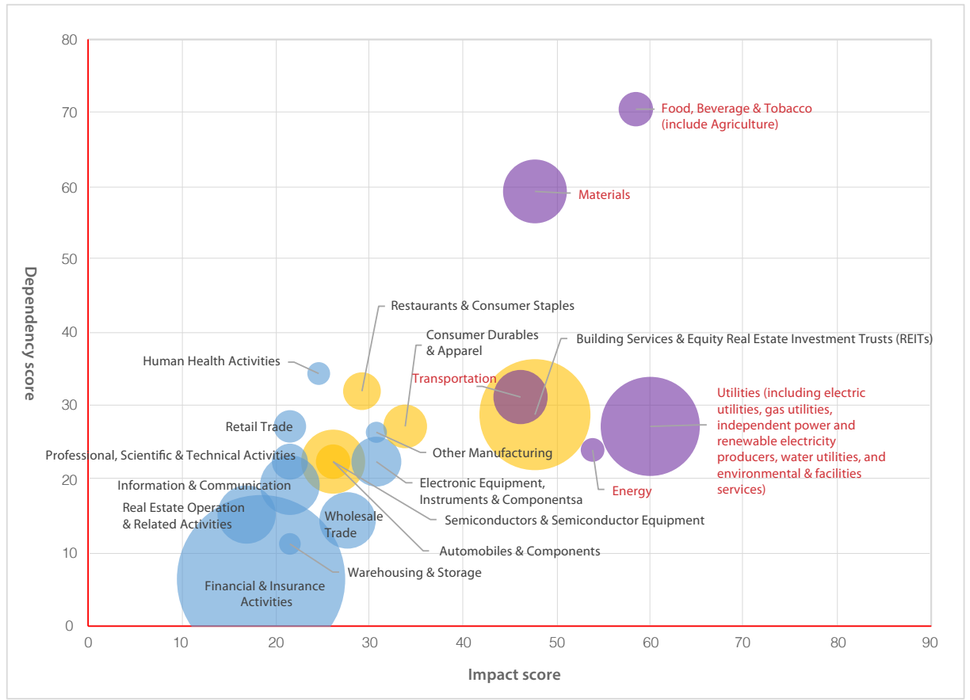
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SinoPac Holdings Industry Dependency and Impact Matrix

Based on Steps 2 and 3 above, SinoPac Holdings classified industries into TNFD nature-related sensitive and non-sensitive industries, and mapped the top 20 industries by investment and lending balance onto an industry dependency and impact matrix based on their respective dependency and impact scores.

Description of matrix axis		
Level of dependencies	**Level of impacts**	**Bubble size**
Companies' dependence on ecosystem services for survival, such as the ability to regulate water flow and quality and the ability to recover from disasters such as fires and floods. The ENCORE database includes 25 ecosystem services.	Changes in the state of nature may be caused by direct, indirect, or cumulative actions by organizations. They may result in changes in nature's ability to provide social and economic functions. The impacts may be positive or negative. The ENCORE database includes 13 pressures.	Investment and lending amount as of December 31, 2025

Based on the analysis, the top five TNFD nature-related sensitive industries in the overall investment and lending portfolio with high levels of dependency and impact on nature (represented by the purple bubbles in the figure) are: Food, Beverage & Tobacco (including agriculture), Materials, Utilities (including electric utilities, gas utilities, independent power and renewable electricity producers, water utilities, and environmental & facilities services), Energy, and Transportation.



● **Purple bubbles:** Top five TNFD nature-related sensitive industries with high dependency and impact

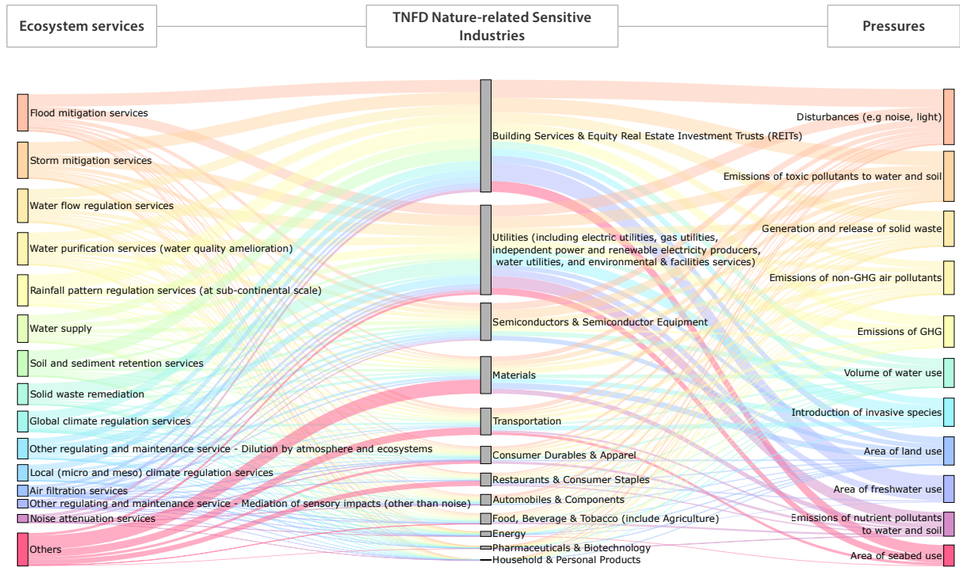
● **Yellow bubbles:** TNFD nature-related sensitive industries

● **Blue bubbles:** Non-TNFD nature-related sensitive industries

Sankey Diagram of TNFD Nature-related Sensitive Industries

To further focus on TNFD nature-related sensitive industries, SinoPac Holdings identified the potential dependencies (ecosystem services) and impacts (pressures) at the industry level based on the above Step 4. The results serve as the basis for nature-related risk scenario analysis and will support further enhancement of nature-related risk identification and the establishment of corresponding risk management processes for the overall investment and lending portfolio to mitigate potential impacts.

The results of the Sankey diagram analysis for TNFD nature-related sensitive industries are shown in the figure below (Note 1). Based on the analysis of dependencies and impacts of these industries, the top three ecosystem services in terms of dependencies are flood mitigation services, storm mitigation services, and water flow regulation services, accounting for approximately 29.29%. The top three pressures impacting nature are disturbances (e.g., noise, light), emissions of toxic pollutants to water and soil, and generation and release of solid waste, accounting for approximately 38.75%.



Note 1: Due to the large number of ecosystem services related to dependencies, only items accounting for more than 2% are presented in the Sankey diagram, while items below 2% are categorized under "Others," including: other provisioning services – animal-based energy, biomass provisioning services, soil quality regulation services, biological control services, genetic material services, nursery population and habitat maintenance services, pollination services, recreation-related services, visual amenity services, education, science and research services, and spiritual, artistic and symbolic services.

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2.3.7.3 Nature-related Risks and Opportunities

The loss of natural capital has a significant impact on corporates, society, and the environment. SinoPac Holdings identifies the nature-related risks and opportunities for itself and its investment and lending positions and formulates corresponding strategies and measures to monitor the impacts related to natural risks. SinoPac Holdings' Risk Management Division provides a climate and nature-related risk and opportunity assessment form every year. It references information published by domestic and foreign organizations on climate and nature-related regulations and reports, and the risk management units of the subsidiaries carry out the identification of climate and nature-related risks and opportunities. Refer to the 2025 "Climate and Nature-related Financial Disclosures Report" for details.

SinoPac Holdings identified 3 material nature-related risks in 2025, and the detailed information is provided in the table below:

Risk category	Risk incident	Risk description	Potential financial impact	Expected time horizon of occurrence (Note)
Transition risks – policy and legal	Changes in nature-related regulations or policies, leading to increased compliance costs	Due to changes or tightening of laws or policies, enterprises are required to adopt relevant management measures, resulting in higher compliance costs (e.g., environmental impact assessments or nature conservation), which in turn lead to reduced revenues, litigation risks, or fines, and affect the profitability of the recipients of investment and lending.	Increase in creditor rights losses Decrease in investment proceeds Impairment of the value of loan assets	Long term
Physical risks – long term	Changes in precipitation patterns affecting water resource distribution and stability	Changes in long-term precipitation patterns may lead to changes in water resource distribution, resulting in higher operating costs for water use in industries with high dependence on water resources (such as agriculture, food processing, or semiconductor industries), leading to reduced revenues and affecting the profitability of the recipients of investment and lending.	Increase in creditor rights losses Decrease in investment proceed	Long term
Transition risks – technology	Development of new technologies for environmental mitigation leading to increased costs	The development of new technologies or equipment for mitigating environmental damage may result in higher research and development expenditures and operating costs for the investee of investment and lending, which may affect profitability and, in turn, the Company's recovery of creditor rights or investment income.	Increase in creditor rights losses Decrease in investment proceeds	Long term

Note: Short term refers to events that may occur within 1 year; medium term refers to events that may occur 1 to 3 years from now; long term refers to events that may occur 3 to 5 years from now (exclusive)

SinoPac Holdings also identified 4 material nature-related opportunities in 2025 and the detailed information is provided in the table below:

Opportunity category	Opportunity event	Opportunity description	Impact and amount of potential opportunity		Expected time horizon of occurrence (Note)
Capital liquidity and financing	Provide financial support for enterprise transformation and promote nature-friendly and green investment and financing	For capital needs that can naturally increase positive impacts/reduce negative impacts, we provide investment and lending tools such as loans, bonds, and funds to increase operating revenues and channel capital to support nature-friendly or green activities and industries.	Expand market opportunity Increase competitiveness Increase operational flexibility	Increase in revenue Improve the Company's reputation	Short, medium and long term
Products and services	Develop or enhance nature-beneficial financial products and services	We provide financial solutions with positive impact on nature or minimum negative impacts, including eco-friendly services and green commodities, such as green lending and green investments, to increase revenue and competitiveness.	Expand market opportunity Increase competitiveness	Improve brand value and social impact Increase operational flexibility	Short, medium and long term
Reputation capital	Align with nature-related policies, advocacy, and sustainability initiatives	In line with government and international nature-related policy initiatives, the Company actively participates in environmental asset investment and ecosystem service-related activities and sustainability competitions, generating positive impacts on society and regional economies, and enhancing corporate image and brand value.	Improve brand value and social impact Reduce operating costs	Improve the Company's reputation / brand	Short, medium and long term
Market	Promote diversified development of nature-related financial products	Emerging markets are formed as governments, investors, and consumers pay more attention to and invest in nature-related issues (including biodiversity and environmental friendliness). We actively develop diverse nature-related financial products and services to increase revenue	Expand market opportunity Increase competitiveness Increase operational flexibility	Increase in revenue Improve the Company's reputation	Short, medium and long term

Note: Short term refers to events that may occur within 1 year; medium term refers to events that may occur 1 to 3 years from now; long term refers to events that may occur 3 to 5 years from now (exclusive)

2.3.7.4 Nature Scenario Analysis

In the face of uncertainties in the natural environment, SinoPac Holdings conducted nature-related scenario analysis for domestic positions based on TNFD nature-related sensitive industries. The Company analyzed the Sankey diagram and identified water resources as the nature capital of particular concern for TNFD nature-related sensitive industries. Therefore, the Company analyzed the potential risks of these industries and water resources as the main targets of the scenario analysis. Refer to the 2025 "Climate and Nature-related Financial Disclosures Report" for details and analysis results.

Nature-related physical risks – water resource dependency assessment

Through the analysis of the TNFD nature-related sensitive industries Sankey diagram, the dependency on ecosystem services is mainly derived from "water resources." For instance, the food, beverage, and tobacco (including agriculture) industries rely on water resources for production and water quality regulation; casting, cooling, and dust emission control in the metal manufacturing processes of the materials industry require water. We therefore used the "drought risk factor" to conduct a scenario analysis of "water resource dependency" for the domestic investees and borrowers of these TNFD nature-related sensitive industries (12 industries in total).

Methodology The Company assessed the expected loss related to water resource dependency (Note 1) for the plant locations of investees and borrowers in the TNFD nature-related sensitive industries at each point in time for each of the SSP scenarios.

Note 1: Expected losses = probability of default × loss given default × investment and lending amount (for higher internal credit rating risk).

Results The expected loss for each scenario at each point in time was NT$24 million, and the potential level of impact on the capital adequacy ratio of SinoPac Holdings was low.

Reference date: December 31, 2025 ; Unit: NT$ million

Scenario	2030			2050		
	Investment and lending amount with high dependency on water resources	Percentage of total investment and lending	Expected loss	Investment and lending amount with high dependency on water resources	Percentage of total investment and lending	Expected loss
SSP1-2.6	25,328	0.81%	24	25,328	0.81%	24
SSP2-4.5	25,328	0.81%	24	25,328	0.81%	24
SSP5-8.5	25,328	0.81%	24	25,328	0.81%	24

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Nature-related physical risks - water resources impact assessment

Sinopac Holdings analyzed the Sankey diagram for the TNFD nature-related sensitive industries and identified water resources as the key impact item. The top three impact pressure factors include "toxic soil and water pollution emissions," as corporate water withdrawal or discharge may affect water availability, water quality, impact freshwater ecosystems, or alter hydrological characteristics. The Company therefore checked whether the plant locations of investees and borrowers are located within "Water Quality and Quantity Protection Areas" to conduct a scenario analysis of "water resource impacts" for the domestic investees and borrowers of these TNFD nature-related sensitive industries (12 industries in total).

Methodology The Company used the Water Quality and Quantity Protection Areas map data from the Water Resources Agency, Ministry of Economic Affairs to assess the exposure amount of investees and borrowers in the TNFD nature-related sensitive industries whose plant locations are located within Water Quality and Quantity Protection Areas.

Results For investees and borrowers in the TNFD nature-related sensitive industries whose plants are located within "Water Quality and Quantity Protection Areas," the total exposure amounted to NT$25,290 million, accounting for proximately 0.808% of SinoPac Holdings' total investment and lending.

Reference date: December 31, 2025 ; Unit: NT$ million

TNFD nature-related sensitive industries	Exposure amount in water quality and quantity protected areas	Percentage of total investment and lending
Total 12 industries	25,290	0.808%

Nature-related transition risks - Environmental Penalty Impact Assessment

To assess nature-related transition risks, the Company compiled environmental penalty cases disclosed by the Ministry of the Environment for 2025 and cross-referenced them with the list of investees and borrowers in TNFD nature-related sensitive industries to identify whether any sensitive industry clients incurred environmental penalties in 2025. The Company also referenced SinoPac Bank's Responsible Lending Management Guidelines and set an accumulated penalty amount of NT$1 million as the threshold for materiality. Clients reaching this threshold are deemed to pose environmental regulatory compliance risks, which serves as the basis for quantifying potential financial impacts.

Methodology The Cpmpany utilized open-source environmental penalty case information from the Ministry of the Environment and cross-referenced whether investees and borrowers in TNFD nature-related sensitive industries incurred environmental penalties within the year 2025 with an accumulated penalty amount of NT$1 million or above, thereby calculating the expected loss(Note 1) for clients carrying environmental penalty risks.

Note 1: Expected losses = probability of default × loss given default × investment and lending amount (for higher internal credit rating risk).

Results Within the TNFD nature-related sensitive industries, the investment and lending amount for clients carrying environmental penalty risks totaled NT$18,197 million, accounting for approximately 0.58% of SinoPac Holdings' overall investment and lending amount. The expected loss amount was approximately NT$41 million, and the potential level of impact on the capital adequacy ratio of SinoPac Holdings was low.

Reference date: December 31, 2025 ; Unit: NT$ million

TNFD nature-related sensitive industries	Investment and lending amount	Percentage of total investment and lending	Expected loss
Clients with environmental penalty risks	18,197	0.58%	41

2.3.8 Human Rights Risk Identification and Management

SinoPac Holdings established the "Human Rights Policy" and expanded the applicable scope to partners, upstream suppliers, as well as downstream customers, and added customer review policies to prevent suppliers and customers from engaging in forced labor, human trafficking, and violation of work rights of their employees. It has followed the principles of various international human rights conventions to support international human rights developments and maximize the influence of the Company.

Employees	Customers	Suppliers
SinoPac Holdings has conducted human rights assessments since 2018 and established dedicated communication channels (e.g., dedicated phone number and mailbox) based on the "Measures of Prevention, Correction, Complaint, and Punishment of Sexual Harassment in the Workplace". The Company is committed to creating a friendly work environment of diversity, equality, and inclusiveness.	SinoPac Holdings values the voice of customers and builds a customer-centric business philosophy based on the ten principles of fair treatment, creating social value together with customers. For large-scale financing projects, SinoPac Holdings also conducts human rights assessments in accordance with the Equator Principles. For details, please refer to 3.1.3.1 Corporate Banking Lending.	SinoPac Holdings established the "Supplier Sustainable Development Guidelines" and signed the "Supplier Sustainability Commitment" with important suppliers with the aim of adopting consistent principles with suppliers and implementing human rights protection.

2.3.8.1 Human Rights Risk Due Diligence Process

Issue Identification
- Regularly review human rights issues and communities that may be affected based on its operations, value chain or other related activities

Issue Assessment
- Perform due diligence investigations on the stakeholders of SinoPac Holdings and evaluate the probability and level of impact of potential risks

Due Diligence
- Create a human right risks matrix based on the results for preliminary identification of the risk rating
- Perform advanced identification of the risk rating based on the penalty and grievance

Formulate Response Measures
- Formulate human rights risk mitigation and remediation measures to effectively mitigate and remedy related human rights risks

Follow-up Review
- Regularly review the effectiveness of the mitigation and remediation measures

Improvements of Measures
- Analyze the effectiveness of mitigation and remediation measures for project optimization and process review

SinoPac Holdings established human rights due diligence procedures in accordance with the "Human Rights Policy". SinoPac Holdings has conducted regular human rights assessment since 2019 by reviewing its operations and value chain (including suppliers and customers) and collecting the opinions of major stakeholders on human rights risks. In 2025, SinoPac Holdings identified the human rights issues related to employees (including employees of different genders), suppliers, and customers' industries in the value chain through stakeholder questionnaires and asked stakeholders to evaluate human rights risks based on a rating of 1 to 10 for the impact and likelihood. A total of 714 valid questionnaires were collected for the identification of material human rights issues in the upstream, midstream, and downstream sections of SinoPac Holdings' value chain and assessment of groups at risk. Mitigation measures were proposed for the top three high-risk human rights issues. In addition, starting in 2025, Bank SinoPac has incorporated human rights risk assessment into its Ethical Corporate Management Assessment Form. The assessment scope includes forced labor, child labor, and human trafficking. The Company reviews whether its counterparties (including new business partners) have been subject to any penalties for violating human rights protections.

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Human Rights Risk Identification Scope and Groups

Groups
Suppliers
Customers
Employees (own operations)

List of human rights risks		
Forced Labor	Rights to work	Health rights
Child labor	Personal freedom	Rights to life and personal safety
Freedom of association	Rights to an adequate standard of living	Fair treatment and equal remuneration
Ensure labor conditions	Rights to family life	Freedom of expression
Discrimination, diversity, and inclusion	Privacy	Human dignity

Groups of human rights risks

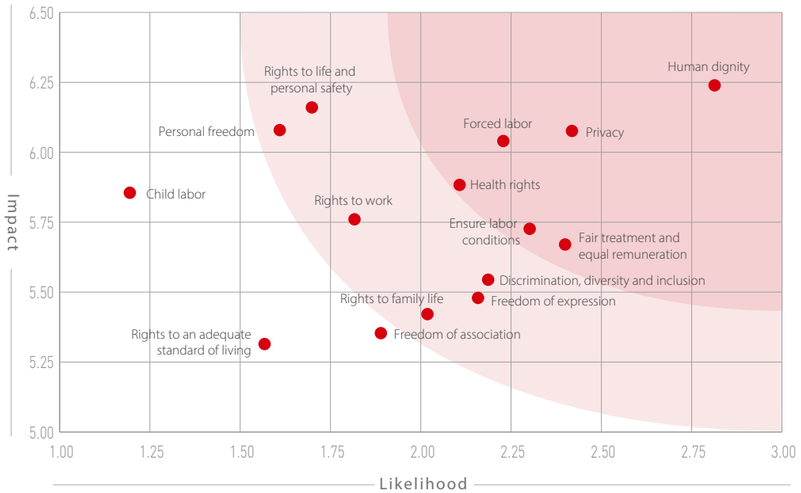
- Employees
- Female
- Children
- Indigenous peoples
- Migrant workers
- Workers hired by third parties
- Local communities



2.3.8.2 Human Rights Risk Identification Results

SinoPac Holdings used questionnaire surveys of stakeholders in 2025 for the identification of human rights issues with material impact, including "human dignity", "privacy", "fair treatment and equal remuneration", "forced labor", and "ensure labor conditions". The Company reviewed statistics of human rights violations in industries in Taiwan (common cases included "ensure labor conditions", "rights to work", "data protection", "forced labor", and "human dignity") and compared them with human rights cases and complaints involving ensuring labor conditions and forced labor in the operations of SinoPac Holdings. The results showed that the categories of material human rights issues are consistent with the identification results. The material human rights issues of concern to the upstream, midstream, and downstream sections of the value chain are shown in the table below. The identification results for the "female" group are similar to the overall assessment results. In addition, SinoPac Holdings implements remediation measures or related actions in accordance with regulations in the event of human rights incidents, and related complaints are handled through established grievance mechanisms. Please refer to 4.4.3.3 Workplace Equality and Anti-Discrimination.

SinoPac Holdings' Material Issues in Human Rights Matrix



2025 SinoPac Holdings' Value Chain Human Rights Risk Identification Results

	Upstream	Midstream	Downstream
Value Chain	Suppliers	Employees of SinoPac Holdings	Customers
Competent Authority	Environmental Protection Task Force	Employee Welfare Task Force	Customer Relations Task Force
Material Issues in Human Rights	• Rights to life and personal safety • Health rights • Human dignity • Force labor	• Human dignity • Rights to family life • Fair treatment and equal remuneration • Discrimination, diversity and inclusion	• Rights to family life • Fair treatment and equal remuneration • Human dignity • Discrimination, diversity and inclusion
Potential high-risk groups	Migrant workers, local communities, workers hired by third parties	Employees, women, workers hired by third parties	Migrant workers, local communities, workers hired by third parties

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2.3.8.3 Value Chain Human Rights Risk Identification Results and Mitigation Measures

SinoPac Holdings has established the Personnel Review Committee under the jurisdiction of the President to ensure the highest level of governance and oversight for human rights-related issues. The President serves as the convener and chairperson of the Committee, and may designate relevant personnel to attend meetings as non-voting participants for inquiries. Cross-departmental professionals jointly deliberate on and review material reward and punishment matters. The parties involved may be requested to present a defense or attend the meeting for inquiries. The Chairman of the Labor Union may, based on the requirements of the reviewed matters, be notified to attend as a non-voting participant to protect employee rights and procedural justice. SinoPac Holdings reviews the appropriateness of remediation measures based on the results of the due diligence investigation, integrates the applicable scope of human rights risks, and tracks the occurrence of risks. In the event of critical human rights incident, the Company formulates remediation measures based on related regulations or operating standards. SinoPac Holdings' human rights risk mitigation and remediation measures are designed for all 295 sites of SinoPac Holdings and subsidiaries. SinoPac Holdings' Human Rights Policy applies to the Company and companies in which the Company holds, directly or indirectly, more than 50% of the shares or has substantive control. It also applies to companies involved in corporate group mergers, divisions, acquisitions, transfers, or assignments of shares. The Company established the Personnel Review Committee for employees. In the event of a violation of human rights, the violation is included in the discussions of the Committee which will review the compliance of related regulations, formulate related measures, and reduce the likelihood of occurrence. The Company requires suppliers not to violate human rights by means of regular supplier conferences and increasing the proportion of the suppliers signing the Supplier Sustainability Commitment. In terms of business operations, the Company reviews the compliance with human rights elements during the investment/credit evaluation and includes relevant cases in the evaluation for future collaboration.

Incidents of Human Rights Violations and Responding Actions

In 2025, thirteen human rights violations incidents occurred at SinoPac Holdings. Refer to "4.4.3.3 Workplace Equality and Anti-Discrimination" for more information on the incidents and improvement measures. SinoPac Holdings has activated employee education and training programs in response to the incidents and used various channels to communicate with employees and planned future improvement plans. Refer to P211~213 of SinoPac Holdings 2025 Annual Report.

Amret's Response and Reforms: From Addressing Concerns to Institutional Enhancement

In 2025, the Compliance Advisor/Ombudsman (CAO) under the International Finance Corporation (IFC) received a complaint regarding improper debt collection practices involving Amret. In response to concerns raised by external institutions, human rights organizations, and the media, Amret initiated an internal investigation and established a cross-functional task force to continuously review its internal policies and procedures and implement improvement measures, including debt collection policies and related codes of conduct, to better align with the principles of responsible finance.

Results of Training Programs for Human Rights Issues

Course	Traffics	Number of hours
Information security awareness training	12,719	32,453
Gender equality and prevention of workplace infringement and sexual harassment	14,349	8,013
Workplace infringement case study workshops	139	209

List of major human rights issues and mitigation measures of concern to employees and customers

(Please refer to 5.2.1 Sustainable Supply Chain Management for details of risk identification and mitigation measures for suppliers)

Main stakeholders affected	Material human rights risk	Description of risk	Risk identification percentage (Note)	Coverage rate of mitigation measures	Description of mitigation measures
Employees	**Human dignity**	An event that damages the human dignity occurs in SinoPac Holdings, such as workplace bullying or harassment	1.9%	100.0 %	• SinoPac Holdings has established regulations for the prevention of unlawful conduct and sexual harassment in the workplace and has introduced the "Non-Discrimination and Anti-Harassment Commitments", and periodically organizes education training sessions for the prevention of unlawful infringement and sexual harassment in the workplace to enhance managers and employees' gender equality awareness. Take immediate and effective correction and remediation measures in the event of sexual assault or sexual harassment. • Actively handle workplace violence or bullying in accordance with the Regulations for Employee Rewards and Punishments. • Established a dedicated sexual harassment grievance unit, grievance hotline, and dedicated e-mail to provide employees with timely assistance (e.g., EAP services and medical consultation).
	Privacy	SinoPac Holdings fails to properly manage business information and the personal data and information of customers and employees, resulting in the theft, leakage, or misuse of the data. In addition, related information cannot be deleted or removed based on their opinions. Examples include the leak of customer data to a third party without the approval of the customer.	1.7%		• The Company established the Employee Service Rules. It stipulates that employees have the obligation to properly manage, use, and maintain the core information and the intellectual property belonging to the Company, and keep them confidential. • The Company implemented the "Information Security Training" courses to enhance employees' information security awareness. • Please refer to [2.5 Privacy] for detailed information on related mitigation measures.
	Fair treatment and equal remuneration	The remuneration and human resource utilization policy of SinoPac Holdings is affected by factors such as nationality, race, gender, sexual orientation, age, religion, political view, physical or mental disability that result in unfair conditions, or the use of indicators unrelated to work as standards for salary payments. Examples include a lower salary for individuals for the same work due to sexual orientation.	0.4%		• Amend the "Human Rights Policy" to include provisions on maintaining fair treatment, and provide appropriate grievance mechanisms to mitigate and respond to incidents that may harm employees' rights. • Establish an appeal mechanism for annual performance evaluations. Employees of Bank SinoPac may file an appeal if they have objections to the results, which will be reviewed upon submission and consolidation by the human resources unit.

Note: Risk identification percentage = number of employees identified as exposed to risks / total number of full-time employees in the current year.

Main stakeholders affected	Material human rights risk	Description of risk	Risk identification percentage (Note)	Coverage rate of mitigation measures	Description of mitigation measures
Customers	**Human dignity**	An event that damages the human dignity of customers occurs at SinoPac in its business or management process, such as workplace bullying or harassment.	2.1%	100.0 %	• SinoPac Holdings has established the exclusion list of industries with high ESG risks (e.g., pornography and controversial arms) and enhanced ESG risk analysis for sensitive industries/economic activities (e.g., gambling, those with issues in food safety, toxic radioactive substance, non-medical and hazardous genetic engineering, non-adhesive asbestos fiber and polychlorinated biphenyls (PCBs) manufacturing). We enhance ESG risk assessment and incorporate social risks in the corporate banking lending procedures. • Bank SinoPac formulated the "Responsible Lending Management Guidelines" to incorporate the ESG risk identification process into the credit review process and post-loan management. It communicates with and engages clients on cases with actual ESG risks, assists customers in making improvements, and assesses the mitigation and remedial measures to be taken in response. (Please refer to 3.1.2 Responsible Investment and 3.1.3 Responsible Lending) • SinoPac Securities reviews clients' labor-management relations, occupational safety and health management, and regulatory compliance through institutionalized processes during client counseling and review. The Company also monitors major labor-management disputes, occupational safety incidents, and their impacts on business continuity. The results are used as an important basis for overall risk management and responsible business dealings.
	Rights to life and personal safety	If SinoPac's clients fail to comprehensively establish occupational safety and health systems and protective measures in their routine operations or business execution, they may expose their employees to working environments that endanger the right to life and personal safety, such as falls or electric shocks resulting from insufficient protection.	3.2%		
	Health rights	If SinoPac's customers fail to properly manage the working environment and operational risks in their workplaces or during business execution, long-term hazards to physical health may occur, and treatment is required to be fully or partially returned to health. Examples include occupational injuries, occupational diseases, and injuries due to accidents.	2.1%		

Note: The risk identification percentage is estimated based on the response to the identification survey. The results of the survey show the percentage of high-risk industries among all subjects of the survey.

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2.4 Information Security/Cybersecurity

2.4.1 Information Security/Cybersecurity Governance Framework

SinoPac Holdings has a comprehensive information and network security governance framework. The Board of Directors is the highest-ranking unit responsible for supervising the information security strategies of the Group. The Director Chi-hsing YEH has expertise in information security and is responsible for overseeing the information security strategies of the Group. The Company set up the Information Security Committee as the highest-ranking unit for managing information security. The Company also has the Information Security Division and Information Technology Division which oversee the integration of policies, technologies, and resources for the information security of SinoPac Holdings and subsidiaries. The Information Security Division reports on the status of information security implementation to the Audit Committee and the Board of Directors on a semi-annual basis.

In addition, to comply with the Implementation Rules of the Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, the Boards of Directors of SinoPac Holdings, Bank SinoPac, SinoPac Securities, and King's Town Bank approved the appointment of Vice President as the Chief Information Security Officer. Bank SinoPac, SinoPac Securities, and King's Town Bank included the overall annual information security implementation into the Internal Control System Statement, which is signed by the Chairman, President, Chief Auditor, Chief Information Security Officer, and Chief Compliance Officer of the head office of each company.

SinoPac Holdings' Information Security/Cybersecurity Governance Framework and Division of Authority and Responsibility

Board of Directors	The Board of Directors supervises information security strategies.
Audit Committee	The Company's Audit Committee is composed of three independent directors to assist in overseeing the effective implementation of the internal controls, compliance with relevant laws and regulations, and the management of potential risks. Through its professional division of responsibilities and independent stance, the Audit Committee assists the Board of Directors in decision-making.
President	An Information Security Committee is established under President.
Information Security Committee	The Committee deliberates and formulates the information security policies and regulations, reviews the information security management system, raises information security awareness, formulates related training plans, and evaluates and decides information security infrastructure.
Chief Information Security Officer	The Board of Directors approved the appointment of a vice president-level executive as the Chief Information Security Officer in January 2022 to comply with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries"
Information Security Division	The Information Security Division of Sinopac Holdings includes Governance Team and Technology Team which are responsible for developing security strategies and policies, selecting security technologies, and integrating related resources.
Information Technology Division	The information Technology Division of SinoPac Holdings includes Information Management and System Management Task Force which are responsible for planning the software/hardware investments and information structures of SinoPac Holdings.
Information Security Units	Bank SinoPac, King's Town Bank, SinoPac Securities, and SinoPac Leasing follow the "Information Security Policy" of SinoPac Holdings, and continue to maintain the validity of their ISO 27001 Information Security Management System certification to fulfill their responsibility for maintaining the confidentiality of personal data of customers or investors

Director and top management responsible for supervising information security/cybersecurity strategies

		Name and title	Professional background in information security
Governance level	Board of Directors	Chi-hsing YEH, Director	The Director Chi-hsing YEH currently serves as the Managing Partner of DaVinci Personal Data and High Tech Law Firm. He served as the Prosecutor of the "intellectual property rights and computer-related crime section" at Taiwan Banqiao District Prosecutors Office. In his tenure in the Department of Prosecutorial Affairs of the Ministry of Justice, he drafted the chapter "Offenses Against the Computer Security" of the Criminal Code and drafted policies for anti-piracy and crackdown on online crime. He has extensive knowledge of e-commerce and the information security industry. He had served as the Chief Transaction Security Officer of eBay Taiwan and was a founding member of Ruten Auction. He has served as the President of several e-commerce and information security companies.
Management level	Chief Information Security Officer and Head of the Information Security Division, Convener of the Information Security Committee	Current : Wade LEE, Vice President (Note)	Formerly served as Chief Secretary of the Second Special Police Corps of the National Police Agency, Ministry of the Interior; Regional Inspector of the National Police Agency; and Chief of the Yonghe Precinct, New Taipei City Police Department. During his tenure, he supervised information security management and assisted the public in handling fraud cases, taking charge of emerging cyber-enabled fraud crimes, including investment scams, romance scams, and shopping fraud.
		Retired : Sean LEE, Vice President (Note)	Former Chief Information Security Officer and Chief Information Officer of Fubon Financial Holdings, Director of the Criminal Investigation Bureau High-tech Crime Center, Chief of the National Police Agency Information Management Office.

Note :The Vice President Sean LEE retired on January 1, 2026, and was succeeded by the Vice President Wade Lee.

2.4.2 Information Security/Cybersecurity Management

2.4.2.1 Implementation of Information Security Risk Management

SinoPac Holdings established the "Information Security Policy" to ensure that information processing at SinoPac Holdings and its subsidiaries complies with information security related regulations. The Company also reviews whether the Information Security Policy and information security incident response procedures are suitable for the business environment and comply with the competent authority's regulatory requirements semi-annually. The Company also evaluates material information security issues, such as emerging technologies. SinoPac Holdings sets business ethics and information privacy standards in the " Supplier Sustainable Development Guidelines " and requires suppliers to reasonably protect business information and personal data to prevent the leakage and compromise of company and personal privacy.

To enhance the internal information security protection of SinoPac Holdings, the Group and its subsidiaries conduct evaluations on information security risks and vulnerability assessment regularly to identify potential information security threats within systems and internal controls. In 2025, SinoPac Holdings and its subsidiaries did not incur any fines or financial losses resulting from major information security incidents that cause damage to information systems or equipment.

Information Security Management at SinoPac Holdings

Units	Method	Frequency
SinoPac Holdings	• Supervise the subsidiaries continues to enhance its defenses against advanced persistent threats (APT), DDoS attacks, email social engineering, malware, exploitation of website and app vulnerabilities • Supervise the subsidiaries to implement architecture isolation and system hardening for high-risk systems (such as ATMs and the SWIFT system)	Regularly
SinoPac Holdings and subsidiaries	• Review whether the Information Security Policy and information security incident response procedures comply with the operating environment and regulatory requirements of the competent authority • Assess major issues related to information security	Each year
	• Announce the internal Information Security Regulation to all employees (e.g., Information Security Training) • Conduct training to enhance employees' awareness of information security	Regularly

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SinoPac Holdings has established the "Computer Security Incident Response Team (CSIRT)" for the Group to enable real-time monitoring and management of the information security incidents across the Company and subsidiaries with incident reporting and emergency response procedures. The Company also appointed external professional information security consultants to use their extensive experience in dealing with information security incidents to provide timely, professional advice and emergency support to the internal response team. Bank SinoPac, King's Town Bank, SinoPac Securities and SinoPac Leasing have maintained ISO27001 certification. Aligned with the Financial Cyber Security Action Plan 2.0 promoted by the competent authority, Bank SinoPac continues to complete the Information Security Governance Maturity Assessment and maintain the validity of the ISO 22301:2019 Business Continuity Management System and BS 10012 Personal Information Management System (PIMS) certifications. For more details on information security risk policies, related assessments, and reporting procedures, please refer to the official website of SinoPac Holdings.

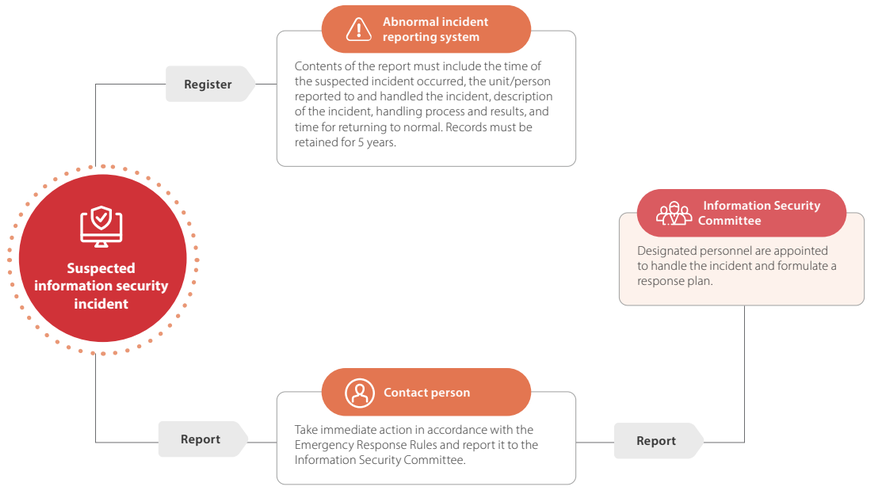
SinoPac Holdings' Implementation Measures for Information Security Management

Item	Frequency	Main contents
Review of daily information security inspection reports	Daily	Uncover potential information security incidents by reviewing the information security inspection reports to reduce threats and impact
Conduct a weekly report on impersonation detection of senior executives on Chinese-language social media	Weekly	Continuously monitor posts and comments in financial fraud discussion forums to identify any impersonation of senior executives.
Convene monthly meetings of the Information Security Intelligence Center	Monthly	Review the monitoring and control measures of terminal hosts, accounts with special privileges, user actions, and threat hunting for analysis and discussions Review the resolutions of the Information Security Intelligence Center and the implementation of measures such as information security monitoring points
Convene an information security meeting	Monthly	Review the Company and subsidiaries information security protection mechanisms and plans
Review vulnerability scan reports	Quarterly	Review web and host vulnerability scanning reports and track the progress of vulnerability rectification, and continuously track vulnerability to strengthen information security capacity
Review penetration test reports	Semi-annually	Execute penetration tests for web pages and SWIFT to track the progress of vulnerability rectification and strengthen information security capacity

2.4.2.2 Information Security Management Process and System

In light of the information security threats and cyber-attacks that are frequently occurring worldwide, besides continuing to assess information security risks that the Company may encounter internally, SinoPac Holdings pays close attention and monitors trends in information security issues derived from emerging financial technologies, including the exploitation of generative artificial intelligence, distributed denial-of-service (DDoS) attacks, supply chain attacks, and security vulnerabilities in cloud environments. The Group are regularly report these matters to the Audit Committee and the Board of Directors by the Information Security Division. SinoPac Holdings adopts the "Plan-Do-Check-Act" (PDCA) cycle operation model to establish an information security management system and maintain its effective operation and continuous improvement. According to the "Information Security Policy " of SinoPac Holdings, all units shall process information security incidents in accordance with the " Emergency Response Rules." The Information Security Division shall evaluate the scope of the impact, specify the scope of the evaluation of impact, prepare the response plans, and report the response plans. It shall also report to the convener of the Information Security Committee for necessary decision making and work assignments. In addition, SinoPac Holdings and subsidiaries execute the Business Continuity Plan (BCP) every year and tests in response to emergency incidents to improve the Business Continuity Plan.

Information Security Incident Escalation Process



2.4.3 Professional Training Program

To strengthen internal information security, SinoPac Holdings conducts annual online information security training for all employees. The courses include fundamental information security concepts, trends in information security, social engineering methodology, promotion of internal regulations, and the cultivation of information security awareness. SinoPac Holdings has incorporated compliance with information security requirements into employees' performance evaluation.

Information security/cybersecurity awareness training for SinoPac Holdings employees in 2025

Subsidiary	Recipients	Results of training programs
Bank SinoPac	Dedicated information security personnel	The personnel completed at least 15 hours of professional information security or professional skills training in accordance with regulations and received 69 professional certificates and 171 certificates of attendance to optimize the competencies of dedicated information security personnel in 2025.
	Regular employees	Personnel of the head office, local and foreign business units, IT units, financial custody units, and other managerial units completed at least three hours of information security training in accordance with regulations. The social engineering exercises were conducted after the training with a 98.92% passing rate. Employees who fail to pass the exercise shall receive additional training and tests to ensure they pass.
SinoPac Securities	Dedicated information security personnel	The personnel completed at least 15 hours of professional information security training courses in accordance with the Criteria Governing Internal Control Systems of Securities Firms, passing the evaluation and received 19 professional certificates and 15 certificates of attendance in 2025.
	Regular employees	Personnel who are users of the information systems completed at least 3 hours of information security training in accordance with the Criteria Governing Internal Control Systems of Securities Firms. The passing rate of social engineering exercises was 98.76%. Employees who fail to pass the exercise shall receive enhanced training and additional tests to ensure they pass.
King's Town Bank	Dedicated information security personnel	The personnel completed at least 15 hours of professional information security or professional skills training in accordance with regulations and received 5 professional certificates and 6 certificates of attendance to optimize the competencies of dedicated information security personnel in 2025.
	Regular employees	Personnel of the head office, local and foreign business units, IT units, financial custody units, and other managerial units completed at least three hours of information security training in accordance with regulations. The social engineering exercises were conducted after the training with a 98.89% passing rate. Employees who fail to pass the exercise shall receive additional training and tests to ensure they pass.

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SinoPac Holdings and its subsidiaries Information Security Projects and Implementation Results in 2025

Project	Description of implementation and results
Computer System Information Security Assessment Project	Bank SinoPac and King's Town Bank appointed an independent third-party information security assessment institution to execute information security assessment operations. It comprehensively reviewed the integrity and appropriateness of existing control measures for their computer systems. The scope of the assessment encompasses information architecture review, network activity analysis, and testing of network equipment, servers, terminal equipment, and Internet of Things (IoT) facilities (including devices connected to the Internet). It also includes client-side application testing, security configuration review, compliance review, and social engineering drills among other professional information security services.
SWIFT CSCF assessment project	To ensure that SWIFT system maintenance operations and related units comply with the regulations in the Swift Customer Security Controls Framework (CSCF) as well as the requirements of relevant official letters from competent authorities and the Bankers Association of the Republic of China, the protective scope is expanded each year in accordance with regulatory revisions. A SWIFT compliance report is issued following the assessment. In 2025, we expanded on-site audit assessments for overseas branches to assist the head office and overseas branches in executing SWIFT risk assessments, network cybersecurity incident drills, and training programs on related topics, thereby periodically advancing the security awareness of Bank SinoPac's personnel.
Information security maturity assessment project	Bank SinoPac adopted the Cybersecurity Assessment Tool (CAT) framework published by the Federal Financial Institutions Examination Council (FFIEC) to review its cybersecurity maturity across five major control domains, including cyber risk management and oversight, threat intelligence and collaboration, cybersecurity controls, external dependencies management, and cyber incident management and resilience. In the 2025 cybersecurity governance maturity assessment advisory services project, we achieved the target of "innovative" cybersecurity governance maturity.
Detection and shutdown services for phishing and fake mobile apps	By shutting down phishing sites, fake mobile apps, and fake social media, we reduce the occurrence and damage of online fraud and enhance the reputation and service quality of Internet banking.
Red teaming project	To reinforce cybersecurity incident detection and response capabilities, we incorporated AI technologies to simulate realistic attack scenarios of external hackers and comprehensively review the effectiveness of Bank SinoPac's cybersecurity defense mechanisms.
Intrusion detection and prevention system equipment optimization project	Bank SinoPac adopted a high-performance, scalable architecture to establish intrusion detection or prevention mechanisms and periodically update the behavioral patterns of malware. The Bank implements automatic updates on patterns and centralized management to enhance cybersecurity resilience and compliance. The ultimate goal is to mitigate potential attack risks and ensure operational security.
Cloud security posture management (CSPM)	SinoPac established a cloud configuration security review mechanism in response to the rapid development and utilization of cloud technologies and to ensure the security requirements of cloud services. The platform identifies cloud cybersecurity risks and provides corresponding countermeasures based on best practices and requirement assessments for cloud cybersecurity.
External attack surface management (EASM)	To ensure the comprehensiveness and effectiveness of external network cybersecurity defense, we utilize proactive monitoring mechanisms to effectively prevent hackers from exploiting major attack surfaces and entry points and elevate overall cybersecurity defense capabilities.
Information security incident reporting and response exercises	To strengthen internal cybersecurity incident reporting and response capabilities, we conducted exercises to ensure rapid and effective responses when incidents occur, and to enhance the effectiveness of relevant notification, handling, and response operations.

2.5 Privacy and Security

2.5.1 Privacy and Security Governance Framework

SinoPac Holdings set up a Personal Data Protection and Management Task Force as the highest governing unit responsible for privacy protection. Vice President is assigned to serve as the convener to supervise and take charge of privacy protection and governance, risk supervision and management, improvement of privacy security awareness, and preparing related training programs, and in accordance with Article 15 of the "Regulations Governing the Security Maintenance of Personal Data Files by Non-Government Agencies Designated by the Financial Supervisory Commission" and Article 17 of SinoPac Holdings' "Personal Data Protection Policy and Archive Maintenance Measures," in order to continuously improve the security maintenance of personal data, a self-assessment report shall be submitted annually; for any potential non-compliance with laws and regulations identified in the assessment report, improvement and preventive measures shall be planned and implemented, and the results shall be regularly submitted to the Board of Directors for reference.

SinoPac Holdings Personal Data Protection and Management Task Force convenes at least one meeting every 6 months to discuss the privacy security protection of SinoPac Holdings and its first-tier subsidiaries and personal data protection measures. SinoPac Holdings and its subsidiaries have appointed a Data Protection Officer (DPO) or a convener of Personal Data Protection and Management Task Force or a person of equivalent authority and responsibility and assigned a designated department responsible for client data protection. In addition, Bank SinoPac, King's Town Bank, SinoPac Securities, and SinoPac Leasing organize third-party audits of the Information Security Management Systems (including privacy protection).

Unit	Measure	Review and Audit
The Personal Data Protection and Management Task Force (the highest unit for privacy protection and security – the deputy general manager-level supervisor serves as the convener)	• Supervise and be responsible for the promotion and governance of privacy security protection • Risk monitoring and management • Enhance privacy and security awareness and discuss related training programs	• Convenes at least one meeting every 6 months to discuss the privacy security protection of SinoPac Holdings and its first-tier subsidiaries and personal data protection measures

SinoPac Holdings uses an integrated corporate risk management framework and three lines of defense model for the personal data risk management. The Company established related risk indicators from risk identification, measurement, response, monitoring, and reporting, and, risk monitoring points, and early-warning mechanisms. Also set limit management based on the nature of risks and adopted both qualitative and quantitative approaches to evaluate risks at regular intervals for active monitoring and management. The personal data management status is reported semi-annually to the Personal Data Protection and Management Task Force and annually to Board of Directors. Please refer to section 2.3.1 Risk Management Framework for the practices implemented in the three lines of defense of SinoPac Holdings.

	1 First line of defense	2 Second line of defense	3 Third line of defense
Responsible unit	**Risk-bearing units** (business units)	**Risk management unit** (e.g., Risk Management Division, Compliance Division, and Information Security Division)	**Audit units**
Role responsibility	Ensure business activities meet regulatory requirements and internal regulations	Independent risk management and monitoring	Establishment of audit standards and independent implementation of audit and inspection

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2.5.2 Privacy and Security Management

To prevent operations from harming the privacy right of customers and employees, SinoPac Holdings and its subsidiaries organize a self-evaluation for personal information protection every year for the identification of privacy risks. It includes important monitoring items listed in the Personal Data Protection Act into the self-evaluation items as follows . In addition, SinoPac Holdings and its subsidiaries continue to promote personal data protection education and training. The Company organized 29 privacy and security training programs in 2025 for 17,416 participants. SinoPac Holdings and its domestic subsidiaries have the completion rate of personal data protection training reached 100%, and it will be progressively extended to all overseas subsidiaries in the future.

• Maintenance of the accuracy of personal information	• Data security management and personal information leak exercises	• Comprehensive incorporation of external regulations and audit improvements
• Personal information inventor	• Awareness campaigns and training	• Personal information record keeping
• Risk assessment	• Confidentiality obligations and personal information inquiry review	• Outsourced operations

Personal Data Protection Measures at SinoPac Holdings

Personal Information Protection Measures	Description
Personal information inventory	Conduct one inventory and audit to verify the current state of all personal information stored by the Company and specify the scope of their inclusion in the Regulations.
Risk assessment	Assess potential risks to personal information within the defined scope of personal information and in the processes of collecting, processing, and using personal information in operations. Review or adjust the Company's personal data management mechanisms based on the results of the risk assessment.
Personal information leak exercises	If e-commerce services are provided, information security measures such as the "countermeasures to prevent network intrusion by outsiders" and "monitoring and response mechanisms for illegal or abnormal usage" shall be implemented. Exercise and review for improvement must be implemented once a year.
Personal information self-evaluation	To continue to improve personal information security maintenance, all units are required to file a self-evaluation report annually to plan and implement improvement and prevention measures if the evaluation report shows any potential violation of laws or regulations. The President is authorized to approve these measures and report them to the Board of Directors at regular intervals.
Education and training	Understanding the requirements of relevant laws and regulations, the scope of responsibilities of personnel, as well as the mechanisms, procedures, and measures for various personal data protection matters.

2.5.2.1 Privacy Policy

In order to protect the customers' personal data and privacy, SinoPac Holdings clearly stated the "Privacy Statement " . The scope of policy covers the overall operation of SinoPac Holdings, and suppliers are also expected to comply with the statement. SinoPac Holdings promised that privacy is one of the risks of the Company, implement risk management and assessment, and strengthen the rights and protection of customer data privacy. SinoPac also established the "Customer Information Confidentiality Measures " to protect data and privacy and announced the methods for the collection, scope, and use of customers' personal information, as well as information security and retention methods. The Company also formulated the "Personal Data Protection Policy and Archive Maintenance Measures" to implement regulations for the use of personal data. The " Supplier Sustainable Development Guidelines " established by SinoPac Holdings also stipulates that third-party suppliers should reasonably protect business information and personal data to ensure that Company and personal privacy will not be leaked and damaged. In 2025, Bank SinoPac and King's Town Bank engaged an external auditor to conduct an agreed-upon procedures (AUP) engagement to assess the implementation of personal data protection practices. The procedures revealed no significant irregularities. To further strengthen its personal data management framework, Bank SinoPac has commissioned SGS Taiwan Ltd. in 2023 to perform a verification audit. Based on the results, the Bank has been recommended as an organization in compliance with the BS 10012:2017 Personal Information Management System (PIMS) certification requirements. In 2025, the Bank has successfully maintained its PIMS certification and remains committed to ensuring its continued validity.

The collection of all personal data of customers by SinoPac Holdings and its domestic subsidiaries is conducted in accordance with the "Financial Holding Company Act", "Rules Concerning Cross-Selling by Financial Holding Company Subsidiaries", "Personal Data Protection Act", and other related laws and regulations. SinoPac Holdings performs its obligations for providing notice to customers regarding the collection of their personal data in the "Customer Personal Data Confidentiality Measures" published on the official website. The items specified in the notice are as follows:

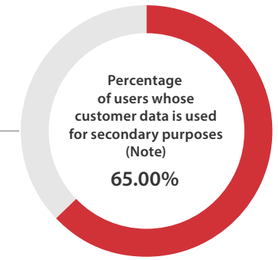
SinoPac Holdings informs customers of the following personal data issues

Nature of information captured	Purpose of using personal data
Possibility for customers to decide how private data is collected, used, retained and processed	How the information is protected
Recipients of personal data disclosure (including the third-party disclosure policy)	How to request data correction
Use of the collected information (including basic information, account data, credit information, investment data, and insurance data)	Opt-out option for joint marketing

Percentage and number of accounts of users whose customer data is used for secondary purposes in 2025(Note)

Number of accounts whose customer data is used for secondary purposes (Note) 3,716,582 accounts

Note: Used for purposes other than the original purpose for the collection of the data. Example: Use in product marketing and promotion. This scope of statistics excludes King's Town Bank.



Steps to use of personal data for secondary purposes

Step	1 Opt-In	2 Data Changes or Modifications	3 Opt-out
Work Procedure	• Customers may choose whether to agree to provide information other than name or address as a field for marketing files, disclosure, transfer, or sharing customer information. The intended uses and scope of data are clearly specified; for further details, please refer to the SinoPac official website. • Confirmed by the customer with a signature or other means that can identify the identity of the customer and the customers' expression of intent, only with the consent of the customer will the data be collected and used.	• May change personal information by contacting the service locations of the subsidiaries with which they have business dealings. • Unless otherwise specified by law, customers may contact any customer service center of the subsidiary to change personal information as well.	• Customers have the right to notify the subsidiaries of the Corporation through any channels (e.g., written notice, email, telephone, or other means), to request to stop their information from being shared for cross-marketing activities • Once a subsidiary has received such a request, it will stop sharing customer information for marketing activities as soon as possible within a reasonable number of business days.

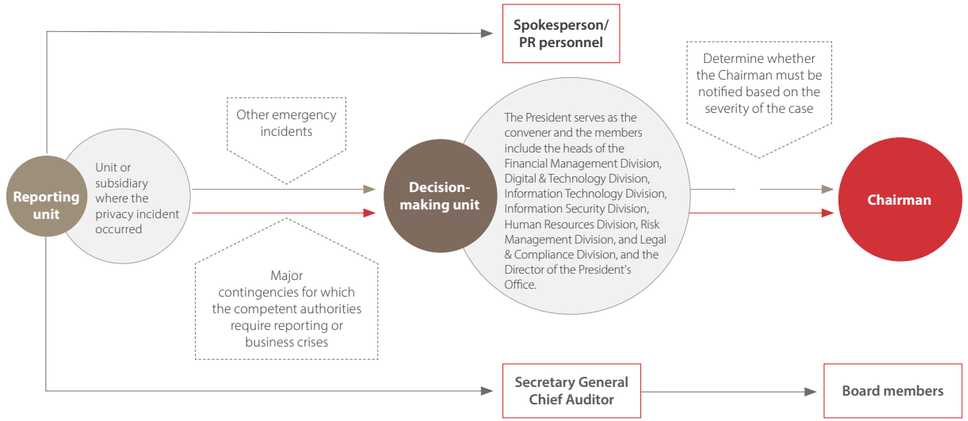
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2.5.2.2 Privacy Incident Escalation Process

According to SinoPac Holdings' "Personal Data Protection Policy and Archive Maintenance Measures", in the event of a suspected leak of customers'personal data, hacker attack on customers' personal data, or other privacy incidents, the designated person or department responsible for privacy issues shall immediately process the incident in accordance with the Emergency Response Rules and report to the Convener and Executive Secretary of the Personal Data Protection and Management Task Force. They shall report the response measures and solutions (including the methods adopted for limiting damages to the party, notifying the party after the incident is investigated, and the contents of the notification to the party after the incident is investigated) within 2 days. The "Employee Rewards and Punishment Regulation" of SinoPac Holdings and its subsidiaries also specify the disciplinary actions in case of breach. If an employee commits a breach of customers' personal data and damages the interests of the company, the unit supervisor shall submit a list of personnel to be penalized to the Human Resources Department, and the results shall be submitted to the authorized supervisor for approval in accordance with the tiered internal accountability regulations.

SinoPac Holdings Information Security Incident Escalation Process



2.5.3 Breach of Privacy

SinoPac Holdings and its subsidiaries have regularly performed the internal control mechanism and organized self-evaluation for compliance and self-inspection. The audit unit also regularly or irregularly inspects the implementation status of personal data protection management in each unit. In 2025, SinoPac Holdings and its subsidiaries received 50 cases of customer personal data complaints, of which 5 cases came from external organizations (e.g., Financial Ombudsman Institution, Consumer Protection Competition and Fraud Repression Directorate-General, etc.), 25 cases came from competent authorities (e.g., Banking Bureau, National Bank of Cambodia, etc.), 1 case from Bank SinoPac internal audit and the remaining 19 cases were filed by customers through internal channels (e.g., customer service centers, bank branch). After internal verification, the number of confirmed cases was 7 (involving 10 affected customers). For the remaining 43 cases, there was no evidence of unlawful collection, processing, or use of customers' personal data. SinoPac Holdings and its subsidiaries will continue to strengthen relevant protection mechanisms to fulfill their responsibilities in safeguarding customer privacy. For example, Bank SinoPac's "Customer Complaint Handling Team" communicates case details through the Bank-wide "Monthly Key Updates" to reinforce the importance of compliance with personal data protection requirements and strictly prohibits the disclosure of customer information to third parties. In addition, the "Personal Data Protection and Management Task Force" regularly promotes awareness of the importance of customer personal data and related regulations, requiring units involved in data breaches to enhance their data protection measures or conduct drills for employees to prevent recurrence of similar incidents.

SinoPac Holdings and First-tier Subsidiaries – Personal Data Complaint Channels

	Customer Service Hotline	Online Customer Service/Customer Service Email
SinoPac Holdings	(02) 8761-2285	privacy@sinopac.com
Bank SinoPac	0800-088-111 (local calls only) (02) 2505-9999	https://bank.sinopac.com/GCSDsp/DspOnLineService.aspx
King's Town Bank	(06)213-5231	customerservice@mail.ktb.com.tw
SinoPac Securities	0800-038-123 (02) 8173-5300	https://www.sinotrade.com.tw/CSCenter/CSCenter_13_6 service.sec@sinopac.com
SinoPac SITC	(02) 2312-5066	https://sitc.sinopac.com/newweb/contact/page.do
SinoPac Leasing	(02) 2576-2804	service.spl@sinopac.com
SinoPac Venture Capital	(02) 2393-3315	-

SinoPac Holdings is committed to building a corporate culture of fair, honest, and transparent management, abiding by the ethical and decent core value, and optimizing the governance mechanism. For more information on development goals, strategies, and implementation of corporate governance, please refer to relevant sections of this report.