

## 5.1.3 Performance Evaluation and Remuneration Policy

To enhance the corporate governance system and create long-term value for shareholders, while ensuring that remuneration is linked to roles and responsibilities, the Bank has established the "Guidelines for Evaluation of Directors' Performance," "Guidelines for Directors' Remuneration," "Performance Management & Development Guidelines for Cathay Managers," and "Guidelines for Remuneration of Senior Management." These documents clearly define the various remuneration items and performance evaluation standards for directors and managers. Additionally, specific guidelines for the overall operation of the Board of Directors and functional committees have been stated in the "Regulations Governing the Evaluation of the Board and Functional Committee's Performance," which include corporate sustainability indicators. This ensures that the Bank fulfills its responsibilities in corporate governance, business operations, and the practice of corporate sustainability.

### • Performance Evaluation Aspects:

1. The Bank has established the "Regulations Governing the Evaluation of the Board and Functional Committee's Performance" to assess the overall performance of the board and functional committees. The evaluation encompasses five major aspects, each divided into "qualitative" and "quantitative" measurement indicators: participation in company operations, enhancement of board (and functional committees) decision-making quality, composition and structure of the board (and functional committees), selection and continuing education of directors (and functional committee members), and internal controls. To further enhance the functionality and efficiency of the board, the Bank conducts internal performance evaluations at least once a year, and external effectiveness evaluations by independent external professional organizations or by experts and scholars at least once every three years.
2. The Bank has established the "Guidelines for Evaluation of Directors' Performance," which includes indicators such as understanding company goals and missions, supervising the Bank's financial performance, supervising the Bank's internal audit and control, risk management, compliance with laws and regulations, and other reference items (such as company credit ratings and corporate social responsibility performance, board participation rates, etc.). Additionally, we have the "Performance Management & Development Guidelines for Cathay Managers," which includes measurement indicators such as annual strategic goals, other important tasks (e.g., corporate sustainability indicators), and job responsibilities (including "operational management," "effectiveness of internal control execution," "effectiveness of

compliance with laws and regulations"). Annual performance evaluations are conducted at the end of each year to ensure that both board members and executives fulfill their duties.

### • Remuneration Policy Aspects:

To enhance overall operational efficiency and long-term business performance, the Bank has established the "Guidelines for Directors' Remuneration," which clearly outline the remuneration items and standards for directors, including remuneration, benefits, and transportation expenses. Director remuneration is determined by considering each director's level of participation in company operations, contribution value, and industry norms. It is submitted to the Audit Committee for review and approval by the Board of Directors.

Furthermore, to create long-term shareholder value and ensure remuneration alignment with job position and job responsibilities, the Bank has established the "Guidelines for Remuneration of Senior Management." Fixed remuneration of senior management is determined based on job responsibilities, performance, and capabilities, taking into account external benchmark market standards. Variable remuneration is based on the "Performance Management & Development Guidelines for Cathay Managers," reviewed and assessed annually, and year-end bonuses are granted based on the Bank's net earnings and overall performance relative to market standards. Additionally, we also attract, motivate and retain outstanding talents through following the Cathay FHC Long-Term Incentive Plan.

### Evaluation Results

#### internal evaluations

In 2024, CUB's Board of Directors and functional committees were evaluated to have "exceeded standards" in internal performance evaluations.

In 2024, CUB's Board of Directors received a "pass" for all evaluations.

#### external evaluations

In 2020 and 2023, CUB commissioned the "Taiwan Institute of Ethical Business" to complete the external performance evaluations for the Board's performance in 2019 and 2022 and implemented enhancement measures based on the Institute's optimization suggestions.