

Status of Taishin International Bank's Corporate Governance and its Deviation from the Guidelines for the Practical Corporate Governance of the Banking Industry and Reasons

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
1. Shareholding structure and shareholders' rights within the bank (1) Has the bank implemented a set of internal procedures to process shareholders' suggestions, queries, disputes and litigations? (2) Is the bank constantly informed of the identities of its major shareholders and the controlling stakeholder? (3) Has the bank established and implemented risk management and firewalls in companies?		✓ ✓ ✓	(1) The bank has only one shareholder. If there are any suggestions, queries, disputes or litigations, they will be handled immediately. (2) The bank has only one shareholder, Taishin Financial Holding, which owns 100% stake in the bank. (3) The Bank has implemented a risk management policy and mechanism in accordance with the Banking Act to ensure an effective risk management and firewall mechanism.	Although there is no internal procedure available, the Bank does not have any problem in communicating or handling shareholder's queries or suggestions because the Bank has only one shareholder. No deviation No deviation
2. Constitution and obligations of the board of directors (1) Apart from the Remuneration Committee and Audit Committee, has the bank assembled other functional committees at its own discretion? (2) Does the bank conduct regular assessments on the independence of its financial statement auditors?		✓ ✓	(1) Under the supervision of its board of directors, the Bank has established other functional committees to supervise and review various operational procedures within the company, including the Occupational Health and Safety Strategy Committee, Trust Asset Review Committee, Personnel Review Committee, Credit Assets Committee, and Credit Review Committee. (2) On a yearly basis, the Company evaluates the independence and adequacy of the certified public accountants by reviewing their resumes; checking whether they have any conflict of interest in the company; and whether they have received disciplinary actions in the past. Concurrently, a confirmation of independence must be obtained from the CPA. The appointment of a CPA is subject to approval by the Board of Directors.	No deviation

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3. Has the bank established any communication channels with stakeholders?	✓		<p>(1)The bank's parent company has implemented a "Stakeholder Information System" in which the company and its subsidiaries create stakeholder profiles and make them available for inquiry. Stakeholders are also reminded on a regular basis to verify the correctness of their information.</p> <p>(2)The bank's parent company complies with laws in the disclosure of financial, business and material information in the Market Observation Post System. This information is made publicly available simultaneously on the company's website. The company also has a designated spokesperson and investor relations mailbox available to serve as communication channels with stakeholders.</p> <p>(3)The bank's parent company has completed the Stakeholders Section on its website in 2015 as a means to communicate and consolidate queries from stakeholders (e.g. employees, suppliers, consumers and customers), so that the company can gain a better understanding of stakeholders' expectations and needs.</p>	No deviation
4. Disclosure of information (1)Has the bank established a website that discloses financial, business and corporate governance-related information? (2)Has the bank adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	✓	✓	<p>(1)</p> <p>a. The bank has disclosed finance, business information and corporate governance on its website and disclose major information on Market Observation Post System.</p> <p>b. The bank has established an English website and assigned various departments to gather and disclose information on a regular basis. In addition, a public information reporting system has also been created with personnel assigned to gather and disclose information via the system.</p> <p>(2)</p> <p>a. The bank has a spokesperson mechanism in place to facilitate external communications. All material information relevant to investors' interests is announced using the Market Observation Post System and press releases. The spokesperson provides further elaboration where deemed necessary.</p> <p>b. The bank's parent company prepares its corporate social responsibility report in both Chinese and English. This report has been made accessible at the company's website and on Market Observation Post System (MOPS).</p> <p>c. The bank's parent company holds quarterly investor conferences; conference proceedings are recorded and uploaded onto the company's website and MOPS on the same day.</p>	No deviation

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5. Does the bank have other information that enables a better understanding of the company's corporate governance practices including but not limited to employee rights, employee care, investor relations, stakeholders' rights, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, insuring against liabilities of company directors and supervisors, and donation to political parties, stakeholders and charity organizations)	✓		<p>(1)The bank offers competitive remuneration packages and benefits to retain talented employees. The bank also organizes team-building activities and works with the Teacher Chang Foundation to provide employees with a joyful and healthy workplace. Taishin Bank respects employees' opinions and uses morning meetings and employee opinion surveys as a means of communication.</p> <p>(2)In addition to organizing quarterly corporate investors' conference and participating in domestic and overseas investor forums and road shows from time to time, the Bank's parent company also, through its Investor Relations Department, communicate with the investors via various channels including e-mail, telephone or face-to-face meetings. Information disclosure is made through the company's website in the meantime.</p> <p>(3)The bank's directors and supervisors have all achieved the required number of training hours and announced the progress of their training on the Market Observation Post System.</p> <p>(4)The bank has independent risk management units in place; it has also committed substantial resources to developing risk management systems, and managing credit, market and operational risks using both qualitative and quantitative means.</p> <p>(5)The bank has adopted stringent measures to protect customers' information and has implemented personal information management policies, information security policies, firewalls, and customer information confidentiality measures in accordance with the Financial Holding Company Act, Guidelines for Cross Marketing among Subsidiaries of Financial Holding Company, the Personal Information Protection Act and other relevant regulations stipulated by the competent authority.</p> <p>(6)The bank has taken out liability insurance for board directors and supervisors.</p>	No deviation
6. Has the bank prepared a corporate governance self-assessment report or commissioned a professional organization to compile a corporate governance assessment report?	✓		<p>The bank's parent company is part of TSEC's (Taiwan Stock Exchange Corporation) corporate governance assessment program. The company has already submitted its self-assessment online and the results are expected to be announced in April 2016.</p> <p>In order to keep up with international practices and promote the concept of sustainable operations, the bank's parent company is in midst of drafting and verifying its 2015 corporate social responsibility report.</p>	No deviation