

Status of the 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?		√	(1) The bank has only one shareholder, If there are any suggestions, queries, disputes or litigations, they will be handled immediately.	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) Is the bank constantly informed of the identities of its major shareholders and the controlling stakeholder?	√		(2) The bank has only one shareholder, Taishin Holdings, which owns 100% stake in the bank.	
(3) Has the bank established and implemented risk management and firewalls in companies?	√		(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.	
2. Composition and duties of the board of directors				
(1) Does the board of directors has a diversification policy and specific management goals	√		(1) Criteria of board member selection are not subject to gender, age, race or nationality. According to Article 22 of the Corporate Governance Principles of the Company, the organization of the Company's board of directors shall be commensurate with the Company's size and shareholding structure and be based on business needs. The appropriate number of directors shall be as determined by the law and the Articles of Incorporation. The 8th board of directors consists of 7 members, including 3 independent directors (1 being female and qualified accountant). The members were selected with an emphasis on diversity. The membership consists of elite talents from banking, industries and the academia, including 2 Ph.D. degree holders and 2 Masters degree holders. The members have an extensive range of expertise from business administration, physics, engineering, accounting, to pharmaceuticals. They possess the general knowledge, skills and competencies required to perform incumbent duties. In addition, the Company devotes attention to gender equality in the composition of the board of directors and remains committed to the goal of having at least one female director. This goal was achieved since the 7th board of directors in 2018.	No deviation
(2) Apart from the Remuneration Committee and Audit Committee, has the bank assembled other functional committees at its own discretion?	√		(2) 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.	No deviation

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(3) Has the TWSE/TPEX listed bank established and implemented the rules and methods for board performance evaluation, and been conducting annual performance evaluation and submitting the results to the board of directors to provide a basis for director remuneration and nomination for another term?	√		(3) In order to implement corporate governance, the Board of Directors of Taishin Bank's parent company, Taishin FHC, passed the enactment of the "Board of Directors Performance Evaluation Guidelines" on December 22, 2016, and thereafter adopted the amendment to the "Board of Directors Performance Evaluation Guidelines" on November 28, 2019, where performance evaluation mechanisms for functional committees (including the Audit Committee, the Remuneration Committee, and the Risk Management Committee, Nomination Committee) are added. Such performance evaluation methods are categorized into two types, which are internal evaluation and external evaluation. An internal evaluation shall be conducted at least once a year, while an evaluation performed by external specialists shall be carried out every three years. The aforementioned performance evaluation result was reported to the Board of Directors of Taishin FHC on October 28, 2021, and has been served as a reference for meetings to decide whether improvement measures should be taken, and for the selection and nomination of Directors in the future, as well as for the determination of remuneration for each Director.	No deviation																					
(4) Does the bank conduct regular assessments on the independence of its financial statement auditors?	√		<p>(4) Annual assessment of independence of Taishin's financial statement auditors was completed pursuant to the Guidelines for Assessing Independence and Suitability of Financial Statement Auditors. Assessment results were submitted to 121st meeting of the 11th board of directors on December 24, 2020.</p> <p>Having completed an assessment and obtained declarations of impartiality and independence from the auditors, Taishin Bank deems that CPA Ching-Cheng Yang and CPA Han-Ni Fang of Deloitte Taiwan meet Taishin Bank's independence requirements (Note) and are sufficiently qualified to be Taishin Bank's financial statement auditors.</p> <p>Note:</p> <table border="1"> <thead> <tr> <th>Assessment area</th> <th>Result</th> <th>Independence</th> </tr> </thead> <tbody> <tr> <td>Not a stakeholder under Article 44 or 45 of the Financial Holding Company Act.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>No significant financial interest between Taishin Bank and the person and family that may affect independence.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not having served as a director or supervisor of Taishin Bank or held any other key positions at Taishin Bank in the last two years that may affect the audit services.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not performing concurrently routine work for Taishin Bank and receiving a regular salary.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not receiving any business related commissions.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not having served a term of more than seven years as Taishin Bank's financial statement auditor and not having returned to same position in two years after rotation or resignation.</td> <td>Yes</td> <td>Yes</td> </tr> </tbody> </table>	Assessment area	Result	Independence	Not a stakeholder under Article 44 or 45 of the Financial Holding Company Act.	Yes	Yes	No significant financial interest between Taishin Bank and the person and family that may affect independence.	Yes	Yes	Not having served as a director or supervisor of Taishin Bank or held any other key positions at Taishin Bank in the last two years that may affect the audit services.	Yes	Yes	Not performing concurrently routine work for Taishin Bank and receiving a regular salary.	Yes	Yes	Not receiving any business related commissions.	Yes	Yes	Not having served a term of more than seven years as Taishin Bank's financial statement auditor and not having returned to same position in two years after rotation or resignation.	Yes	Yes	No deviation
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3. Does the bank have in place an adequate number of qualified corporate governance officers and appoint a corporate governance supervisor to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, handling business registration and any change of registration, and compiling minutes of board meetings and annual general meetings)?	√		Taishin Bank has in place an adequate number of qualified corporate governance officers. The board of directors passed a resolution to appoint Frank Lin, VP and the head of the Secretariat Division under the board of directors, to be the corporate governance supervisor and be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, On June 27, 2019, Taishin Bank's Board of Directors passed the appointment of Senior Vice President Frank Lin, the head of the Secretariat Division under the Board of Directors, as the Chief Corporate Governance Officer to be responsible for corporate governance practices (including but not limited to providing information necessary for Directors and Supervisors to perform their duties, aiding Directors and Supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings), so as to safeguard stockholders' rights and interests and strengthen functions of the Board of Directors. Mr. Lin has work experience related to the management of public companies' meeting procedures for more than five years.	No deviation
4. Has the bank established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated stakeholder section on the company website, as well as responded appropriately to important corporate social responsibility issues of concern to stakeholders?	√	√	(1) 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 spokes-person and investor relations mailbox available to serve as communication channels with stakeholders. (2) Taishin 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 it can gain a better understanding of stakeholders' expectations and needs. Furthermore, the parent company has several teams responsible for communicating with stakeholders of different kinds and tending to issues that are of concern to them. And it has been reporting results of stakeholder engagement to the board of directors every year since 2018.	No deviation

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5. Disclosure of information				
(1) Has the bank established a website that discloses financial, business and corporate governance-related information?	√		(1) a. The bank has disclosed finance, business information and corporate governance on its website and disclose major information on Market Observation Post System. 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>(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>	<p>√</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>	<p>No deviation</p>
<p>(3) Does the bank disclose and file annual financial statements on time after the end of a fiscal year according to the Banking Act and the Securities and Exchange Act, and disclose and file the financial statements for the first, second, and third quarters and monthly business results by the specified deadlines?</p>	<p>√</p>	<p>(3)</p> <p>a. The bank moved the release date for the 2021 financial statements ahead to within two months after the end of the fiscal year.</p> <p>b. The bank disclosed and filed all of the financial statements for the first, second, and third quarters of 2021 and monthly business results by the specified deadlines.</p>	

<p>6. 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, stake-holders and charity organizations)</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>	<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>	<p>No deviation</p>
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7. Please describe improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas to be given priority where improvement will be needed (Optional for companies included in the evaluation.)	√	Taishin's parent company has always performed well on the TWSE Corporate Governance Evaluation. In 2021, Taishin's parent company received another excellent score on the 7th Corporate Governance Evaluation. Taishin FHC has been constantly chosen as a component of the "TWSE CG100 Index.	No deviation
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Note 1: Provide details in the comments regardless of the answer.

Note 2: Describe deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons.