

(IV) Deviation and causes of deviation of the Bank's actual governance from the Corporate Governance Best-Practice Principles for Banks:

Assessment criteria	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary	
I. Shareholding structure and shareholders' interests				
(I) Did the bank codify internal operating procedures to process suggestions, questions, disputes, and litigation among Shareholders and implement the procedures?	V	Not applicable	(I) The Bank is a 100%-owned subsidiary of JihSun Financial Holding Co., Ltd., and the holding has appointed Director Representatives of the Bank (including Independent Directors) to attend the Board Meetings and exercise its rights, hence, this criteria does not apply.	Not applicable
(II) Does the bank know the major shareholders and the ultimate controlling entity of the major shareholder that actually control the bank?	V		(II) JihSun Financial Holding Co., Ltd. is the Bank's only Shareholder; hence the Bank's major Shareholder and ultimate Shareholder with controlling interest are both JihSun Financial Holding Co., Ltd.	None
(III) Did the bank create and execute the risk control mechanism and the firewall between itself and the affiliated corporations?			(III) The Bank's employees and assets are independent from those of its affiliated companies. The "Rules Governing the Division of Authority" and the "Handling Procedures Governing the Acquisition or Disposal of Assets" have been established to segregate areas of authority. The Bank was also financially independent from its affiliated companies with performances and areas of responsibility clearly segregated. The above status was constantly under review by auditors. Firewalls were properly established. Credit extension and non-credit extension transactions to the Bank's representative, major shareholders, affiliated companies, and stakeholders are conducted in compliance	None

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			with Article 44 and Article 45 of the Financial Holding Company Act and Article 32 and Article 33 of The Banking Act. The Bank has established and implemented the following regulations according to the laws mentioned above: Jih Sun International Bank, Ltd. Credit Extension for Related Parties per Article 44 of Financial Holding Companies Act; Jih Sun International Bank, Ltd. Credit Extension Guidelines for Related Parties per Articles 32 and 33 of The Banking Act; and Jih Sun International Bank, Ltd. Regulations on Related Party Transactions Other Than Credit Extension.	
II. Composition and Responsibilities of the Board of Directors (I) Apart from the Remuneration Committee and Audit Committee, has the Bank assembled other functional committees at its own discretion? (II) Are external auditors' independence assessed on a regular basis?	V	Not applicable	(I) The Board of Directors created three independent directors pursuant to laws and Articles of Incorporation. It also formed the Remuneration Committee and the Audit Committee. No other functional committee was assembled. (II) 1. The Bank has taken steps to make sure that its financial statement auditor does not meet the definition of a stakeholder as described in Article 45 of the Financial Holding Company Act. Not only is the auditor required to produce a Declaration of Independence on a yearly basis, all members of the CPA firm's audit team are also subject to the following assessments of independence, the outcomes of which are reported to the Company's Audit Committee and Board of Directors: (1) Members of the audit team are free of any direct or	No material deviation was found. one

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			<p>indirect financial involvement with the Bank and its related parties that would compromise their independence.</p> <p>(2) Members of the audit team had not assumed the role of director, supervisor, or any position within the Bank in the last two years that would materially affect their audit performance.</p> <p>(3) Members of the audit team are free of all violations described in Statement of CPA Professional Ethics No. 10 that may compromise their independence.</p> <p>2. The Bank assesses auditors' independence on a yearly basis, and has obtained Declaration of Independence issued from the appointed CPAs and the audit team members for review by the Bank's Audit Committee and Board of Directors; also, the Bank has not retained the service of the same CPAs for seven consecutive years. CPAs Chen Jun Kuang and Feng-Hui Li of KPMG were appointed as auditors for the Bank's 2017 Financial Statements. This decision was resolved during the [104th Meeting of the 3rd Audit Committee] and the [103rd Meeting of the 8th Board of Directors] held on March 23, 2017.</p>	
III. Where the Bank is a TPEX-Listed company, has the Bank designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing Directors/Supervisors with	V		<p>The Bank's Administration Division is responsible for the corporate governance affairs and actively promotes and implements corporate governance. Major responsibilities are listed as follows:</p> <p>1. Handling Shareholder Meeting affairs. The Bank is a</p>	None

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the information needed to perform their duties, convention of Board Meetings and Shareholder Meetings, company registration and changes, preparation of Board Meeting and Shareholder Meeting minutes, etc.)?			<p>100%-owned subsidiary of JihSun Financial Holding Co., Ltd., and the Board of Directors acts on behalf of the Shareholders' Meeting.</p> <p>2. Handling meeting affairs of the Board of Directors' Meetings, Audit Committee's Meetings, and Remuneration Committee's Meetings, including providing Directors with the information needed to perform their duties, setting the meeting agenda, distributing meeting notices, handling meeting affairs and preparing meeting minutes.</p> <p>3. Handling company registration and changes.</p> <p>4. Building and maintaining the "Investor Relations" page on the parent company JihSun Financial Holding Co., Ltd.'s website, and publishing relevant disclosures regarding the Bank's corporate governance information.</p> <p>5. Organizing annual corporate governance training courses for the Directors of the holding company and its subsidiaries.</p> <p>6. Evaluating and purchasing proper "Directors, Supervisors and Officers Liability Insurance".</p>	
IV. Does the bank have any means to communicate with stakeholders (including but not limited to Shareholders, employees, customers, etc.)?	V		The Bank has created a "Stakeholder Engagement" section in the "About JihSun Financial Holding Co., Ltd." section on its website where the relevant contact information is made available, to provide a unobstructed channel of communication with employees, Shareholders, customers and suppliers.	None
V. Information disclosure (I) Did the bank create a website to disclose financial, operational, and corporate	V		(I) The Bank has established its own website for the introduction of its various services and promotions. The	None

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governance information of our bank? (II) Did the bank use other information disclosure methods (such as creating an English website, designating an employee to gather and disclose bank information, implement the regulation on the spokesperson, and providing the content of institutional investor conference on the bank's website, and so on)?	V		<p>corporate governance information of the Bank's parent company is also disclosed on the website of its parent company.</p> <p>(II)</p> <ol style="list-style-type: none"> 1. Both the Spokesperson Policy and the Acting Spokesperson Policy have been established. 2. A system has been established for posting public information over the Internet. 3. An English website has been established. 4. Dedicated personnel has been assigned to collect information relating to the Bank, thereby facilitating more transparent and timely disclosure of information. 5. The Bank has disclosed all information relevant to corporate governance in compliance with regulations. 	None
VI. Does the bank have other information that enables a better understanding of its 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 bank's directors and supervisors, and donation to political parties, stakeholders and charity organizations)?	V		<p>(I) Directors' Ongoing Education: The Bank's Directors (including Independent Directors) completed their mandatory courses and learning hours in 2017.</p> <p>(II) Risk Management Policies, Practices, and Risk Evaluation Standards: Please refer to P. -P. of this annual report.</p> <p>(III) Consumer/customer protection policy: The Bank has drafted all service contracts according to the "standard form contract" published by the authority. The Bank notifies consumers or announces publicly in advance any amendments to its fees, charges, or service details. The Bank has established its customer service center as a one-stop hub for all customer services, including comprehensive complaint management and monitoring.</p>	None

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			<p>Abnormality management policies and an abnormality management team were set up to ensure the proper handling of major consumption events.</p> <p>(IV) Insurance against directors' and supervisors' liabilities: the Bank has insured itself against liabilities of its directors and supervisors in accordance with Articles 39 and 49 of Corporate Governance Best-Practice Principles for /TPEX-Listed Companies; these insurance policies cover the entire duration of service of the above parties.</p> <p>(V) The rights and care for employees: The Bank is especially dedicated to improve employees' work efficiency and loyalty by providing the best welfare and maintaining employer/employee relationship through care and protection of employees' rights.</p> <p>(VI) Investor relations: to enhance the transparency of financial and business information, the Bank has appointed a spokesperson and an acting spokesperson to address the public and provide accurate and reasonable explanations to investors' queries. Furthermore, the Bank makes regular public announcements as required by law and publishes information to the Market Observation Post System and to JihSun Financial Holding's website for easy access.</p> <p>(VII) Stakeholders' interests:</p> <ol style="list-style-type: none"> 1. The Bank's transactions with stakeholders are carried out in accordance with relevant policies and stringent operating procedures. 2. The Bank's Directors have complied with "Board of 	

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			Directors Conference Rules of Jih Sun International Bank, Ltd." by disassociating themselves from agendas that pose conflicting interests.	
VII. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Not applicable as the Company is not one of the evaluated subjects)				

Note 1: Whether the company selects "Yes" or "No" in the operation condition, it should explain the situation in the summary space.