

7. Corporate Governance

Status of COTA Bank’s corporate governance and comparison with “The Principles of Corporate Governance” of banking.

| Item | Status of Operation | Differences from General Guideline of Banking and Reasons |
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| <p>I. Bank’s equity structure and shareholder’s right</p> <p>(1) Method to deal with suggestion of shareholder or argument.</p> <p>(2) Status of controlling the roster of major shareholders who own a relatively high percentage of shares and who have an actual control over the company, and of the ultimate controllers of those major shareholders.</p> <p>(3) Establishment of the firewalls and risk control with affiliated enterprises</p> | <p>(1) To entrust the appropriate corporate departments to handle matters pursuant to shareholder’s suggestion immediately. Protected shareholder’s equity. Justly dealing shareholder Court case accusation.</p> <p>(2) Trace the roster of major shareholders monthly.</p> <p>(3) No affiliated enterprise.</p> | <p>(1) No difference</p> <p>(2) No difference</p> <p>(3) Could not be compared</p> |
| <p>II. The composition and duty of board of directors</p> <p>(1) Establishment of Independent director.</p> <p>(2) Status of regular evaluation of the independence of the auditing CPA.</p> | <p>(1) Have not implemented. (Current including 5 directors with independent capacity out of 13 directors)</p> <p>(2) Annual assessment.</p> | <p>(1) Difference; have not implemented.</p> <p>(2) No difference</p> |
| <p>III. The composition and duty of board of directors</p> <p>(1) Establishment of independent supervisor.</p> <p>(2) Status of communication among supervisors, stockholder and staff of the bank</p> | <p>(1) Have not implemented. (Current including 4 supervisors with independent capacity out of 4 supervisors)</p> <p>(2) Supervisors may investigate the operational and financial condition of the Bank from time to time, and set up the directory of members for easy communicate.</p> | <p>(1) Difference; have not implemented.</p> <p>(2) No difference</p> |
| <p>IV. Status of communication with stakeholder</p> | <p>Easy communication channels go by face to face/telephone/written/internet.</p> | <p>No difference</p> |

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| <p>V. Public disclosure of information</p> <p>(1) Set up website to disclosure financial report and corporate governance information.</p> <p>(2) Other method of public disclosure of information adopted (ex. provide English versions of information website, appoint personnel exclusively responsible for gathering and disclosing information, and establish a spokesperson system , process of conference call record in website.)</p> | <p>(1) www.cotabank.com.tw as our website to disclosure financial report.</p> <p>(2) Designed Senior executive vice as spokesperson represented the Bank in public issues. Accounting Office is responsible for collecting and disclosure the information.</p> | <p>(1) Partial difference; have not including corporate governance information.</p> <p>(2) No difference</p> |
| <p>VI. Status of set up committees with various functions likes Audit Committee.</p> | <p>Have not implemented</p> | <p>Difference; have not implemented.</p> |
| <p>VII. Please describe any difference between corporate governance with the 'Principles of Corporate Governance'.</p> <p>Partial guidelines have not implemented.</p> | | |
| <p>VIII. Other information regarding corporate governance. (Members of the board of directors and supervisors participate in training courses, meeting record of Supervisors' and directors' attendance, policy of risk management and the status of standard of risk measurement, consumers protection and the policy of relationship management, the rights of and relationships between interested persons voluntarily refuse, contracted for the independent directors and independent supervisors of duty insurance. Duty of managers.) :None</p> <p>Note 1: Members of the board of directors and supervisors participate in training courses, please refer to 'Sample for the rules of directors and supervisors on TSE or OTC participate in training courses' promulgated by TAIWAN STOCK EXCHANGE CORPORATION.</p> <p>Note 2: Statement should include the policy of risk management, standard of risk measurement, consumer's protection and the policy of corporate governance.</p> | | |