2. Affiliated Companies Business Review and Achievements

Unit：NT$ Million at 2014.12.31

Name	Paid-in Capital	Total Assets	Total Liabilities	Stockholders' Equity	Operating Revenue	Operating Income	Net Income	Earnings Per Share(NT$)
Kaohsiung Bank General Insurance Agency Co., Ltd.	5.00	9.20	0.66	8.54	4.34	2.49	2.14	4.28
Kaohsiung Bank Insurance Agency Co., Ltd	3.00	94.70	42.64	52.06	231.60	52.46	44.04	146.79

8.1.2 Consolidated Financial Statements of Affiliated Companies

1. Declaration

BANK OF KAOHSIUNG CO., LTD.

Declaration

Mar. 26, 2015

The companies included in the consolidated financial statements of affiliated enterprises prepared by the Bank for FY 2014 (from Jan. 1, 2014 to Dec. 31, 2014) in accordance with the "Criteria for the Compilation of Consolidated Business Reports of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises and Affiliated Enterprises Reports" are identical with those to be included in the consolidated financial statements of parent company and subsidiaries in accordance with Statement of Financial Accounting Standards No. 27, and the relevant information to be disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the consolidated financial statements of parent company and subsidiaries. Therefore, the Bank does not prepare the consolidated financial statements of affiliated enterprises separately.

BANK OF KAOHSIUNG CO., LTD.

Chairman：(Toong-Min Chen)

2. The Bank's Audited Consolidated Financial Statements for FY 2014, please refer to page 76~79.

8.1.3 Affiliated Companies Report

1. Relation of the "parent company and wholly-owned subsidiary": Please refer to page 171 for " Special Disclosure — Summary of Affiliated Companies".
2. Transactions, property trade, financing, assets rental, and endorsement between the parent company and wholly-owned subsidiaries: Please refer to page 139 for "Notes to Financial Statements 10. Related Party Transactions ".

8.2 Private Placement Security and Financial Bonds in FY 2014 and Up to Mar. 2015: None.

8.3 The Shares in the BOK Held or Disposed of by Subsidiaries in FY 2014 and Up to Mar. 2015: None.

8.4 Other Supplementary Disclosure: None.

8.5 Pursuant to term 2, Paragraph 2, Article 36 of Security and Exchange Act. the Incidence Exerting Material Influence on Shareholders' Rights or Security Price in FY2014 and Up to Mar. 2015: None.

Corporate Governance evaluation of project implementation case retrieval

No.	Item	Evaluation Indicators	The Bank execution case	
			Yes/No	Reference page or description
1	1.11	Is it true that the company did not issue employee stock options, stock bonus, restricted shares, and other securities or stock options having the nature of remuneration and bonus to management or directors who can be deemed as employees of the company as compensation, exceeding 5% of the share capital, over the three years preceding the year being evaluated?	Yes	13~14，49
2	1.13	Is it true that the company did not have any government agency or a single TWSE/TPEx listed company and its subsidiaries accounting for one-third or more of the board?	No	11
3	1.14	Did the company disclose in the annual report a review of the status of implementation of the resolutions of the AGM?	Yes	33
4	2.10	Did the bylaws of the company prohibit insiders, including directors and employees, from using information not available in the market for personal gain?	No	Yet developed.
5	3.2	Is it true that the chairman of the board, general manager (chief executive officer), or management in charge of finance or accounting affairs was not employed within the past 1 year by the current external auditors or an affiliate thereof?	Yes	35
6	3.3	Is it true that there were no more than two directors having a relationship of spouse or of kinship within the second degree?	Yes	11
7	3.4	Is it true that the position of the chairman of the board and general manager (chief executive officer) was not held by the same person or his/her spouse?	Yes	11，13
8	3.8	Was the continuous term of service of each incumbent independent director not more than 9 years?	Yes	11
9	3.9	Is it true that each of the independent directors of the company did not concurrently hold director positions (including independent director positions) or supervisor positions for more than 5 TWSE/TPEx listed companies?	Yes	12
10	3.13	Did the company have a Nomination Committee and were at least half of its members independent directors?	No	It has not been set.
11	3.14	Did the directors and supervisors complete the number of hours of continuing education required by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies?	Yes	29
12	3.15	Did the company disclose its corporate governance best practice principles?	No	Yet developed.
13	3.16	Did the company adopt and disclose a board diversity policy?	Yes	12
14	3.17	Did the company disclose the corporate ethical management best practice principles and corporate social responsibility best practice principles adopted by the company?	No	Yet developed.
15	3.18	Did the board hold meetings at least six times in the year being evaluated?	Yes	20
16	3.19	In the year being evaluated, did the average rate of actual attendance of all directors at board meetings reach 75% or more?	Yes	20
17	3.30	Did the board review the independence of the external auditors (at least once a year) and fully and accurately disclose the assessment procedures in the annual report?	Yes	22

No.	Item	Evaluation Indicators	The Bank execution case	
			Yes/No	Reference page or description
18	3.33	Did the company take out director and supervisor liability insurance for all directors and supervisors?	Yes	23
19	4.7	Did the external auditor issue an unqualified opinion in the audit report on the annual financial reports?	Yes	75
20	4.10	Did the company disclose the trends and developments of the industry in which the company operates from macroeconomic perspectives in its annual report?	Yes	6
21	4.11	Did the company disclose long-term and short-term business development plans in its annual report?	Yes	53
22	4.12	Did the company disclose future R&D plans and estimated R&D expenditures in its annual report?	Yes	52
23	4.13	Did the company disclose in its annual report the list of substantial shareholders, including the names, number of shares held, and shareholding percentages, of the shareholders holding 5% or more of shares, or ranking among the top ten shareholders in terms of shareholding percentage?	Yes	42
24	4.14	Did the company voluntarily disclose the remuneration details of each director and supervisor in its annual report?	No	Not disclose individual remuneration.
25	4.16	Did the company voluntarily disclose in the annual report the amount and nature of any non-audit fees paid to the external auditor and its affiliates in addition to audit fees?	Yes	34
26	4.17	Were the non-audit fees paid to the external auditor and its affiliates disclosed in the annual report no more than the audit fees?	Yes	34
27	4.22	Did the company disclose a specific and clear dividend policy in the annual report?	Yes	43，110
28	5.1	Did the company adopt a corporate social responsibility policy, system, or relevant management approaches, as well as concrete promotion plans, and review the results of the implementation thereof, and disclose the above in the annual report?	No	Yet developed.
29	5.3	Did the company have a designated unit or personnel in charge of promoting corporate social responsibility, and disclose the status of the unit's operations and implementation in the annual report?	No	Yet developed.
30	5.4	Did the company have a designated unit or personnel in charge of promoting ethical corporate management, and report regularly to the board on the status of implementation?	No	Yet developed.
31	5.7	Did the company set management policies for energy conservation, reduction of carbon/greenhouse gas (GHG) emissions, water use, or other waste/pollutants?	No	Yet developed.
32	5.8	Was the company ISO 14001 certified or accredited with similar environmental management system certification?	No	The Bank has not yet adopted the environmental management system of international consensus.
33	5.9	Did the company disclose its employee welfare measures, retirement plan, and the implementation thereof in the annual report?	Yes	57
34	5.10	Did the company disclose in the annual report the measures it takes to provide its employees with a safe working environment and personal security?	Yes	25
35	5.12	Did the company adopt and disclose in detail a whistle blower system for company insiders and outsiders to report illegal behavior (including corruption) and unethical behavior?	Yes	28
36	5.13	Did the company develop policies to comply with the relevant provisions regarding issues such as environmental protection, public safety, and health, and require suppliers to cooperate in implementing them to jointly enhance corporate social responsibility?	Yes	26

Appendix I：The Bank's Key Performance Indicator (KPI).

Unit：%, at 2014.12.31

KPI	The Bank	The Average of Domestic Banks
Capital Adequacy Ratio	9.81	11.98
Ratio of NPL	0.45	0.25

Appendix II：The details about licenses and certificates acquired by the staff related to financial information disclosure from the competent authorities.

2014.12.31

The staff related to financial information disclosure		Qualification	Person
Item	Person		
Internal-Auditing staffs	24	Basic test for banks internal control (Taiwan Academy of Banking and Finance)	22
		Certified Internal Auditor (CIA), the Institute of Internal Auditors (IIA)	3
Financing & accounting staffs	31	Certified Public Accountants, CPA	1

Appendix III：Training record of manager in 2014

Period	Title	Name	Training Record		
			Class Name	Hours	Unit in Charge
Q1	Business Administration Dept., Vice President and General Manager	Anna Hsu	Information session on the creation of PSP TSM platform.	2	TWMP Co., Ltd.
Q2	President	Moan-Sheng Huang	Seminar on joint promotion of e-commerce	5	Financial Information Service Co., Ltd.
	Treasury Dept., Vice President and General Manager	J. C. Shou-Jen Chen	The 330th term of trust industry supervisor (including on the job training) training	3	Taiwan Academy of Banking and Finance
	Business Administration Dept., Vice President and General Manager	Anna Hsu	Seminar on joint promotion of e-commerce	5	Financial Information Service Co., Ltd.
Q3	Exec. Vice President	Johnson Huang	Cross-strait financial seminar – "Development trends in the application of internet in the financial industry in China"	6.5	Taiwan Academy of Banking and Finance
			Cross-strait financial seminar – "Opportunities and challenges for Taiwan to develop offshore derivative financial instruments denominated in Renminbi"	6.5	Taiwan Academy of Banking and Finance
			"Foresee the future by reviewing the past – a new page in Taiwan's finance is revealed – the review and outlook on the institution and development of Taiwan's financial system" seminar	4	Taiwan Academy of Banking and Finance

Period	Title	Name	Training Record		
			Class Name	Hours	Unit in Charge
Q3	Board of Directors/ Auditing Dept. Chief Auditor	Chung-Chen Lin	Twenty-first term of seminar on risk management practices for lending products to small and medium businesses	7	Taiwan Academy of Banking and Finance
			Twenty-ninth term of seminar on industry risk analysis	6	Taiwan Academy of Banking and Finance
			Domestic bank risk management colloquium	6	FSC Financial Examination Bureau
	Business Administration Dept., Vice President and General Manager	Anna Hsu	Double tenth financial trend forum – "Great future in the competition and cooperation between mobile commerce and digital finance in the age of cloud computing"	7.5	Taiwan Academy of Banking and Finance
Q4	Exec. Vice President	Jin-Ann Wang	The 356th term of trust industry supervisor (including on the job training) training	6	Taiwan Academy of Banking and Finance
	Exec. Vice President	Johnson Huang	Practice forum on money laundering prevention and fighting the sponsorship of terrorism at banks	3.5	Taiwan Academy of Banking and Finance
			2014 Financial CEO Breakfast Meeting – "Studying the application of smart technology and the cross-strait e-commerce development trend"	2	Institute for Information Industry
			FATCA act seminar	3	The Bankers Association Of The Republic Of China
			Seminar on financing models and internet finance innovation in China	2.5	Taiwan Academy of Banking and Finance
	Board of Directors/ Auditing Dept. Chief Auditor	Chung-Chen Lin	41st term of audit supervisor seminar	16	Taiwan Academy of Banking and Finance
	Business Administration Dept., Vice President and General Manager	Anna Hsu	Fifth financial e-commerce marketing planning seminar	25	Taiwan Academy of Banking and Finance
			2014 Financial Information System Annual Meeting	19.5	Financial Information Service Co., Ltd.
			Cross-strait financial seminar – "Cross-strait e-finance and the development of third-party payment service"	8	Taiwan Academy of Banking and Finance

Appendix Ⅳ：Name and Title of the Top Ten Employees Who Were Distributed Employees' Bonus and the Amounts in 2013.

Unit: NT$ Thousand

Name	Title	Name	Title	Total Bonus
Moan-Sheng Huang	President	Chung-Chen Lin	Chief Auditor	107
Jin-Biau Tsai	Hsiao Kang Branch, General Manager	Yue-yan Fu	Audit team leader	
Yi-Jong Liou	Exec. Vice President	Jin-Young XUE	Audit team leader	
Chun-Ching Ko	Exec. Vice President	Pi-Jung Ko	Pei Kaohsiung Branch, General Manager	
Jin-Ann Wang	Business Dept., General Manager	Li-Wen Shi	Audit team leader	

Appendix IV：Guidelines for the Staffs Services

1. The staff of Bank of Kaohshiung ("the Bank") shall comply with laws and the Bank's rules and shall provide loyal service in accordance with these Rules.
2. The staff shall be on and off duty as scheduled, except holidays and vacations, and shall punch their card or sign in personally, and be prohibited from being late for work or leaving earlier than scheduled.
3 The staff shall not leave the office during the business hours without applying for leave or seeking the supervisor's approval. The rules for application for leave shall be defined separately.
4. The staff shall pay attention to their dress and looks, and shall wear the uniform prepared by the Bank and the identification card.
5. The staff shall take the responsiblity under the job-division system and abide by the supervisor's guidance, and shall state their opinion or suggestions, if any, honestly.
6. The staff shall serve customers in a humble and moderate manner, and shall make every endeavor to meet the customers' needs perfectly and repaidly. If the customers' requests related to business other than that handled by the staff personally, they shall advise the customers or transfer the customers' requests to other staff in charge in a moderate manner, and be prohibited from acting unknowingly with an excuse.
7. The staff shall perform their own duties, and shall help the other colleagues who are busy working with their work pursuant to the supervisor's guidance, and be prohibited from evading helping them with an excuse.
8. The staff shall not go slow at work, and shall respond to the requests to be handled by them at any time. Futhermore, the staff shall not review the statement of account, book and record, documents and files that are not handled by them personally. The staff shall maintain the documents, files and statements of account handled by them with care and be prohibited from damaging or losing such documents, files and statements of account or taking them out without the supervisor's prior consent.
9. The staff shall handle the cash, notes, statements of accounts, files and other important materials from time to time and store them in a safe place pursuant to the requirements. In the case of extraordinary incidents, the staff shall make every endeavor to dispose of them in an appropriate manner.
10. The staff shall be prohibited from smoking in any non-smoking area or carrying contrabands, lethal weapons or flammable and explosive articles to the office of the Bank.
11. The staff shall not abuse all public properties and be prohibited from damaging or wasting them.
12. The staff shall not assume any other part-time jobs impairing their current jobs without the supervisor's approval.
13. The staff shall not request other to concern for personal promotion or transfer.
14. The staff who are ordered to transfer shall report in for the new duty within 7 days upon receipt of the order, and shall fulfill the hand-over procedure as required without excuse, provided that this shall not apply where the staff apply for an extension to meet the business needs and the application for extension is granted.
15. Where the staff resign or are transferred or dismissed, they may not leave their office until they provide a detailed and full explanation about the job responsiblity taken by them and files, accounts and payment handled by them.
16. The staff shall not run their own business, or engage in investment or speculative business, directly or indirectly, by taking advantage of their job responsibility.
17. The staff shall not make any inappropriate guaranatee externally or engage in other illegal activities or conduct impairing the Bank's good will under the name of the Bank or their job titles.
18. The staff shall not ask depositors, borrowers or other customers for any commission, compensation or other illegal profit with any excuse.
19. The staff shall keep confidential all transactions between the Bank and customers and all business secrets and be prohibited from disclosing them.
20. Where the staff cause damage to the Bank intentionally or negligently, they shall be subject to the relevant punishment, and be liable for the relevant damages if the case is determined to be material upon examination.
21. These Rules will be enforced upon the resolution of the Board of Directors; the same process is reguired if revised.