3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 11 meetings of the board of directors were held in the previous period.
Director attendance was as follows:

Title	Name	Attendance in Person (B)	By proxy	Attendance ratio (%)	Remarks
Chairman	Toong-Min Chen (Representative of Kaohsiung City Government)	2	0	100.00	Elected on Nov. 1, 2012, 2 times of should be attendance
Chairman	Hsian Chunt Tsai (Representative of Kaohsiung City Government)	7	0	100.00	Resigned on Sep. 17, 2012, 7 times of should be attendance
Independent Director and Managing Director	Wen-Yuan Lin	9	1	81.82	None
Managing Director	Ruey-Tsand Lee (Representative of Kaohsiung City Government)	10	1	90.91	None
Managing Director	Li- Ming Hsu (Representative of Kaohsiung City Government)	5	3	45.45	None
Independent Director	Mei-Yueh Ho	10	0	90.91	None
Independent Director	Tzen-Ping Su	10	1	90.91	None
Director	Richard Lee (Representative of Kaohsiung City Government)	7	4	63.64	None
Director	Yuan- Pei Chou (Representative of Kaohsiung City Government)	10	1	90.91	None
Director	Jueifang P. Chen (Representative of Kaohsiung City Government)	11	0	100.00	None
Director	Chien-Tsai Chao (Representative of Kaohsiung City Government)	8	3	72.73	None
Director	Wen-Ching Yang (Representative of Heng Fong Asset Management Co., Ltd.)	8	1	72.73	None
Director	Lai-Chuan Chang (Representative of Kaohsiung City Government)	10	0	90.91	None

Others

1. The effort of directors in preventing a “conflict of interest”:
   10th board of directors’ meeting of 11th term, During the discussion of AU Optronics Corp., Independent Director Mei-Yueh Ho avoided participation in the discussion.
2. Progress assessment of the 2012 agenda – empowerment of the Board of Directors:
   All members of the Bank’s Board of Directors execute business with care and loyalty, and perform their duty according to the relevant laws and the Bank’s articles of incorporation to protect the Bank’s and shareholders’ interests and rights. The Bank also amended the “Rules for Board Meetings of the Bank of Kaohsiung”, “Parliamentary Rules for Shareholders’ Meeting of the Bank of Kaohsiung”, “Rules for Board of the Bank of Kaohsiung” etc., in order to upgrade the functions and operations of the Board of Directors.

3.3.2 Attendance of Supervisors for Board Meetings

A total of 11 meetings of the board of directors were held in the previous period. Supervisor attendance was as follows:

Title	Name	Attendance in Person	Attendance ratio (%)	Remarks
Supervisor	Yung-Yu Tsai (Representative of Jinn Her Enterprise Co., Ltd.)	5	45.45	None
Supervisor	Yu-Hui Su	7	63.64	None
Supervisor	Shan-Hui Chang	11	100.00	None

Other mentionable items:

1. Composition and responsibilities of supervisors:

(1) Communication between supervisors and the Bank's employees and shareholders:
Supervisors will contact the Auditing Dept. of the Board of Directors, Secretary's Dept. of the Board of Directors and Business Management Dept. from time to time, and review the condition of the Bank.

(2) Communications between supervisors and the Bank's Chief Internal Auditor and CPA:
Supervisors often communicate with the Auditing Dept. of the Board of Directors, Business Management Dept., and the independent CPA for this Bank's finance and business via written materials or meetings. This communication is helpful for the execution of the motions proposed in the board of directors' meetings. 4 sessions of supervisors meeting were held in 2012.

2. Supervisor expresses an opinion during a meeting of the Board of Directors:

Board of Directors				
Date	Term	Content	The Resolutions	The execution of the resolutions
2012.2.23	5rd board of directors' meeting of 11th term	Report on the compliance and the execution of the internal control plan of the Bank in 2012, and the status of compliance performed by the Compliance Officer of the Bank in the period of July to December, 2011. The message delivered by Supervisor Su Yu-Huei: 1. The amendment to essential legal rules currently in effect or promulgation of new law through official notices in writing shall be subject to the promotion and education or related function in order to enforce the law properly. 2. The shortcomings in operation commonly seen in the Bank and essential legal rules should be incorporated into the plan of 2012. 3. In case there is an amendment to the applicable legal rules with upper and lower limits, specify this in the field of remarks for clarification.	Acknowledged by all of the present directors	Supervisor Su's comments shall be adopted.

Date	Term	Content	The Resolutions	The execution of the resolutions
2012.10.25	9th board of directors' meeting of 11th term	The speech delivered by Supervisor Su Yu-Huei in response to the motion of continued appointment of Chien Hsing Certified Public Accountants to perform the financial audit and taxation audit on the Bank and makes related declaration in 2013 (January 1 to December 31, 2013): 1. According to page 1, section (IV) of the agreement, the interim report of the next year requires no certification of CPAs but just for review, please consult with the CPA for adjusting that part of the audit work. 2. The quarterly report in Q1 of the next year shall be completed and reviewed within 45 days after March 31, and shall be subject to the approval of the Board, I suggest the Secretariat of the Board to adjust the schedule of the agenda of the Board meeting and allow sufficient time for the directors and supervisors or the management to communicate with the CPA. This is particularly important for the initial version of the disclosures and notes to the financial statement. As such, sufficient time must be allocated for this purpose.	Other proposals are approved as presented, except for the contract that has been modified pursuant to Supervisor Mr. Su's suggestion.	Supervisor Su's comments shall be adopted.
2012.12.20	10th board of directors' meeting of 11th term	In responding to the newly amended Personal Information Protection Act and its implementation procedure which came into full force on October 1 2012, a motion is proposed to amend the "Criteria for Confidentiality of Customer Information at Bank of Kaohsiung". The speech delivered by Supervisor Su Yu-Huei: 1. The committee and the task force shall convene regularly and as needed. 2. In the first convention, the focus should be made on the duties and tasks specified in Section 1~5 of Article 3 particularly to let everyone know the content of the amendment and the area for confidentiality thereof. This could be adopted to evaluate the awareness of all banking staff in risk and can respond accordingly.	Proposals are approved by all of the present directors.	Supervisor Su's comments shall be adopted.

3.3.3 For the Disclosures Required by the "Guidelines for Bank Corporate Governance" : Please refer to www.bok.com.tw.

3.3.4 The Differences between the Corporate Governance Practice of the Bank and the "Guidelines for Bank Corporate Governance" :

Item	Operation	The Difference from Coporate Governace Best Practice Principles for Banking Industry and Reason
A. Equity Structure and Shareholder Rights		
1. Method of handling shareholder suggestions and disputes	1. The Bank has installed hot lines and e-mail boxes exclusively for shareholders' suggestions and resolutions.	1. In accordance with the "Guidelines for Bank Corporate Governance" article 19.
2. Name list of shareholders with controlling interest, and ultimate controllers of major shareholders	2. The major shareholder of the Bank is Kaohsiung City Government, holding 45.28% of the Bank's shares. Its representative also performs his duty pursuant to the rules governing investment by Kaohsiung City Government in the Bank.	2. In accordance with the "Guidelines for Bank Corporate Governance" article 20 & 27.
3. Mechanism for controlling risk with related companies, and firewall method	3. The Bank controls its affiliated enterprises in accordance with the guidelines governing the Bank's supervision of subsidiaries.	3. In accordance with the "Guidelines for Bank Corporate Governance" article 21.
B. Organization and Responsibilities of the Board of Directors		
1. Does the Bank set seats for independent directors?	1. The Bank has elected Wen-Yuan Lin, Mei-Yueh Ho and Tzen-Ping Su as independent directors in the general shareholders' meeting in 2011.	1. In accordance with the "Guidelines for Bank Corporate Governance" article 31.
2. Regular assessment of independence of CPA	2. (1) Assessments: Auditors were assessed for their independence. They must not act as a director, supervisor, or employee of the Bank; nor can they own, directly or indirectly, more than 1% of the Bank's outstanding share capital or become one of the Bank's top ten natural person shareholders. The auditor's firm must issue a declaration of independence. (2) Frequency of assessment: The assessment of independence is reported to the Board of Directors once a year.	2. In accordance with the "Guidelines for Bank Corporate Governance" article 38.
C. Establishment of Communication Channels with Materially Related Parties		
The communication channels of the Bank and the related parties	1. According to the Banking Act, the Bank will ask any materially related party to complete the materially related party's information form immediately after he / she is hired, and also provide the materially related party with the credit extension restrictions provided by the Banking Act and the competent authorities. 2. Have the materially related party's information as documented checked, verified and updated by the materially related party periodically. The Bank's communication with the materially related party is free from any interruption. 3. The Bank has appointed a spokesperson, installed toll-free hot line and email box to provide suggestion and explanation about questions to the Bank's customers and shareholders. Meanwhile, the Bank also holds the community wealth management symposiums and provides the in-house staff with the information about the corporate governance irregularly, and discloses the financial information in MOPS.	In accordance with the "Guidelines for Bank Corporate Governance" article 22 & 23.

Item	Operation	The Difference from Coporate Governace Best Practice Principles for Banking Industry and Reason
D. Disclosure of Information		
1. Establishment of a website where information on financial operations and corporate governance is disclosed.	1. The Bank has established a website (www.bok.com.tw) where information on financial operations and corporate governance of the Bank is disclosed.	1. In accordance with the "Guidelines for Bank Corporate Governance" article 69.
2. Use of other methods for information disclosure	2. The Bank's english website may be accessed from the said website. The spokesperson of the Bank is Chief Secretary Tsui-Mei Hsu. The Bank also appoints specialized personnel to collect and disclose the public information.	2. In accordance with the "Guidelines for Bank Corporate Governance" article 67 & 68.
E. Operations of Functional Commissions Such as The Nomination or Compesation Committees Established by The Bank	The bank has established Compensation Committee on Dec. 29, 2011.	In accordance with the "Guidelines for Bank Corporate Governance" article 35 & 36.
F. The Differences between the Corporate Governance Practice of the Bank and the"Guidelines for Bank Corporate Governance" Reasons for the Difference: 1. Does the Bank set independent supervisors? Article 14-4 of the "Securities and Exchange Act" expressly provides that a company shall install either of the audit committee or supervisor. For the time being, the Bank is having supervisors exercise their functions independently. 2. Is there a auditing committee ? The bank has established Compensation Committee on Dec. 29, 2011.		
G. Important Information of Corporate Governance Practice of the Bank : 1. With investor related : The major shareholder of the Bank is Kaohsiung City Government, holding 45.28% of the Bank's shares. Its representative also performs his duty pursuant to the rules governing investment by Kaohsiung City Government in the Bank. 2. Employee rights: Please refer to page 69 "Fulfillment of Labor Rights". 3. Right of related parties: Please refer to page 31 "Establishment of Communication Channels with Materially Related Parties". 4. Training record of directors and supervisors in 2012 : Please refer to Page 39 appendix Training record of directors and supervisors in 2012". 5. Execution of risk management policies and risk measuring standards : Please refer to page 125 "This Bank's risk management systems". 6. Execution of customers' policies : In order to improve the services provided to customers and communication with customers, we have a toll free hot line, and customer service window setup exclusively for credit, financial derivatives and negotiation mechanisms for consumers' financial debt. 7. Purchase of liability insurance by the Bank for directors and supervisors : The Bank has purchased "Directors, Supervisors & Officers Liability Insurance" from Cathay Century Insurance Co., Ltd. On Jun. 2, 2012. 8. the Bank made a donation to political parties or stakeholders or a group of public welfare: Please refer to Page 68 "Social Responsibility and Moral Behavior of the Bank", In addition, the Bank has never made a donation to political parties or stakeholders.		
H. Corporate Governance Self-Assessment Report or Result of Assessment Report Made by Other Professional Organization on a Consignment Basis, Major Defects (or Suggestions) and Improvement Thereof : The Bank did not make the corporate governance self-assessment report before Mar. 2013.		

3.3.5 Duty and Implementation of the Remuneration Committee

3.3.5.1 Members of the Remuneration Committee

position	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Number of Other Public Companies in Which the Individual is Concurrently Serving as Members of the Remuneration Committee
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Bank in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Bank	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Bank	
Independent Director	Mei-Yueh Ho			✓	2
Independent Director	Wen-Yuan Lin			✓	1
Independent Director	Tzen-Ping Su			✓	0

position	Criteria / Name	Independence Criteria (Note)								Remarks
		1	2	3	4	5	6	7	8	
Independent Director	Mei-Yueh Ho	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director	Wen-Yuan Lin	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director	Tzen-Ping Su	✓	✓	✓	✓	✓	✓	✓	✓	

Note： Please tick the corresponding boxes if the members have been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Bank or any of its affiliates.
2. Not a director or supervisor of the Bank or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Bank, its parent company, or any subsidiary in which the Bank holds, directly or indirectly, more the 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person’ s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding share of the Bank or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding share of the Bank or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Bank.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Bank or to any affiliate of the Bank, or a spouse therof.
8. Not been a person of any conditions defined in Article 30 of the Company Law.

3.3.5.2 Implementation of the Remuneration Committee

A. Members of the Remuneration Committee: 3 persons.

B.Term: From Dec.29, 2011 to Jun.15, 2014. A total of 2 meetings (A) of the Remuneration Committee were held in FY 2012, members attendance was as follows:

Title	Name	Attendance in Person (B)	By proxy	Attendance ratio (%) (B/A)	Remarks
convener	Mei-Yueh Ho	2	0	100.00	
member	Wen-Yuan Lin	2	0	100.00	
member	Tzen-Ping Su	2	0	100.00	

Other matters that should be recorded:

(1)If the Board of Directors refuses to accept or modify the suggestions of the compensation committee, the meeting date, term, agenda content, resolution and the bank's treatment of the compensation committee's opinion should be clearly stated (for example, if the Board of Directors approved a compensation structure that is better than the Compensation Committee's recommendation, the circumstance and the reason of the difference should be clearly stated):

The Board takes the advice of the Remuneration Committee and approves the Committee's proposal on remuneration distribution.

(2)If the members have opposite opinion or reservations against the resolution of the Compensation Committee and such opposing opinion or reservations have been recorded or documented, the meeting date, term, agenda content, the opinion of all members, of the Compensation Committee, and the treatment of the members' opinion should be clearly stated: None.

3.3.6 The Bank Towards its Social Responsibility

Item	Operation	Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
A. Actualizing the Promotion of Corporate Governance Policies 1. Condition where the Bank sets forth Corporate Social Responsibility (CSR) policies or regulations and examines performance results from the implementation	The Bank has not set forth "Corporate Social Responsibility (CSR) Practice Principles" before Mar. 2013.	The Bank has not set forth "Corporate Social Responsibility (CSR) Practice Principles" before Mar. 2013.
2. Condition where the Bank sets up full (part) time departments to promote the operation of corporate social responsibility	The Bank has not set up full (part) time departments to promote the operation of corporate social responsibility before Mar. 2013.	The Bank has not set up full (part) time departments to promote the operation of corporate social responsibility before Mar. 2013.
3. Condition where the Bank regularly holds business ethics educational training and advocacy events for members of the board, supervisors and staff. The Bank also integrates the events with staff performance evaluation system to establish a clear and effective reward and penalty program	(1) In order to implement corporate ethics and promotional matters, relevant courses are held annually (such as business rules and professional ethics seminars) and directors, supervisors and employees are sent irregularly to participate in relevant professional courses held by professional training institutions. (2) Employee ethics are included into annual performance review items. (3) In order to implement enterprise ethics, "Employee Service Rules" are established for employees' compliance. In case of any report or assistance with any discovery of an illegal case or violation of rules, rewards or sanctions shall be granted or imposed considering the actual situation in accordance with the "Rules for Rewards and Sanctions for Employees".	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 11.
B. Develop Sustainable Environment 1. Condition where the Bank is devoted to enhancing the effective use of all resources and making use of recycled materials that pose the least impact to the environment	None.	The Bank has not devoted to enhancing the effective use of all resources before Mar. 2013.

Item	Operation	Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
2. Condition where the Bank establishes appropriate environment management system according to industry characteristics	None.	The Bank did not establishe appropriate environment management system before Mar. 2013.
3. Condition of setting up exclusive environment management department or personnel to protect the environment	Each division shall seek suppliers to be responsible for environmental maintenance work and designate dedicated personnel for guidance and management.	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 15.
4. Condition where the Bank watches out for impact that weather changes have on operational activities and sets forth strategies in regards to the Bank's energy saving, carbon reduction and greenhouse gas volume reduction	1. Old lighting fixtures shall be replaced by T5 or LED energy-saving lighting fixtures and light tubes. 2. Adopt inverter air conditioning equipment as permitted under installation environment.	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 18.
C. Protection of Social Wellness 1. Condition where the Bank follows related labor regulations, respects internationally recognized principle of labor rights, protects employees' legal rights and nondiscrimination of the employment policy, and establishes appropriate management method, procedure and the implementation.	The relevant human resource rules and systems of the Bank are established based on relevant labor laws and regulations to specify employee rights and obligations. Further, to implement the protection of employee interest, starting from 2002, the Bank has been signing "group contracts" with the union (every three years). Most of the provisions under the group contracts are more favorable compared to provisions under existing relevant labor laws and regulations.	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 19.
2. Condition where the Bank provides its employees a safe and healthy working environment, as well as implements safe and healthy education regularly for the employees	1. The Bank provides a working environment with employee safety and health in accordance with the "Labor Safety and Health Act". Also, in accordance with the "Regulations for Labor Health Protection", starting from 2002, the Bank pays for employee health examinations. The examination items and terms are both more favorable than the provisions under the "Labor Health Protection Regulation". 2. The Bank holds "First Aide Staff On-the-Job Training" and "On-the-Job Training for Executive of Labor Safety and Health" in accordance with the "Regulations for Labor Safety and Health Education and Training". Further, in order to improve employee health, safety and health professionals (such as Chinese and western medicine physicians, nutritionists and university professors, etc.) are invited to give "Health Seminars" irregularly.	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 21.

Item	Operation	Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
3. Condition where the Bank establishs a mechanism for routine communication between itself and the employees and take reasonable actions to notify the employees of changes in the operation that may cause significant influence.	For the establishment of the communication mechanism between itself and the employees, the Bank has a mail box for the opinions of the employees, and holds labor-management meetings when necessary.	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 23.
4. Condition where the Bank sets forth and makes public announcements of consumer rights policies, also provides transparent and effective consumer complaint procedure for its products and service	Execution of customers' policies：In order to improve the services provided to customers and communication with customers, we have a toll free hot line, and customer service window setup exclusively for credit, financial derivatives and negotiation mechanisms for consumers' financial debt.	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 24.
5. Condition where the Bank and supplier cooperate for the enhancement of business' social responsibilities	Cooperate with computer equipment maintenance supplier to select the usable portion of personal computer equipment abandoned by the Bank, make adjustments thereto and then donate them to disadvantaged groups.	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 27.
6. Condition where the Bank participates in community development and related events hosted by charitable organizations through business activities, goods donation, volunteer service or other free professional service	The Bank has always prepared of public welfare activities in the past, and financially sponsored the various public welfare activities held by the government and private groups, and the various public welfare activities. Additionally, the Bank incorporated the "Bank of Kaohsiung Charity Foundation" to take part in the event together by adhering to the philosophy on "what is taken from the society is used in the interests of the society". The Bank also cares and feedbacks to society in a timely manner to fulfill the Bank's social duty.	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 28.
D. Reinforce Information Revelation 1. Method where the Bank reveals information related to corporate social responsibility with relevance and accountability	Disclose information related to enterprise social responsibility in the annual report.	In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" article 29.
2. Condition where the Bank edits reports in regards to corporate social responsibility as well as reveals and promotes corporate social responsibility	None	The Bank has not set forth reports in regards to corporate social responsibility before Mar. 2013.
E. A Bank that has set forth its own corporate social responsibility (CSR) in accordance to "Corporate Social Responsibility (CSR) Practice Principles for Listed (O.T.C) Company", please describe any difference between real execution and principles that have been set forth: The Bank has not set forth "Corporate Social Responsibility (CSR) Practice Principles" before Mar. 2013.		
F. Other important information beneficial for understanding the operation of business' social responsibility (e.g., the Bank's execution in regards to environment conservation, participation in community activities, contribution to society, societal service, social welfare, consumer rights, human rights, sanitation safety and other social responsibility activities):Please refer to page 68 "social responsibility and moral behavior of the bank".		
G. If the Bank's products or reports on corporate social responsibility have passed the verification standard set by related certification organization, further clarification shall be provided：None.		

3.3.7 The Bank Practice and measures for its Ethical Corporate Management

Item	Operation	Deviations from"Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and reasons
A. Codifying ethical corporate management best practice principles and plans 1. The bank should clearly state its policy of ethical corporate management best practice principles in its bylaws and documents that would be circulated outside the bank, as well as the status of implementation as promised by the Board of Directors and the Management.	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2013.	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2013.
2. The circumstance of the bank's plan to prevent unethical business practices, and the functioning of the operating procedures, business conduct guidance, and training in the plan.	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2013.	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2013.
3. The status of the implementation of measures preventing the receiving and paying bribes, as well as making illegal political contribution, on business activities with higher risk of unethical conduct in the range of operation when the bank's plan to prevent unethical business practices.	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2013.	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2013.
B. Implement Ethical Corporate Management Best Practice Principles 1. The bank shall avoid engaging in commercial activities with those who have records of unethical conduct, and clearly specify ethical corporate management best practice principles in contracts.	The Bank conducts its business in transparency and fairness, and has no business with parties lacking integrity. The integrity clause shall be explicitly stated in the agreement in the future to prevent any transaction with parties that have records on integrity violation.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies" article 9.
2. The operation of the business unit established by the bank that is solely (concurrently) responsible for implementing ethical corporate management best practice principles, and the status of supervision by the Board of Directors.	The Bank has not set up full (part) time departments to promote the operation of ethical corporate management before Mar. 2013.	The Bank has not set up full (part) time departments to promote the operation of ethical corporate management best practice-before Mar. 2013.
3. The status of operation of the policy established by bank to prevent conflicts of interest and provide appropriate channel of appeal.	Article 17 of Rules of Procedure for Board of Directors Meetings: A director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the company; neither shall a director vote on such proposal as a proxy of another director in such circumstances.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies" article 16.

Item	Operation	Deviations from"Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and reasons
4.The operational condition of the effective accounting system and internal control system established by the bank for the purpose of implementing ethical corporate management best practice principles, and examination of the bank's compliance by internal auditors.	1.The Bank has established its internal control system. For the practice of integrity in business, the Bank has also instituted an effective accounting system and management regulations, and has established an exception reporting system for the banking staff. At the same time, the Bank also reviews and revises its internal control to ensure the effectiveness of the design and the execution of the internal control system. 2.The auditing function of the Bank has conducted audits on the Bank's internal control system and the accounting system as required, and has submitted relevant audit reports. In addition, audit deficiencies were subject to corrective actions under proper tracking. The status of internal control has been reported to the Board of Directors regularly to continue the monitoring of the operation of the Bank in conformity to the principle of integrity.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE / GTSM-Listed Companies" article 17.
C. The operating condition of the establishment of channel for receiving reports on unethical conduct and a well-defined disciplinary and compliant system to handle violation of the ethical corporate management rules.	The Bank' auditing function, Legal Affairs Dept., Human Resources Dept., can accept the reports and complaints of the breach of integrity. In addition, the Bank has instituted the "Banking Personnel Reward and Punishment Regulation" basing on which the misconduct of the banking personnel shall be punished.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE / GTSM-Listed Companies" article 20.
D. Reinforce Information Revelation 1.The condition of disclosure of information related to ethical corporate management best practice principles on the bank's website	None	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2013.
2.Other means of disclosures adopted by the Bank Other means of disclosures adopted by the Bank	None	The Bank has not set forth regulations in Ethical Corporate Management Best Practice-before Mar. 2013.
E. A Bank that has set forth its own Ethical Corporate Management Best Practice Principles in accordance to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", please describe any difference between real execution and principles that have been set forth: The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2013.		
F. Other material information helpful to the understanding of the bank's ethical corporate management best practice principles (for example, the bank's dissemination of its determination and policy to adhere to ethical corporate management best practice principles, the bank's invitation to its clients to such training, the revision of said principles codified by the bank, and so on.): None.		

3.3.8 Corporate governance guidelines and related bylaws: The Bank has not drafted corporate governance guidelines and related bylaws up to Mar. 2013.

3.3.9 Other material information useful to the understanding of corporate governance and its implementation: None.

Appendix: Training record of directors and supervisors in 2012

Period	Title	Name	Serves	Training Record		
				Class Name	Hours	Unit in Charge
Q1	Chairman	Hsian-Chung Tsai	None	Disquisition: Customer Relation Management	2	Bank of Kaohsiung
				The newly amended Securities and Exchange Act and the control and case study of insider transactions.	3	Chinese National Association of Industry and Commerce
	Managing Director	Ruey-Tsang Lee	Director, Finance Bureau KaohsiungCity Government	The newly amended Securities and Exchange Act and the control and case study of insider transactions.	3	Chinese National Association of Industry and Commerce
	Independent Director	Mei-Yueh Ho	Independent Director, Bank of Kaohsiung	The newly amended Company Act and the Important Notices to the Board of Directors and General Meeting of shareholders.	3	Chinese National Association of Industry and Commerce
	Independent Director	Tzen-Ping Su	Independent Director, Bank of Kaohsiung	corporate governance and risk manage	3	Taiwan Securities Association
	Director	Richard Lee	Partner Attorney, Yuan Chen Law Office	corporate governance and the risk response to the Fair Trade Act	3	Taiwan Securities Association
	Director	Wen-Ching Yang	Representative of Heng Fong Asset Management Co., Ltd.	The newly amended Company Act and the Important Notices to the Board of Directors and General Meeting of shareholders.	3	Chinese National Association of Industry and Commerce
				How to utilize corporate resources for the effective implementation of corporate governance	3	Chinese National Association of Industry and Commerce

Period	Title	Name	Serves	Training Record		
				Class Name	Hours	Unit in Charge
Q2	Chairman	Hsian-Chung Tsai	None	The newly amended Company Act and the Important Notices to the Board of Directors and General Meeting of shareholders.	3	Chinese National Association of Industry and Commerce
	Independent Director	Mei-Yueh Ho	Independent Director, Bank of Kaohsiung	Description and seminars of the functions of independent directors in listed companies	3	Taiwan Stock Exchang
	Independent Director	Tzen-Ping Su	Chairman, Advance Media Social Enterprise Co.	Description and seminars of the functions of independent directors in listed companies	3	Taiwan Stock Exchang
	Director	Richard Lee	Partner Attorney, Yuan Chen Law Office	Disputes and risks facing Taiwan companies in their investment in Mainland China	3	Taiwan Securities Association
				The practice and application of “forensic accounting” on business fraud.	3	Taiwan Securities Association
				The basic knowledge of the enterprises in “Personal Information Protection Act”	3	Taiwan Securities Association
Q3	Independent Director	Mei-Yueh Ho	Independent Director, Bank of Kaohsiung	Financial risk types and case analysis	3	Chinese National Association of Industry and Commerce
	Director	Richard Lee	Partner Attorney, Yuan Chen Law Office	The functions of independent directors and the practice of the Auditing Committee	3	TAIWAN CORPORATE GOVERNANCE ASSOCIATION
	Supervisor	Yu-Hui Su	Professor, Accounting Department of Soochow University	The new challenges to the Remuneration Committee and the trend of international remuneration governance	3	TAIWAN CORPORATE GOVERNANCE ASSOCIATION （oneself join）
Q4	Chairman	Toong-Min Chen	Chairman	“A Discussion on Internal Control System and The Legal Liability of the Internal Auditors from the Perspective of Corporate Governance”	6	Chinese National Association of Industry and Commerce
	Director	Wen-Ching Yang	Representative of Heng Fong Asset Management Co., Ltd.	Taipei Corporate Governance Forum of 8TH Term	3	Taiwan Stock Exchang
	Supervisor	Shan-Hui Chang	Head of EnWise CPAs & Co., Kaohsiung Location	Banking compliance officers’ training seminar session	6	Bank of Kaohsiung