

Item	Processing status
Self-assessments	<p>The legal compliance self-assessment of the first half of 2018 was completed on June 30, 2018; the self-assessment of the second half of the year was completed on December 31, 2018.</p>
Notification of the latest laws, regulations, and rulings	<ul style="list-style-type: none"> <li>■ In 2018, a total of 105 new laws, regulations, and rulings were submitted in Taiwan, and all relevant units were notified to amend the regulations and rules accordingly. Continuous follow-ups were conducted on the completion status of the amendments by the units.</li> <li>■ The Compliance office of foreign branches issued a total of 59 notices in the second half of 2018 regarding laws and regulations announced by the local competent authorities and cases of penalty in the financial industry. The total number of cases that required cooperation from foreign branches in revising/amending internal operational regulations was 19.</li> </ul>
Legal compliance on-site inspections	<ul style="list-style-type: none"> <li>■ The Bank complied with the 2018 legal compliance on-site inspection plan. A total of 32 business operation units, 2 commercial regional centers, 2 securities brokerage companies and 5 head office management units were selected and checked. After the inspections, the inspection results were made into a legal compliance on-site inspection report and submitted for approval by the Chief Compliance Officer.</li> </ul>

Item	Processing status
Education and training	<ul style="list-style-type: none"> <li>■ 6,125 and 5,938 employees participated in the legal compliance promotional courses in the first half and the second half of 2018, respectively.</li> <li>■ In the first and second half of 2018, a total of 8 training courses on legal compliance, AML, Know Your Customer (KYC) Policy, and Employee Code of Conduct were conducted for new employees of the Bank, with a total of 236 participants.</li> <li>■ Holding the AML/CFT training courses for the Board of Directors and executives.</li> </ul>
Penalties imposed by the competent authorities and their improvement status	<ul style="list-style-type: none"> <li>■ <b>Penalty:</b> An employee of the Bank’s DongGuan Branch received payment from the appraisal company, which was verified to be a failure in effective establishment or implementation of the internal control system, and was in violation of Paragraph 1, Article 45-1 of the Banking Act. A fine of NT\$3 million was imposed by the FSC on July 3, 2018.</li> <li>■ <b>Improvement status:</b> The Bank has issued a letter and re-stated therein that employees shall abide by the Bank’s <i>Ethical Corporate Management Best Practice Principles, Code of Ethics, Employee Code of Conduct</i>, etc., as to strengthen the implementation of legal compliance culture and the internal control mechanisms of the Bank.</li> </ul>