

# Results of the Self-Evaluation of the Performance of the Directors

## Entrust an external unit to handle board evaluation

24/10/2018, The Board of Directors of TBB passed a resolution to amend the “Board Performance Evaluation Measures Act”. The performance evaluation of the board should be evaluated by an external independent professional organization or an external team of experts at least once every three years. In August 2020, TBB entrusted Taiwan Corporate Governance Association to handle the performance evaluation of the board of directors (functional committee) in 2020 (1/9/2019-31/8/2020). The organization and its executive experts (Lin Huo Deng, Zheng Huangui, Song Yijing and Chen Yiting) are independent and have no business relationship with TBB. They evaluate 8 major aspects of the board of directors, such as the composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management, and others such as the board meetings, support systems, etc. through survey and on-site visits. The Association issued a performance evaluation report of the board of directors on 3/11/2020. TBB has submitted the evaluation report to the board on 16/12/2020. The relevant evaluation contents and measurements are as follows:

### 1. General evaluation report:

- (1) The board of directors of your company consists of fifteen directors, of which three are independent directors. The composition of the board of directors is through communication between the company and major shareholders, taking into account the balance between professionalism and gender. In particular, the selection of independent directors is based on the company’s professional needs for future development, recommends candidates to major shareholders, and obtains the support of major shareholders. It is extremely helpful for the company’s future development.
- (2) The formation of your company's business strategy is deliberated by the Strategic Development Committee with the chairman of the board as the head of the committee, and approved by the board of directors to reposition itself as a professional bank that provides credit for SMEs, and lay formulated objectives as one youth, two old, three innovations. The board of directors has a leading position in approving the company's business strategy.
- (3) The three independent directors of your company are very dedicated to their work. At the beginning of their appointment, they put forward different suggestions on areas that need to be strengthened in the company's future development, such as organizational linkage, digital transformation, and medium- and long-term strategies. The audit committee composed by the independent directors emphasizes compliance with laws and regulations, risk control, auditing, and information security, with clear positioning. In sum,

independent directors give full play to the company's corporate governance and business strategies.

- (4) With the starting point of serving SMEs, the board of directors of your company implements the strategic objectives of "one youth, two old, three innovations", and develops services such as urban redevelopment finance, senior citizen finance, intangible asset-added mezzanine financing loans, and micro-entrepreneurship Phoenix loans. The related risk control system cooperates with "Small and Medium Enterprise Credit Guarantee Fund of Taiwan(Taiwan SMEG)" and "Industrial Technology Research Institute(ITRI)". Cases shall be guaranteed by Taiwan SMEG, With the cooperation of ITRI, similar business, and according to individual cases, experts and scholars may be invited to evaluate. Thus, implement risk identification and risk control, and the overall risk management mechanism is complete.
- (5) The selection of senior managers of your company has established a nomination mechanism, which requires basic vertical system leadership and control capabilities, and pays more attention to cross-departmental coordination and departmental rotation; the selection of senior managers will initially be evaluated by nominees, and then The seven-person group has an open interview, and finally decides the candidate based on the results of the mutual evaluation and the interview situation, and submits it to the board of directors for review and approval, and implements a transparent promotion system. The board of directors has established and implemented a mechanism for cultivating senior managers.

## 2. Recommendations of the evaluation report and future improvement plans

- (1) It is recommended to refer to the "Corporate Governance 3.0-Sustainable Development Blueprint" issued by the FSC, and increase the number of independent directors to more than one-third according to the needs of the company's phased development strategy to further enhance the independence of the board of directors.

Improvement results: The Bank has elected 5 independent directors for the 16th session on July 20, 2021. (the qualifications of independent directors also have the professional qualifications of the person in charge of the bank), and they meet the requirements of "the person in charge of the bank should meet the qualifications and part-time restrictions and should Article 9 of the "Bank personnel qualifications, job restrictions and operation guidelines " shall have a requirement on the number of directors of natural persons.

- (2) The company has processed the performance evaluation of the board of directors and functional committees in accordance with the performance evaluation regulations, and the evaluation results all met the standards compliant. In order to implement the responsibility of the board of directors, it is recommended that your company formulate refined plans

for projects that remain room for improvements, and submit the evaluation results to the board for discussion.

Improvement results: The indicators with low self-rating scores have been reviewed, and an improvement plan has been formulated and submitted to the board of directors for discussion with the evaluation results.

## 2022 board performance self-evaluation(Submitted for approval at the 14th meeting of the 16th board of directors on February 22, 2023)

In order to implement corporate governance and improve the effectiveness of the board of directors, the board of directors should conduct an internal performance evaluation after the end of each year in accordance with Taiwan Business's "Measures for the Evaluation of Board of Directors' Performance". The results of the performance evaluation should be completed before the end of the first quarter and reported to the board of directors by the board secretariat. The evaluation scope includes the overall operation of the board of directors (including functional committees) and the performance evaluation of individual directors. Information on the evaluation cycle and period, evaluation scope, method, and evaluation content for the Board's evaluation:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once every year	January 1, 2022 to December 31, 2022	Board of Directors and its members. Functional Committees and its members	Self-evaluation of the Board of Directors and Functional Committees	<ul style="list-style-type: none"> <li>• The evaluation items of the Board performance include the five aspects below:               <ol style="list-style-type: none"> <li>1. Involvement in the Bank's operations.</li> <li>2. Improvement to the decision-making quality of the Board of Directors.</li> <li>3. Composition and structure of the Board of Directors.</li> <li>4. Election and continuing education of directors.</li> <li>5. Internal control.</li> </ol> </li> <li>• The evaluation items of the directors' performance include the six aspects below:               <ol style="list-style-type: none"> <li>1. Understanding of the Bank's goals and tasks.</li> <li>2. Awareness of directors' responsibilities.</li> <li>3. Involvement in the Bank's operations.</li> <li>4. Internal relationship management and communication.</li> <li>5. Directors' professionalism and continuing education.</li> <li>6. Internal control.</li> </ol> </li> <li>• The evaluation items of the functional committees' performance include the five aspects below:               <ol style="list-style-type: none"> <li>1. Involvement in the Bank's operations.</li> <li>2. Awareness of functional committee' s responsibilities.</li> <li>3. Improvement to functional committee' s decision-making quality.</li> <li>4. Composition of functional committee and selection of members.</li> <li>5. Internal control.</li> </ol> </li> </ul>

The Bank conducted the internal performance evaluation of the Board of Directors, individual directors and functional committees (including the Audit Committee, Remuneration Committee, Sustainable Development Committee and Digital Transformation Committees) in 2022, and the evaluation result was listed as "excellent". The report has been made on the 14th Board meeting of the 16th Board on February 22, 2023. In addition, the 2022 evaluation result of the performance of the Board of Directors has been disclosed on the Bank's website. (<https://ir.tbb.com.tw/corp/board-of-directors/diversity-of-directors-members>)