

Announcement of penalty imposed by the FSC on Taishin Bank

1. **Date of occurrence:** 8th May, 2025

2. **Violation:**

Administrative sanctions for abnormal address of Taishin Bank's collection letter and misplacement of credit card bill information

3. **Emergency Response:**

■ **Collection Letter Issue**

- ◆ The collections system's batch errors were fixed on August 29,2024.
- ◆ On July 26,2024, IT revised the "System Development and Maintenance Management Essentials" This revision clarifies the scope of application for new system developments and modifications, including but not limited to adjustments to system and business parameters. All such changes must now follow the complete development and deployment process as stipulated. Even if only parameter adjustments are involved, a full round of testing must still be conducted. Furthermore, a testing assurance report for downstream operational process functionalities must be retained to ensure the quality of system development.

■ **Credit Card Statement Issue**

- ◆ On November 26, 2024, the customer service center was pre-informed of the subsequent handling procedures for the billing errors to ensure prompt responses to customers. On the same day, corrected statements were reprinted, and after verifying their accuracy on November 27, 2024, the outsourced vendor was instructed to dispatch them via express delivery to the 358 affected customers.
- ◆ On November 27, 2024, SMS notifications were sent to affected customers explaining the billing errors. It has been confirmed that 351 customers received the SMS successfully, while seven customers without registered mobile numbers were contacted by landline, and they acknowledged the notification with no further feedback or complaints. (The original payment due date was December 5, 2024.) As of November 28, 2024, 19 customer inquiries were received and appropriately addressed.

4. Prevention Measures :

In Jul 2025, this case will be reported to the Board by Compliance, detailing the violation, causes, impacts, and improvements. After being reported to the board, the corrective actions will be reviewed by the independent auditor, Deloitte.

■ Collection Letter Issue

◆ Processes/mechanisms

- Auto Address Check: Add auto cross-check with core system to avoid errors.
- Wider Sampling: Cover all types of collections letters.
- Return Monitoring: Set up system to track returned mail and address accuracy.

◆ Policies

To enhance accuracy and control, the following actions were taken:

- New Spot Check Guidelines: Operational guidelines were established to define items, procedures, review steps, and recordkeeping for spot checks on collection letters, ensuring delivery accuracy.
- Added Self-Inspection Items: New checkpoints were introduced to monitor the effectiveness of controls at each stage of the letter dispatch process.

◆ Training

- Self-inspection and supervisor review results will inform IT personnel performance standards. Starting this year, compliance test scores are included in 2025 IT staff evaluations.
- Based on the severity of issues in implementing pre-event, in-event, and post-event measures, relevant staff will undergo up to three months of internship training in the Audit Department to improve review capabilities.
- Involved personnel must complete at least three hours of training, either at a penalty case workshop by an FSC-recognized institution or a professional course related to the penalized business.

◆ Others

- On Dec 11, 2024, employee A, responsible for data processing, and their unit supervisor B received a warning and a reprimand, respectively, from the Taishin Bank Staff Performance Appraisal Committee for violating the employee code of conduct.

■ Credit Card Statement Issue

◆ Processes/mechanisms

- Taishin bank : Data Privacy: Mask names in statements; remove from interbank forms.
- Vendor Oversight: Including all vendor
 - ✓ Pre-event: Run joint drills.

- ✓ During: Enhance vendor training.
- ✓ Post-event: Raise audit frequency (monthly Dec–May, then bimonthly) and increase audit objectives.
- Vendor Fixes:
 - ✓ Clocks installed for quality inspection records (Nov 29, 2024)
 - ✓ Printer issue resolved; sensor added (Dec 2, 2024).
 - ✓ Fault reporting launched (Jan 24, 2025); dual staff review QC forms.
- ◆ Policies

On Nov 27, 2024, Systex (outsourced vendor) enhanced processing controls. Printing inspections are now required at startup, after abnormal shutdowns, each check must cover at least 400 items from batches before and after. If other anomalies are detected, checks continue until normalization, with a second staff conducting additional random inspections.
- ◆ Training
 - The printer operator completed full-process training and passed the assessment on December 6, 2024.
- ◆ Others
 - On May 23, 2025, a punitive fine of NT\$3 million was imposed on the vendor. Additionally, any fines imposed by the regulatory authority will be claimed from the vendor in accordance with the contract.