

CORPORATE RESPONSIBILITY REPORT | 2014



CTBC HOLDING
中國信託金控



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ABOUT CTBC

Founded on May 17, 2002, CTBC Financial Holding Co., Ltd. has evolved to become the leading brand of financial services in Taiwan. Today, CTBC Holding has made corporate social responsibility (CSR) a part of its business strategies and committed significant resources into six main areas, namely "corporate governance, customer relations, employee care & career development, environmental protection, and community involvement." It has been preparing CSR reports since 2007 and using it as a means of assessing how CTBC Life has fulfilled their social responsibilities.

In 2010, CTBC Holding became the first financial institution in Taiwan to be certified by British Standards Institution (BSI), a third-party organization, and has received BSI's certificate for five consecutive years since then. Building on top of this success, CTBC Holding has begun preparing CSR reports using Global Reporting Initiative's (GRI) G4 standards since 2013 to give the public and stakeholders a better understanding of the company's philosophy, while in the meantime ensuring that disclosures conform more to stakeholders' expectations.

CTBC Financial Holding Co., Ltd. (CTBC Holding)

CTBC Holding is headquartered in Taipei City, Taiwan and employs almost 14,000 people worldwide with business involvement which spans nine major areas, including banking, life insurance, venture capital, asset management, investment trust, security, and lottery.

CTBC Holding's main subsidiary - CTBC Bank currently has 147 branches in Taiwan and 100 branches overseas that

spread across USA, Canada, Japan, India, Indonesia, The Philippines, Thailand, Vietnam, Hong Kong, Singapore and China, making it the most globalized financial institution in Taiwan.

In the future, CTBC Holding shall continue to commit to its brand value - "We are family," its corporate mission to "create and protect values," and its characters as a "caring, professional and trustworthy" service provider to bring greater varieties into customers' financial solutions, and therefore establish itself as the leading brand in Asia and the best financial institution in Taiwan and among the world's Chinese-speaking countries.

CTBC Bank Ltd. (CTBC Bank)

CTBC Bank was formerly known as China Securities Investment Co., Ltd., which was founded in 1966. In 2014, CTBC Bank completed a 100% settlement of equity that made it the sole owner of Tokyo Star Bank; this acquisition added 100 branches to its overseas presence, which placed it ahead of peer banks in Taiwan. CTBC Bank's business activities include deposit, loans, guarantees, foreign currency, offshore banking unit (OBU), trust, credit card, cash card, securities, bonds, proprietary futures trading, derivatives, factoring, safety deposit boxes, electronic banking, and commission agent for the public welfare lottery.

CTBC Life Insurance Co., Ltd. (CTBC Life)

CTBC Holding began insurance services in 2012, and currently provides personal as well as group insurance coverage (excluding trust services). Using channels such as sales force, telemarketing, banks and insurance agents, CTBC Life provides the public with personal financial coverage and risk planning, and aims to become Taiwan's top five life insurance companies.

CTBC Securities Co., Ltd. (CTBC Securities)

CTBC Securities was formerly known as Pou Chen Securities, which was founded in 1989. In addition to the head office, the company also has branches in local areas such as Zhongxiao, Kaohsiung, Sanchung, Yongkang, Wenxin, Hsinchu, Taoyuan, Songjiang, Chiayi, and Shuanghe to serve customers in the trading of securities listed on TSEC/GTSM/Emerging Stock Market and futures. After obtaining license as an OBU, the company has also begun offering cross-border financial services that complemented its existing securities services.

CTBC Insurance Broker Co., Ltd. (CTBC Insurance Brokers)

CTBC Insurance Brokers joined CTBC Holding in 2002, offering property insurance and personal insurance products. Its property insurance product line includes mandatory/optional motorcycle and auto insurance, residential fire insurance, engineering insurance, fidelity guarantee insurance etc; whereas its personal insurance product line includes life

The followings are guidelines of GRI G4

G4-7: Report the nature of ownership and legal form.

G4-6: Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.

G4-4: Report the primary brands, products, and services.

G4-13: Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including:

- Changes in the location of, or changes in, operations, including facility openings, closings, and expansions.
- Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).
- Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.

The followings are guidelines of GRI G4

G4-8: Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).

insurance, health insurance, savings policies, and investment-linked policies. Through risk management practices and the use of an insurance product platform, the company aims to provide customers with new insurance knowledge and consultancy services.

CTBC Venture Capital Co.,Ltd. (CTBC VC)

Founded in 2003, CTBC VC is CTBC Holding's first venture capital company. CTBC VC invests mainly in businesses such as information, communication, biotech, healthcare, culture, creativity, alternative energy, and conventional industries of sound potentials. CTBC VC employs a team of experts that combines resources throughout the financial group to become the best business partner for entrepreneurs.

CTBC Asset Management Co.,Ltd. (CTBC AMC)

Founded in 2003, CTBC Asset's business activities involve purchasing and managing bank debts, leasing and investments. In light of the increasingly competitive environment, CTBC Asset will be shifting its investment focus towards the leasing business, and for which it has created an investment company in Hong Kong in April 2012 specifically to invest into China.

CTBC Investments Co., Ltd. (CTBC Investments)

CTBC Investments was formerly known as Fuding SITC, and has become a subsidiary of CTBC Holding since 2013. The company's main services include securities investment trust, discretionary investment, and other business activities approved by the authority.

CTBC Security Co., Ltd. (CTBC Security)

CTBC Security became a subsidiary of CTBC Holding in 2005. Its business activities mainly involve protecting customers' property, equipment, and employees. Its services include the design and consultancy for fire safety systems, disaster prevention systems, and stationary security. The company primarily serves financial institutions.

Taiwan Lottery Co., Ltd. (Taiwan Lottery)

Founded in 2006, Taiwan Lottery is mainly involved in the issuance, sale, marketing, redemption and management of lottery for CTBC Bank. CTBC Bank has obtained rights to the 4th lottery issue, which is valid from January 1, 2014 until December 31, 2023. The Taiwan Lottery generates approximately \$20 billion in additional revenue for the government each year and provides \$2.7 billion of funds each year which the government may spend on social welfare programs. Over its lifespan, the Taiwan Lottery has generated the largest cumulative amount of charitable contributions in the world.



CTBC Overseas Service Outlets

Domestic branches : 147
Overseas branches : 100

The followings are guidelines of GRI G4

G4-3: Report the name of the organization.

G4-5: Report the location of the organization's headquarters.

G4-9: Scale of the reporting organization.

Company Profile

Company Name	CTBC Financial Holding Co., Ltd.
Date Of Establishment	May 17, 2002
Headquarters	No. 168, Jingmao 2nd Road, Nangang District, Taipei City
Total Capital	NT\$152,572,820,000
Total Assets	NT\$3,654,680,060,000
Employee Size	13,928
Industry	Finance & Insurance
Stock Code	2891

CTBC Holding Corporate Social Responsibility Policy

- Corporate governance: Maintain integrity and uphold the trust of our stakeholders
- Customer relations: Create and protect customers' assets through leading professional services
- Employee Care & Career Development: Develop a fair and learning-based work environment that cater for employees' mental and physical development
- Environmental protection: Ensure sustainability and protection of the environment, including the adoption of energy-saving measures
- Community Involvement: Care for and give back to the society; contribute to the creation of a harmonic world

G4-FS1: Policies with specific environmental and social components applied to business lines.

G4-56: Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.

LETTER TO STAKEHOLDERS

Howard R. Bowen created the concept of corporate social responsibilities and opened the door to related debates when he published his book, *Social Responsibilities of the Businessman*, in 1953. Bowen, often regarded as the father of CSR, once said: "The obligation of the business world is to pursue all activities that conform with social values and satisfy the society as a whole." His insightful words clearly pointed out a corporation's responsibilities in addition to generating profits.

A number of significant events occurred in Taiwan in the last year, including a plane crash, a deadly gas explosion in Kaohsiung, environmental pollution incidents, and food safety scandals. The scandal involving edible oil outraged consumers, resulting in a series of boycotts that not only devastated those who violated the law, but also compromised the survival and reputation of those companies and individuals who had no involvement in the scandal whatsoever. Companies that choose profits over social responsibility can never be sustainable over the long term, and would easily crumble in the face of a crisis. However, if companies were able to use their influences to change society and affect other businesses in the process, we may avoid crises entirely and be able to enjoy growing performance over the long term.

To CTBC, the events that happened in 2014 came both as a warning and an opportunity. The crises gave us clarity as to how important corporate social responsibilities are, and have affirmed our resolve towards fulfilling them. The larger the financial group grows, the heavier the burden it bears; and apart from pursuing excellence in business performance, customer service, and shareholders' returns, the company has also made it part of its duty and the conviction to create a better society.

CTBC officially relocated its headquarter from Xinyi District to the "CTBC Financial Park" situated in Nangang. We have

carried forward our brand value "We are family" to make the financial park the "home base" for our "existence," "growth," "achievements," and "future." The new building embodies CTBC's CSR philosophy, and houses employees and customers in one family through which they may extend their positive influences throughout society, the nation, and places overseas.

For many years, CTBC has always been at the forefront of corporate social responsibilities. We involve ourselves in charity, arts, culture, sports, and environmental protection and deliver our efforts through means such as Light Up A Life, Poverty Alleviation Program, volunteers, and Taiwan Lottery to care for the socially disadvantaged. By sponsoring professional baseball team - Brother Elephants and professional golfers, CTBC has contributed to the development of sports talents. By sponsoring arts and cultural activities, we helped open the people's eyes to world-class performances. In the beginning of 2015, CTBC Financial Park was certified by the Ministry of the Interior as a diamond-grade green building, which makes it the largest diamond-grade green building (in terms of foundation area) occupied by a financial institution to date, apart from being an exemplary energy-efficient office building.

Taiwan's banking sector in 2014 was made more open as a greater number of foreign banks and private equity funds were granted entry to compete in the market. Although these foreign counterparts had brought in more product varieties to the benefit of customers, they nevertheless pose challenges to local banks. This is why CTBC Holding has always been cautious about corporate governance, and this cautiousness has enabled CTBC Holding to deliver record-high profits totaling NT\$39,443,580,000 in 2014. Meanwhile, CTBC Holding received 122 awards in 2014, setting record for the highest number of awards received in history and among peers, and marking the 3rd consecutive year of winning more than 100 awards. This achievement had much to do with the growth of the nation's economy, as well as the trust and support of the society and our customers.

In addition to the above, CTBC Holding had also been expanding the scope and variety of its services in 2014, and globalizing for the purpose of improving the company's profit performance. We have signed Memorandum of Understanding (MOU) with 26 local banks in Japan to further complete our financial service network. In response to the FSC's "Asian Policies," CTBC had made a successful acquisition of Tokyo Star Bank (Japan). This acquisition represents great significance not only because it was the first time that a local bank has acquired a Japanese bank, but signifies the commitments that CTBC Bank has made to expand overseas into Northeast and Southeast Asia, and its goals of becoming an Asian regional bank.

It has been 8 years since CTBC Holding published its first CSR report in 2007. Over the last 8 years, we have been communicating our CSR philosophy with the public and sharing our accomplishments made over the past year. In doing so, we have had a valuable opportunity to review our progress and perfect our practices, allowing us to become a better corporate citizen and working for the betterment of society. In the future, CTBC Holding will aim to establish a presence wherever home is, and embrace and overcome challenges whenever they arise.



Wen Long Yen
Chairman



CSR IMPLEMENT

CTBC has assembled a CSR unit and a CSR Taskforce Committee as part of its organization. Goals are set and resources are committed each year to maximize the outcome of its efforts. Meanwhile, CTBC recognizes the importance of stakeholder relationships. For the sustainability of this organization, we hope to create transparent and effective means of communication thus we assembled a CSR Taskforce Committee based on the AA1000 accountability principles that specializes in identifying stakeholders and the 10 material issues of concern, including customer privacy, corporate governance, and operating performance, which will be elaborated on later in this report.

- CTBC assembled a CSR unit from 2011 to carry out CSR.
- CTBC's CSR issues and policies are raised and discussed by the CSR Committee during quarterly meetings, and are reviewed by the Chief Secretary before escalating to CTBC Holding's Executive Committee and to the board of directors.
- CTBC has implemented the "Supplier CSR Advocacy Policy" from 2012 that required suppliers to first sign a commitment 100% of our suppliers signed in 2014.

CTBC's CSR Progress

- 2011** • A CSR unit was assembled with personnel assigned exclusively for the making and execution of CSR plans.

- 2012** • A "CSR Taskforce Committee" consisting of representatives from various departments within the group was assembled for the purpose of devising and executing CSR policies.

 - "CTBC Holding Corporate Social Responsibility Code of Conduct" was passed by the board of directors to outline clear CSR practices for all members of the financial holding group.
 - "CTBC Holding Credit Risk Management Policy" was revised with additional clauses that supported lending to green energy and environmental protection industries in order to simultaneously expand business and realize CTBC's CSR Philosophy.

- 2013** • Subsidiaries have been involved as part of the "CSR Taskforce Committee" to ensure that CTBC's CSR philosophy is implemented throughout the group. Meanwhile, CTBC's CSR policies are constantly refined to keep up with the world's standards.

- 2014** • Expertise from outside the organization was invited to share on topics such as "corporate governance," "world's CSR trends" etc. In the meantime, CSR practices have been revised to conform to DJSI and CDP.

Framework of CTBC's "CSR Taskforce Committee"

To ensure proper implementation of CTBC's CSR practices, a "CSR Taskforce Committee" (CSR Committee) has been convened by the Chief Secretary and organized by the General Administration Department of CTBC Holding. The committee consists of representatives from human resources, corporate governance, legal affairs, audit, general affairs, risk management, personal banking, institutional banking, and 9 of the group's subsidiaries.

These representatives meet up regularly to identify stakeholders that they may come into contact with over the course of business, and to discuss and allocate resources into a number of CSR aspects such as corporate governance, employee care & career development, customer care, community involvement, and environmental protection. The committee exists to ensure more effective execution of CSR practices throughout the organization.

CTBC has assembled a "Corporate Responsibilities Team" under the General Administration Department to plan and execute CSR tasks. The team comprises of 5 full-time staff and 49 part-time staff (17 of whom have been assigned to

The followings are guidelines of GRI G4

G4-42: Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.

G4-44:
a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.
b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.

G4-48: Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.

G4-49: Report the process for communicating critical concerns to the highest governance body.

G4-50: Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.

The followings are guidelines of GRI G4

- G4-45:**
 a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.
 b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.

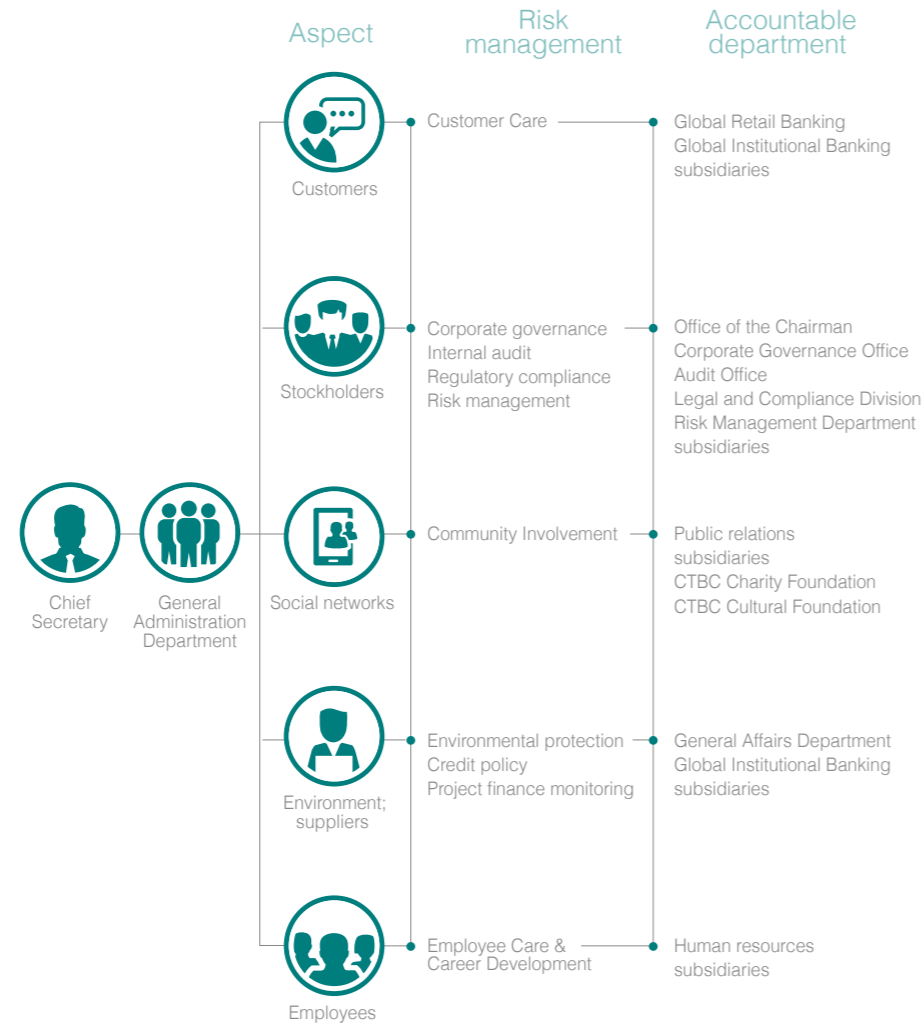
G4-FS4: Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.

G4-FS5: Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.

G4-FS10: Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.

G4-12: Describe the organization's supply chain.

CTBC CSR Taskforce Committee



handle corporate governance, 4 to employee care & career development, 7 to customer care, 5 to community involvement, 4 to environmental protection, and 12 to subsidiary affairs); it reports to the Chief Secretary of CTBC Holding, while material issues are escalated to the board of directors for discussion. By directly engaging senior management in CSR activities, we have been able to align employees' interests with CTBC's core values of sustainability and being a responsible corporate citizen.

CTBC's CSR issues and policies are raised and discussed by the CSR Committee during quarterly meetings, and are reviewed by the Chief Secretary before escalating to CTBC Holding's Executive Committee and to the board of directors. The final amendments and decisions are made by the board of directors before implementing.

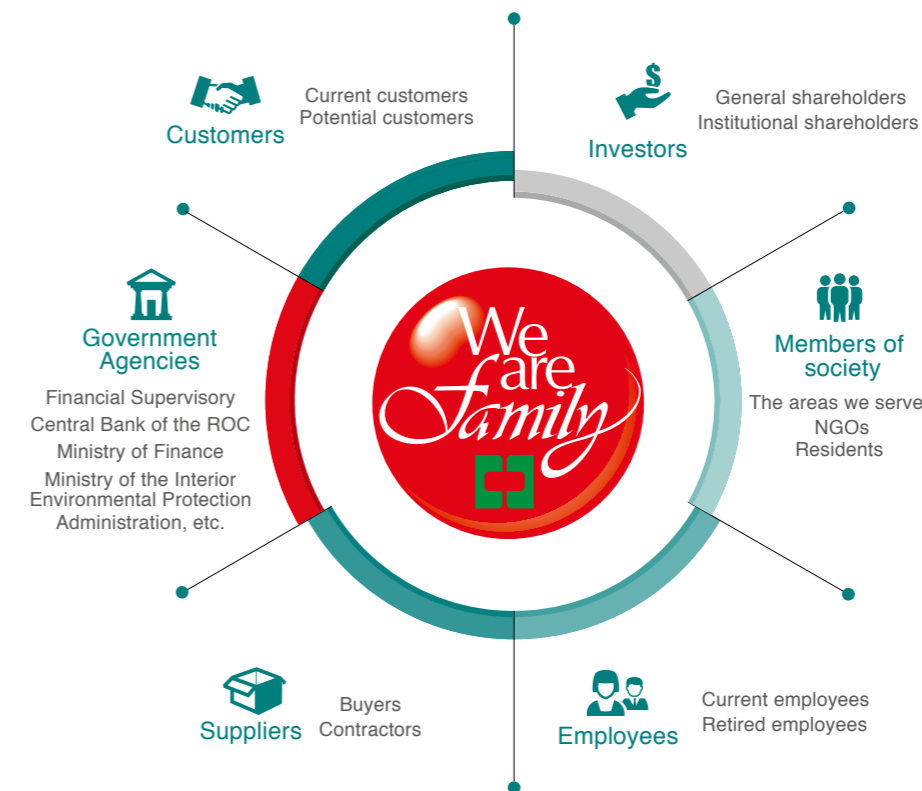
Since the implementation of "CTBC Holding Corporate Social Responsibility Code of Conduct," the company has been practicing CSR based on the above guidelines and

disseminating relevant information through the CSR Committee. A total of 4 meetings were held in 2014, during which several CSR units including CTBC Cultural Foundation and CTBC Charity Foundation were involved in the following actions:

- Devising CSR plans and policies for the year.
- Organizing projects and campaigns relating to stakeholder communication and assessing issues of concern.
- Evaluating and following up on the effectiveness of each project.
- Participating in CSR award assessments and external reviews such as DJSI and CDP.
- Sharing CSR practices adopted by foreign financial institutions.

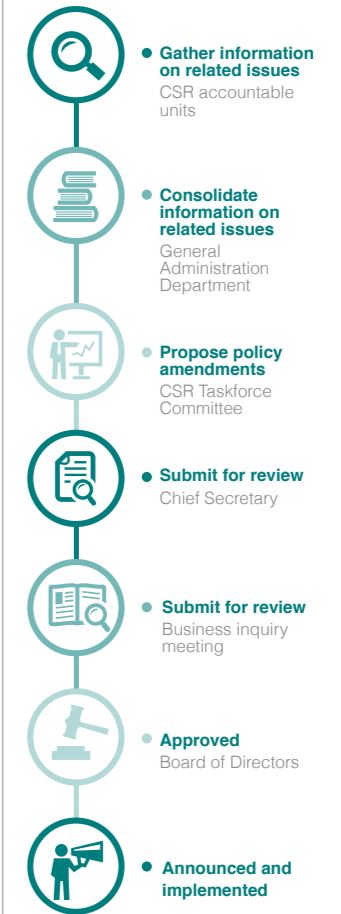
Stakeholders and material issues

According to a joint report published by GRI and RobecoSAM in 2015, titled "Defining Materiality: What Matters to Reporters and Investors," there are many similarities in what reporters and investors view as material issues. The materiality of concerned issues is determined internally by the CSR Committee as it gathers information relevant to stakeholders, and externally via questionnaires set up on CTBC's website since 2012. The questionnaires help us learn more about stakeholders' needs and expectations, which departments and subsidiaries may first evaluate and have senior managers consolidate the priority of issues discussed into a "Materiality Matrix." The matrix has identified 10 most significant issues of concern, namely: customer privacy, operating performance,



The followings are guidelines of GRI G4

CSR Taskforce Committee Operation Mechanism



G4-19: List all the material Aspects identified in the process for defining report content.

G4-24: Provide a list of stakeholder groups engaged by the organization.

G4-25: Report the basis for identification and selection of stakeholders with whom to engage.

G4-35: Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.

G4-36: Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.

The followings are guidelines of GRI G4

G4-DMA:

- a. Report why the Aspect is material. Report the impacts that make this Aspect material.
- b. Report how the organization manages the material Aspect or its impacts.
- c. Report the evaluation of the management approach, including:
 - The mechanisms for evaluating the effectiveness of the management approach.
 - The results of the evaluation of the management approach.
 - Any related adjustments to the management approach.

G4-26: Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.

G4-27: Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.

G4-20: For each material Aspect, report the Aspect Boundary within the organization, as follows:

- Report whether the Aspect is material within the organization.
- If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or The list of entities or groups of entities included in G4-17 for which the Aspects is material.
- Report any specific limitation regarding the Aspect Boundary within the organization.

Stakeholders and material issues

Stakeholders	Main responsibilities	Communication methods and channels	Concerned issues
Investors	Information disclosure and transparency	<ol style="list-style-type: none"> Website announcements. "Investor Relations," on website to provide contact of spokesperson, acting spokesperson, institutional investor relations, share administration, and contact forms. Annual general meetings. Monthly business performance announcements. Quarterly investor seminars. 	Operating performance Risk management Corporate governance Legal compliance Directors' independence and professionalism Information Disclosure Shareholders' equity
Employees	Human rights, fair treatment, and employees' health	<ol style="list-style-type: none"> Employee conferences are held on a quarterly basis to convey the company's business policies, business performance, missions and visions. A "Manager's Column" has been created in the e-newsletter, where senior managers are able to share with employees on the company's business strategies, management philosophies, work environment, and communication. Employees' opinion and grievance mailboxes. Employee health seminar. "Employee Satisfaction Survey" and "Organizational Climate Survey," conducted anonymously at irregular intervals. 	Employee welfare Training & development Performance evaluation Work environment Human rights and equality Communication channels
Customers	Offering of fine products and services Raising customers' satisfaction	<ol style="list-style-type: none"> Implementation of a "Voice Of Customer" (VOC) platform that gathers customers opinions through branches, business units, and customer service centers. 24-hour toll-free customer service hotline, Web Call, and mailbox. Monthly e-newsletters. Customer satisfaction surveys, conducted quarterly or yearly depending on the types of services involved. Regular financial seminars and health conferences. Internet and mobile banking. 	Product risks Service quality Debt negotiation Customer privacy Grievance channels Credit monitoring
Community Members	Respect to local cultures Participation in local charity events	<ol style="list-style-type: none"> Participation in public conferences. Hosting of press conferences. Sponsorship to arts, culture, sports, academic and environmental protection activities. Hosting of charity events. 	Community care Public donations Promotion of the Arts Green Building
Government Agencies	Compliance and taxes Consultation for policy-making Regulatory promotions	<ol style="list-style-type: none"> CTBC assists the authority in supervision and audit by providing relevant information. CTBC supports the authority's policies and participates in relevant meetings, and offers suggestions and promotes financial knowledge at times deemed appropriate. 	Energy conservation & carbon reduction Greenhouse gas survey
Suppliers	Fair purchase	<ol style="list-style-type: none"> Hosting of business seminars and pricing conferences to promote awareness on CSR and employees' health and safety. Random on-site audits on employee health and safety. 	Green procurement

The followings are guidelines of GRI G4

G4-21: For each material Aspect, report the Aspect Boundary outside the organization, as follows:

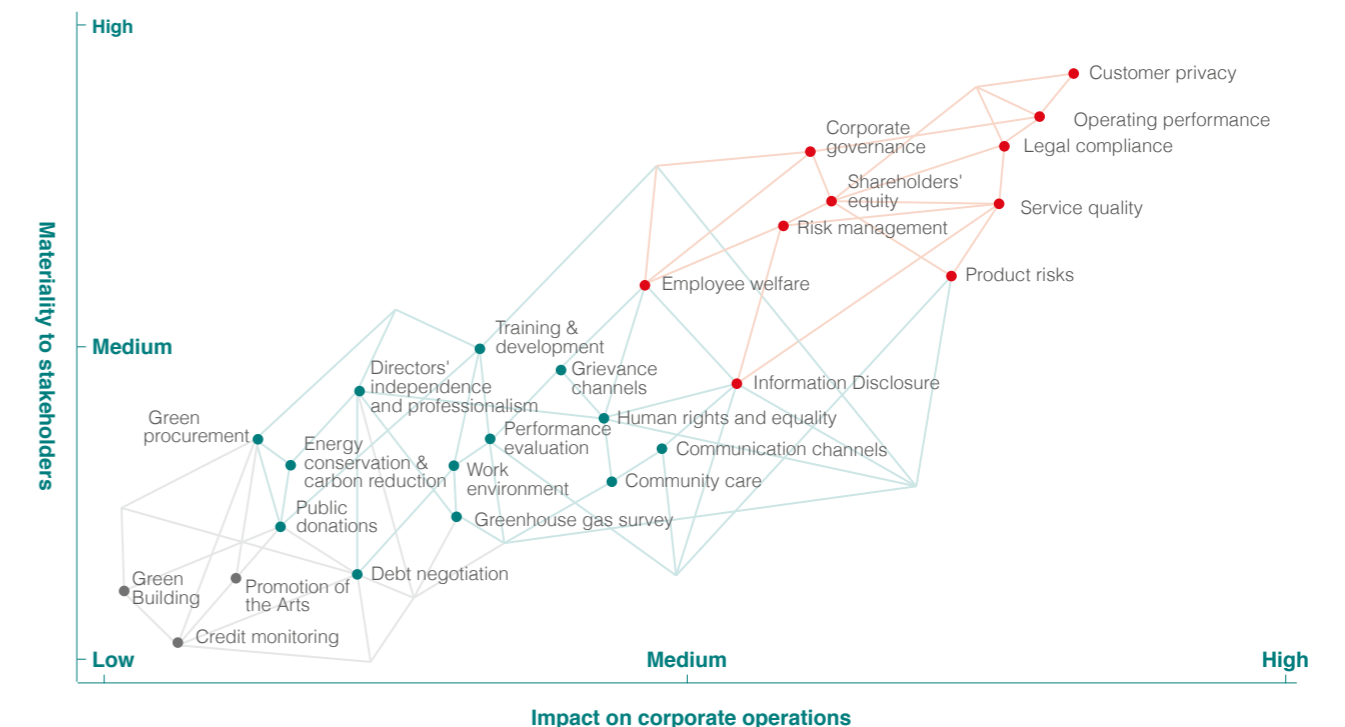
- Report whether the Aspect is material outside of the organization.
- If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified.
- Report any specific limitation regarding the Aspect Boundary outside the organization.

regulatory compliance, service quality, product risks, shareholders' equity, corporate governance, risk management, information disclosure, and employee welfare. Effects of these issues are explained in the following chapters.

CTBC's stakeholders are identified according to AA1000 Stakeholder Engagement Standard and confirmed by the CSR Committee; the 6 stakeholder groups below have been identified: investors, employees, customers, community members, government agencies, and suppliers. In addition to listing out communication channels and issues of concern for each stakeholder group, they have also been included as part of CTBC's daily CSR activities and annual plans.

Furthermore, CTBC has implemented a "Supplier CSR Advocacy Policy" since 2012 that required suppliers to sign a commitment to business Ethics, employee rights and assistance, environmental protection and other issues before executing any single transaction that amounts to NT\$1 million or above. CTBC currently has relationships with 336 suppliers. 38 new suppliers were added in 2014; 88.6% of which were from northern Taiwan, while 8.2% were from central and southern parts and 3.2% were from overseas. These suppliers have been classified into 9 categories, namely: "security/ insurance," "office equipment," "information," "advertising & media," "printing," "gifts/travel," "property maintenance," "construction," and "others." 100% of suppliers had signed their commitments in 2014, whereas CSR issues had also been included as part of CTBC's supplier policy.

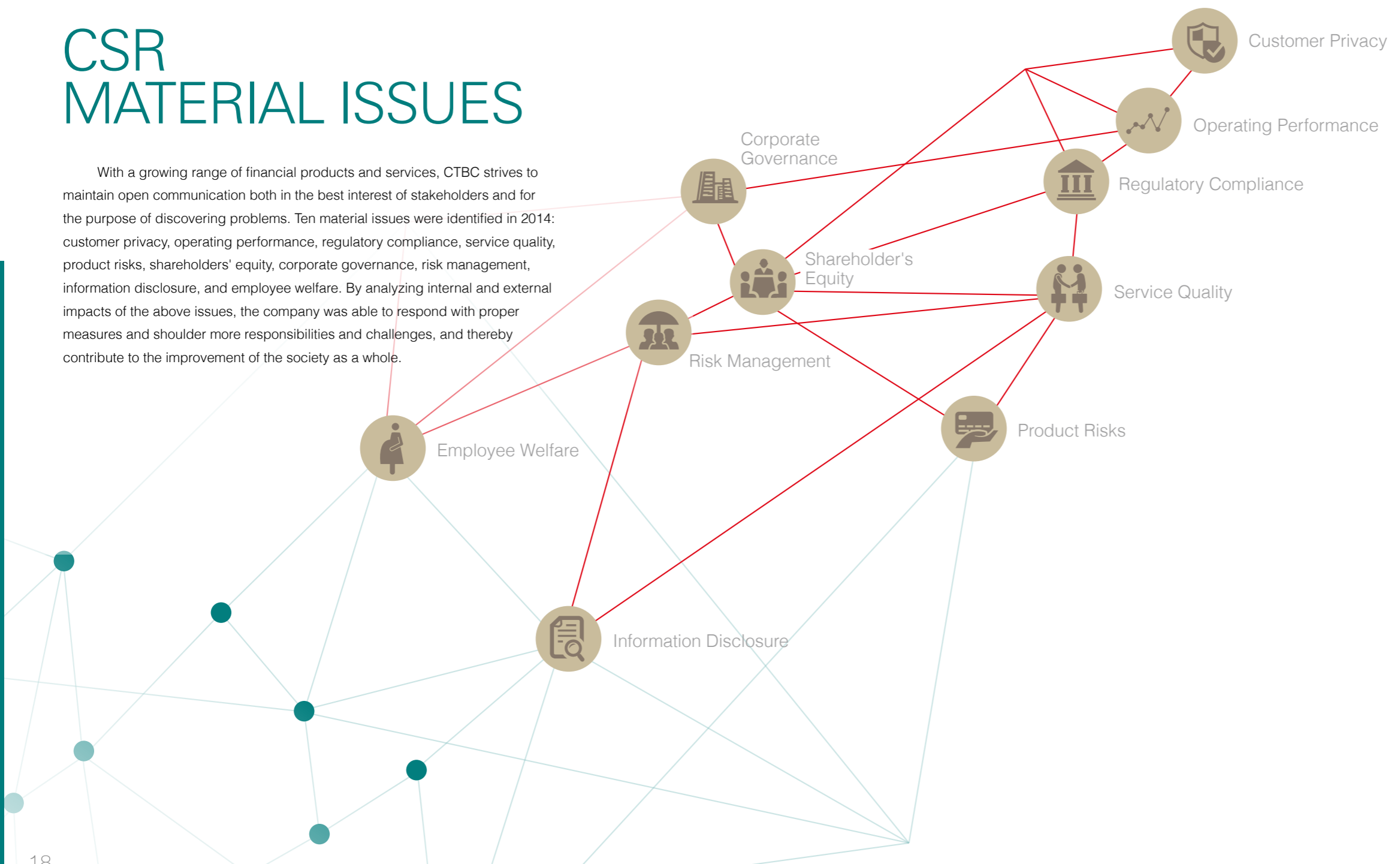
Materiality Matrix



For nearly 50 years, CTBC has prided itself on being a good corporate citizen. We aim not only to ensure the sustainability of our business, but also to become an evolving entity that grows in line with the trends. Going forward, we shall continue to commit to our brand spirit of "care, professional and trust," and operate in a way that is friendly to the environment, the society and the overall economy to ensure the transparency, harmony and continuity of our business. We shall introduce a broader range of financial services that protect and create wealth for the customers and in the meantime fulfill our social responsibilities.

CSR MATERIAL ISSUES

With a growing range of financial products and services, CTBC strives to maintain open communication both in the best interest of stakeholders and for the purpose of discovering problems. Ten material issues were identified in 2014: customer privacy, operating performance, regulatory compliance, service quality, product risks, shareholders' equity, corporate governance, risk management, information disclosure, and employee welfare. By analyzing internal and external impacts of the above issues, the company was able to respond with proper measures and shoulder more responsibilities and challenges, and thereby contribute to the improvement of the society as a whole.



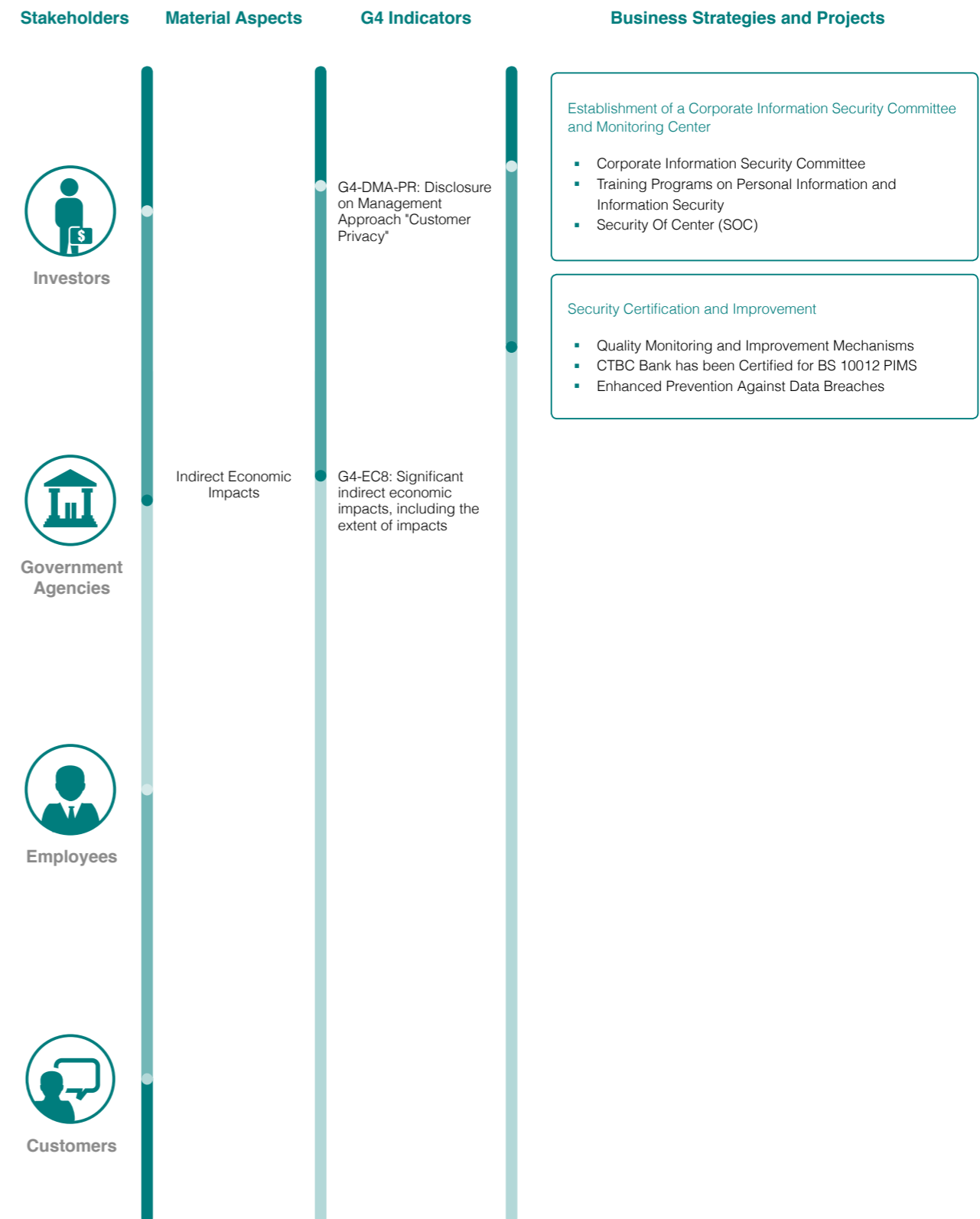
 Customer Privacy		20
 Operating Performance		24
 Regulatory Compliance		30
 Service Quality		40
 Product Risks		50
 Shareholder's Equity		56
 Corporate Governance		60
 Risk Management		72
 Information Disclosure		78
 Employee Welfare		82



CUSTOMER PRIVACY

CTBC provides employees with in-depth training and implements monitoring systems in order to offer enhanced protection of customer privacy. In addition, the company also takes every opportunity to educate employees about security in banking transactions and prevent scams. Meanwhile, an Information Security Committee has been assembled to provide added security to online transactions and prevent a breach of customer information.

- A Corporate Information Security Committee has been assembled to evaluate security issues, make key decisions, and review budgets relating to information security. Committee members are comprised of the President and senior managers of each business division.
- A series of information security training was organized for employees in 2014. These online courses and exams had helped raise employees' security awareness and shaped the company's security culture. More than 95% of all employees completed the training.
- In 2014, the company was certified by British Standards Institution (BSI) for BS 10012 PIMS (personal information management system), which shows that CTBC Bank is consistent with world standards with regards to personal information management.



The followings are guidelines of GRI G4

G4-DMA-PR : Disclosure on Management Approach" Customer Privacy".

G4-EC8 : Significant indirect economic impacts, including the extent of impacts.

Establishment of a Corporate Information Security Committee and Monitoring Center

Corporate Information Security Committee

In 2014, CTBC assembled its Corporate Information Security Committee to evaluate security issues, make key decisions, and review budgets relating to information security. Committee members comprise of the President, heads and senior managers of various business divisions. The top-down approach enables execution of information security policies and shapes a security culture that applies all the way from the senior management to ordinary employees.

Training Programs on Personal Information and Information Security

A series of information security training was organized for employees in 2014. These online courses and exams had helped raise employees' security awareness and shaped the company's security culture. More than 99% of all employees completed the training. There has been increasing risk concerning information security given the rising number of data leaks and security incidents around the world. To minimize impacts from potential security incidents, the company has developed procedures for reporting and responding to security incidents, and simulated and rehearsed different scenarios to make sure that the company is capable of responding to incidents in a fast and proper manner.

Security Of Center (SOC)

In order to monitor and analyze abnormal system usage, CTBC has implemented Security Of Center (SOC) that complements the conventional use of signatures in detecting security weaknesses. By cross-analyzing access logs, the company is able to identify sources of suspicious behaviors and respond and resolve in a quick manner. Meanwhile, access logs and equipment logs have been properly associated to eliminate false alarms, making operations and crisis management more efficient than before. The massive amount of log analysis and statistical report also assists the management in identifying security trends and improving investment decisions to better control and prevent security incidents.

Security Certification and Improvement

Quality Monitoring and Improvement Mechanisms

Due to an up-tick in the number of proxy loan applications and increasing complaints from consumers who have fallen victim to scams, forgery, and over-charging, CTBC Bank has organized special training programs and created a free loan helpline (0809-066-666) to offer product advice and sales services. Customers can call CTBC's lending fraud reporting hotline at 0800-024-365 ext. 8 to report any suspected fake cold calls or fraud, and CTBC will have representatives to assist with confirmation of the

report. Customers whose rights have been violated will be advised to report their cases to the police. CTBC's internal anti-fraud unit will follow the existing anti-fraud regulations accordingly and will determine whether to report said cases to the 165 Anti-Fraud Hotline provided by the National Police Agency of the Ministry of the Interior and assembled a dedicated team to monitor and investigate transaction security. Meanwhile, the bank's promotional materials have been printed with messages to remind consumers of loan scams; also, credit officers have been instructed to check for signs of scam during paperwork, due diligence, and just before disbursement. To address network security, CTBC Bank has invited security experts from outside the company are commissioned to perform regular assessments and penetration tests.

CTBC Bank has been Certified for BS 10012 PIMS

CTBC Bank has been adopting BS 10012 PIMS (Personal Information Management System) since 2012. After 2 years, CTBC Bank finally passed BS 10012 PIMS on June 24, 2014, and was certified by BSI to be free of defects when handling personal information. The certificate was issued on July 8, which shows that CTBC Bank is compliant with global standards with regard to the management of personal information.

Enhanced Prevention against Data Breaches

To ensure better protection of customer information, CTBC has reduced the amount of data displayed on user screens while ensuring that the remaining information is adequate to facilitate services. USB thumb drives have become a popular means through which employees transfer data. To minimize risk of a data breach, the company has installed Data Leak Prevention (DLP) software on all personal computers and subjected USB devices under collective management to control duplication of data. CTBC has also established personal information management policies for employees to follow. These policies provide the basis of internal audit and exist to make sure that all control measures serve their purposes.



PIMS

CTBC Bank was certified by BSI for BS 10012 PIMS.



SOC




CTBC has implemented Security Of Center making operations and crisis management more efficient than before.



OPERATING PERFORMANCE

The financial market is constantly changing. Although challenges remained aplenty in 2014, the group was able to overcome each challenge with its rich experience and achieve significant success in banking, insurance and investment trust.

- By the end of 2014, CTBC Holding recorded a total of NT\$201,426,690,000 in net revenues and NT\$39,443,580,000 in after-tax profit; both figures were record-highs and after-tax profit in particular represented a 18.69% return on net worth, got a head of all financial holding companies in Taiwan.
- In 2014, CTBC Holding delivered earning per share of NT\$2.58 and accumulated NT\$3,654,680,060,000 in total assets. The size of assets had grown by NT\$1,229,959,990,000 over the previous year.
- In 2014, CTBC Bank had the highest number of active cards with a market share of 15.3%.

Stakeholders	Material Aspects	G4 Indicators	Business Strategies and Projects
 Investors	Operating Performance	G4-EC1: Direct economic value generated and distributed	Organizational Development <ul style="list-style-type: none"> CTBC Bank acquired Tokyo Star Bank Participation in "Asia Financial Cooperation Association" Expansion of CTBC Life Ctbc Investments Being Among the Top 10 In Aum Growth Exceptional Performance of Taiwan Lottery
	Indirect Economic Impacts	G4-EC8: Significant indirect economic impacts, including the extent of impacts	
	Procurement	G4-EC9: Proportion of spending on local suppliers at significant locations of operation.	
	Product Portfolio	G4-FS6: Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	
 Government Agencies		G4-12: Describe the organization's supply chain	Economic Performance <ul style="list-style-type: none"> Operating Efficiency & Profitability Percentage of Business Activities
		G4-13: Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> Changes in the location of, or changes in, operations, including facility openings, closings, and expansions Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	
		G4-16: List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> Holds a position on the governance body Participates in projects or committees Provides substantive funding beyond routine membership dues Views membership as strategic 	
 Customers		G4-17: <ol style="list-style-type: none"> List all entities included in the organization's consolidated financial statements or equivalent documents Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. 	Community Organizations and External Communications <ul style="list-style-type: none"> Corporate Governance Related Organizations CSR Organizations Sustainability, Green Energy and Environmental Protection Organizations
		G4-DMA-EC: Disclosure of Management Approach on "Economic Performance"	

The followings are guidelines of GRI G4

G4-DMA-EC: Disclosure of management approach on "Economic Performance".

G4-EC1: Direct economic value generated and distributed.

G4-EC8: Significant indirect economic impacts, including the extent of impacts.

NT\$2.58
Earnings Per Share of CTBC in 2014

For the year ended December 31, 2014, CTBC Holding generated NT\$201,426,690,000 in net revenues and NT\$39,4 billion in after-tax profit; both of which were record-highs.

Organizational Development

CTBC Bank Acquired Tokyo Star Bank

The "Economic Cooperation Framework Agreement" (ECFA) made effective between Taiwan and China in September 2010 has increased demands from Japanese companies for the financial services offered by Taiwanese banks, and made Taiwan an important frontier to Japanese companies when reaching out into China and ASEAN countries. Based on an optimistic outlook towards Japan's financial market, CTBC took the initiative to sign MOUs with 10 Japanese local banks, including Iyo Bank, Hyakujushi Bank, Shizuoka Bank, Shinginko Tokyo, Bank of Kyoto and Miyazaki Bank in 2013. The MOUs enabled business collaboration, information exchange and financial services between the signing parties, and therefore satisfied corporate customers' needs to a greater extent. By the end of 2014, the list of MOU participants had expanded to 26, with new comers including Hokuriku Bank, Hiroshima Bank, Sumitmo Mitsui Trust Bank, and 77 Bank. This expanding list of MOU partners has made CTBC the Taiwanese bank with the fastest network deployment in Japan.

In 2014, CTBC acquired Tokyo Star Bank, a Japanese local bank with share capital of 26 billion Yen, total assets of 2.9 trillion Yen, and an employee size of 1,357. Founded in 1950, Tokyo Star Bank was formerly known as Tokyo Sowa Bank until its restructuring in June 2001. Tokyo Star Bank was the first inter-regional commercial bank in Japan; besides Tokyo, it had 32 branches (including the head office) located throughout major cities in Japan. CTBC has proposed a "3-year expansion" plan that aims to bring Tokyo Star Bank's ROE and ROA to the same level as CTBC Bank, and empower it with the capacity to compete in Asia.

Participation in "Asia Financial Cooperation Association"

CTBC Bank signed a strategic cooperation framework agreement with Asia Financial Cooperation Association ("AFCA"), which made it the first and only Taiwanese financial institution to become a member of AFCA, and was elected to be the vice chairman of AFCA. CTBC has recently identified China as its "secondary market," and established Shanghai Branch and Beijing Office to serve as the frontier of its growing presence. The signing of this agreement not only strengthens CTBC's influence in China, but also facilitates cross-strait financial collaboration, information exchange and business interaction.

Expansion of CTBC Life

CTBC Life, a CTBC subsidiary, completed the acquisition of Manulife Taiwan on January 1, 2014. This deal had enlarged CTBC Life's sales force, expanded distribution network, broadened its service scope and escalated the company's status from a small-size to a medium-size insurance company. In the future, the company will stay focused on the

Taiwanese market and continue to provide customers with the products and services they need.

CTBC Investments Being Among The Top 10 in AUM Growth

At the end of 2014, CTBC Investments saw its AUM grow 196% year-on-year to NT\$33.8 billion, ranking top 10 in terms of asset growth among 37 local investment trust companies.

In addition, CTBC Investments has performed outstandingly managing mutual funds; the CTBC Stable Growth Fund in particular had won the 2015 Best Fund Award. Recently, the company offered two new funds that were targeted at investors' needs for growth and income products; both funds have performed steadily and offer attractive dividend rates to satisfy customers' expectations for fixed income products.

To manage funds more efficiently, CTBC Investments merged two money market funds in September 2014, with CTBC Hwa-win Money Market Fund being the surviving product after the merger. Taiwan Ratings Corp. had given the fixed income fund a credit rating of "twAAf," which reflected its strong credit and high liquidity.

Exceptional Performance of Taiwan Lottery

In 2014, the Public Welfare Lottery issued a total of 10 different games (including 9 online games and scratch cards), generating total sales of over NT\$130 billion. In order to give consumers greater incentives to support the charitable cause of the lottery, the company has it a regularity promotion game to offer extra 100 chances to win the jackpot of NT\$1million in every Chinese New Year. Taiwan Lottery scratch cards have been a fast-growing category in recent years not only because the company has made it fun and rewarding to play, but also because of the company's effort to associate games with charity.

Economic Performance

Operating Efficiency & Profitability

For the year ended December 31, 2014, CTBC Holding generated NT\$201,426,690,000 in net revenues and NT\$39,443,580,000 in after-tax profit; both of which were record-highs. Earnings per share reached NT\$2.58, whereas asset size grew by NT\$1,229,959,990,000 from the previous year to NT\$3,654,680,060,000. This represented an after-tax return on equity of 18.69%, which surpassed all publicly listed financial holding companies in Taiwan.

Taiwan had been CTBC's main base of operation in 2014. Procurements were primarily made with local vendors (except for items that involve specific technologies or stability concerns), which helped boost the local economy. In 2014, 96% of CTBC's purchases were made with local vendors. For more information, please refer to the annual

The followings are guidelines of GRI G4

G4-EC1: Direct economic value generated and distributed.

G4-EC9: Proportion of spending on local suppliers at significant locations of operation.

G4-13: Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including:

- Changes in the location of, or changes in, operations, including facility openings, closings, and expansions.
- Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).
- Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.

The followings are guidelines of GRI G4

G4-17:

- a. List all entities included in the organization's consolidated financial statements or equivalent documents.
- b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.

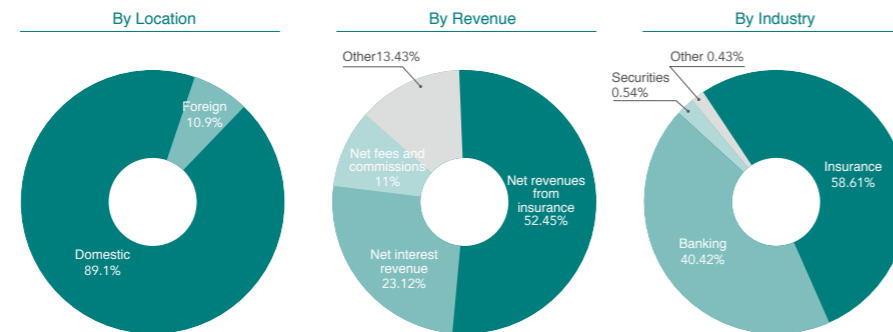
reports of CTBC Financial Holding Co., Ltd. at: www.ctbcholding.com.

Category / Year	2014	2013
Net revenue (NT\$, in thousands)	201,426,687	127,166,619
Total assets (NT\$, in thousands)	3,654,680,064	2,424,720,079
Shareholders' equity (NT\$, in thousands)	229,439,398	192,846,329
After-tax profit (NT\$, in thousands)	39,437,007	21,502,785
Revenue per employee (NT\$, in thousands)	15,471	10,211
Profit per employee (after-tax) (NT\$, in thousands)	3,029	1,727
Earnings per share (NT\$)	2.58	1.45
Return on assets (%)	1.30	0.95
After-tax return on equity (%)	18.69	11.93
Market capitalization (NT\$, in thousands)	313,537,134	299,408,655

Note: The company's consolidated financial statements have been prepared in accordance with FSC-approved IFRSs, international accounting standards, and interpretations thereof (referred to as IFRSs).

G4-FS6: Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.

Percentage of Business Activities



G4-12: Describe the organization's supply chain.

Community Organizations and External Communications

In addition to serving customers, CTBC has actively engaged non-profit organizations on issues such as sustainability, green productivity, corporate social responsibilities, energy efficiency etc, and contributed to our overall environment.

Corporate Governance-Related Organizations

In addition to joining "AFCA" in 2013, CTBC has also been accepted as part of "Taiwan Corporate Governance Director and Supervision Association" (representatives: Roger Kao, Albert Hu, Yong-Jin Chen, and Joseph Yen), where it interacted with other members of the association on corporate governance practices.

CTBC has also been invited to take up directorship in the Academy of Promoting Economic Legislation (APEL), an organization that specializes in the transformation and development of the banking industry, where it devotes itself in the making of laws. To assist in the implementation of the Personal Information Protection Act, the company has also been making suggestions to the authority and involving itself in the forming of public policies.

CSR Organizations

In an attempt to gain the most up-to-date information on corporate social responsibilities, CTBC has been participating in various conferences and seminars organized by Taiwan Institute for Sustainable Energy Research Foundation and Foundation of Taiwan Industry Service (TAISE), where it shared its CSR experiences with peers. In 2014, CTBC was once again invited to participate in the DJSI (Dow Jones Sustainability Index) review, during which it was issued a series of questionnaires to assess how the company had performed in terms of CSR. Any weaknesses identified from the assessment can then be improved upon in the future.

Sustainability, Green Energy and Environmental Protection Organizations

"Green enterprise" has been CTBC's ultimate goal. In 2012, CTBC assumed the role of supervisor in the Taiwan Business Council for Sustainable Development (BCSD) and supported all BCSD's CSR initiatives through action, which successfully raised the Taiwanese people's awareness towards issues such as carbon management and climate changes, and connected local knowledge to the rest of the world.

As a support to new energy policies introduced by the Bureau of Energy, MOEA, CTBC has been working with "Taiwan Green Productivity Foundation" since 2012 to develop a customized energy management system that took into account the organization's structure, policies and energy requirements. Furthermore, CTBC has voluntarily participated in the carbon survey program since 2010. In 2014, it was invited to become a signing party of CDP, which made it one of the few financial institutions in Taiwan to have supported the organization in action.

The followings are guidelines of GRI G4

G4-16: List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:

- Holds a position on the governance body.
- Participates in projects or committees.
- Provides substantive funding beyond routine membership dues.
- Views membership as strategic.

96%

CTBC's purchases were made with local vendors

Taiwan had been CTBC's main base of operation in 2014. Procurements were primarily made with local vendors, which helped boost the local economy.



Vice Chairman of AFCA

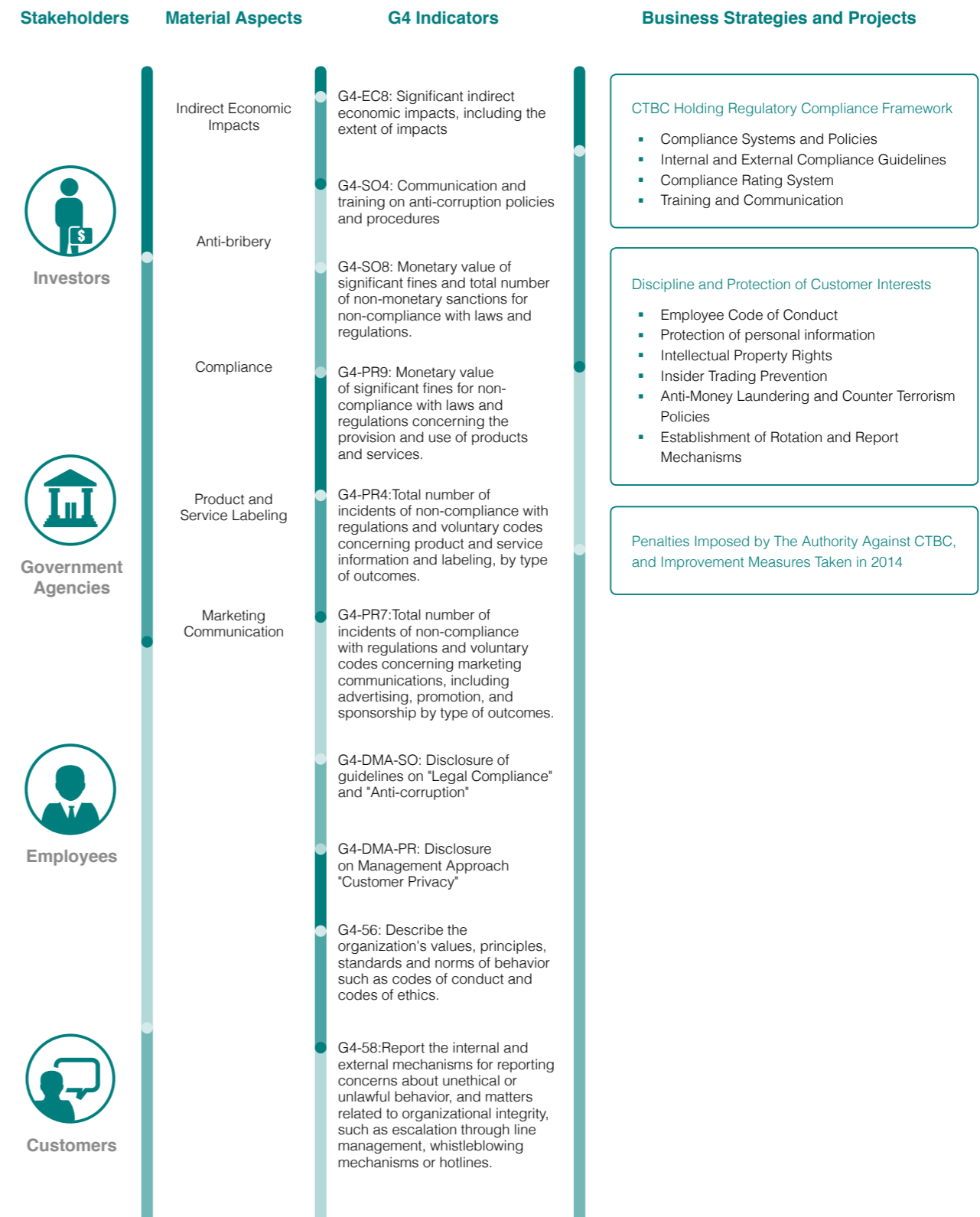
CTBC Bank is the first and only Taiwanese financial institution to become a member of AFCA.



REGULATORY COMPLIANCE

CTBC has paid close attention to trends in domestic and overseas industrial development and changes in financial policies, laws and regulations. We strictly abide by applicable laws and regulations as we actively develop and expand our business.

- CTBC constantly establishes and revises internal policies in line with local and foreign laws. Compliance self-assessments are conducted every 6 months to ensure that laws have been complied.
- CTBC has a regulatory compliance unit that conducts 3-hour trainings to each department and subsidiary every 6 months. The compliance unit also updates employees on new regulations to make sure that they are constantly informed of the latest developments.
- The board of directors and Audit Committee are updated on the company's regulatory compliance progress every 6 months.



The followings are guidelines of GRI G4

G4-DMA-SO: Disclosure on Management Approach Legal Compliance and "Anti-corruption".

G4-DMA-PR: Disclosure on Management Approach "Customer Privacy".

G4-PR4: Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

G4-PR7: Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.



Compliance-related Affairs Reporting to the BOD

The Group Regulatory Compliance Officer reports to the board of directors and Audit Committee every 6 months on the execution of compliance-related affairs, thereby keeping the board and senior managers up to date on how the group has complied with regulations.

As part of CTBC's regulatory compliance policy, we constantly create, update and revise internal rules to reflect newly enacted laws and regulations. Every department and subsidiary under CTBC is required to conduct compliance self-assessment every 6 months to ensure that all service activities comply with regulations.

CTBC Regulatory Compliance Framework

Regulatory Compliance Systems and Policies

CTBC has implemented its "CTBC Holding Legal Compliance Officer Policy" since 2010 to serve as a guideline upon which subsidiaries may develop their own compliance systems. In 2014, the policy was renamed "CTBC Holding Regulatory Compliance Policy" with adjustments made to conform with FSC's latest revisions to the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries."

The Group Regulatory Compliance Officer reports to the board of directors and Audit Committee every 6 months on the execution of compliance-related affairs, thereby keeping the board and senior managers up to date on how the group has complied with regulations.

Regulatory Compliance by Subsidiaries

Every CTBC subsidiary has a legal compliance unit created to oversee the planning, management and execution of compliance policies, and to ensure that all practices comply with laws. CTBC Securities, for example, has a compliance unit that specializes in:

- Setting up legal compliance systems and guidelines, and managing compliance-related affairs.
- Implementing a system that facilitates communication, consultation, and coordination of statutory information.
- Updating internal guidelines and rules to conform with the latest regulation, and ensuring that all business activities conform with legal requirements.
- Developing compliance assessment criteria and procedures, and supervising each department with regards to their legal compliance self assessments.
- Organizing regulatory trainings for employees of all departments.
- Preparing regular or ad-hoc reports, and being supervised by Group Compliance Officer with legal compliance-related affairs.

In addition, the legal compliance unit reports to the board of directors and supervisors/Audit Committee every six months on matters such as newly enacted regulations, the responsive measures taken, penalties imposed by the authority, issues of concern etc.

Internal and External Compliance Guidelines

Every department under CTBC has been supervised to comply with external regulations in everything they do. If necessary, the Group Compliance units will also assist each department in setting up internal policies. As for subsidiaries, CTBC requires every one of them to carry out business activities strictly in accordance with internal policies and guidelines.

Should a violation occur, the regulatory compliance unit will supervise to make sure that the violation has been investigated and improved upon. Any fraudulent activities and major flaws are reported to the board of directors, thus keeping them timely informed to make proper decisions.

Compliance Rating System

CTBC conducts regulatory compliance self-assessments every 6 months to determine whether violations have been committed and improved upon in any part of the group. To ensure effective execution of the regulatory compliance policy, CTBC and its banking and insurance subsidiaries have implemented a rating system that each of the compliance units uses to evaluate degree of compliance within the organization. In 2014, the company and its subsidiaries uncovered a total of 18 deficiencies through the self-assessment; most of which involved non-compliant operating procedures. These deficiencies have all been corrected to date either via a change of procedures or via enhanced awareness promotion.

Training and Communication

CTBC has implemented a system that enables communication, consultation and coordination of regulatory affairs between departments and subsidiaries. Each compliance unit would constantly update and revise regulatory information to its regulatory compliance officers, and organize training sessions, conferences and forums where experts and scholars are invited to discuss key issues. In 2014, the company's regulatory compliance unit completed 3 hours of training to compliance officers of various departments and subsidiaries during the first half and the second half of the year. These training sessions covered more than just the company's compliance policy, but also changes in regulations concerning money laundering, insider trading prevention, and financial consumer protection. Each compliance officer was instructed to convey these messages with their respective departments and subsidiaries, so that the knowledge could spread to all employees throughout the group.

In addition, regular meetings are held with subsidiaries' regulatory compliance officers on a regular basis to convey the company's main policies and systems. The meetings serve as an opportunity to exchange and share experiences. If an issue concerns two or more subsidiaries at the same time, the regulatory compliance unit would also communicate and coordinate with subsidiaries to ensure the consistency of internal opinions.

The followings are guidelines of GRI G4

G4-SO4: Communication and training on anti-corruption policies and procedures.

3

Training to Compliance Officers

In 2014, the company's regulatory compliance unit completed 3 hours of training to compliance officers during the first half and the second half of the year.

The followings are guidelines of GRI G4

G4-EC8: Significant indirect economic impacts, including the extent of impacts.

G4-56: Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.

Discipline and Protection of Customer Interests

CTBC has two lines of defense in place to make sure that employees commit to the highest level of discipline when doing investment business, designing and advertising financial products. Meanwhile, employees have been instructed to comply strictly with regulations to avoid compromising customers' interests or causing losses to the company's assets or reputation.

Employee Code of Conduct

The "CTBC employee Code of Conduct" outlines the basic principles that employees are expected observe with regards to employment ethics, legal requirements, employee relations, gifts policy, client privacy, protection of intellectual property rights, anti-money laundering, prevention of discriminatory behavior, anti-bribery, prevention of conflicts of interests, and protection of the company's capital and reputation.

Personal Data Protection

To ensure compliance with "Personal Information Protection Act," CTBC has established a set of internal procedures including "Personal Data Management Policy" and "Personal File Security Policy" since 2012 with the help of professional consultants. These procedures have been implemented throughout the financial holding company and subsidiaries since 2013 to address all issues relating to personal information security, including storage, security assessment, risk analysis and procedural improvements. These policies ensure that customers' and employees' information is gathered and used in the most legitimate way possible.

Intellectual Property Rights

To ensure legitimate use of intellectual property rights, CTBC requires all units to inspect their software licenses every 6 months. Uses of documents or software that belong to others must be cleared of all infringements before proceeding.

Insider Trading Prevention

In 2010, CTBC established its "Insider Trading Prevention Policy" which stated that, upon gaining confirmed material information that is capable of influencing a company's share prices or solvency, the information holder - whether request board members, managers, employees or other insider of the company would be prohibited to trade in related securities within statutory time period..

Anti-Money Laundering and Counter Terrorism Policies

CTBC established its "Know-Your-Customer (KYC) and Anti-Money Laundering Policy" in 2010 to serve as guidance to all subsidiaries and local/foreign branches within the group. In 2014, CTBC followed the newly revised "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and separated its "Know-Your-Customer and Anti-Money Laundering Policy"

into two separate guidelines, namely "Anti-Money Laundering and Counter Terrorist Financing Policy" and "Know-Your-Customer Policy." In the meantime, subsidiaries have been requested to formulate their own rules with respect to the above that conform to their existing practices and regulatory environment. The purpose of the related policies is to remind all board members, officers and employees to keep highly aware of money laundering behaviors, and to report any suspect financial transaction to the designated authority according to the local laws and regulations. CTBC Bank strives to combat criminals, and ensure the safety of the clients' funds.

In addition, other subsidiaries of CTBC, including CTBC Life Insurance, CTBC Securities, CTBC Investments, and CTBC Insurance Brokers, have established their own guidelines and procedures for anti-money laundering and countering the financing of terrorism in accordance with the Money Laundering Control Act and related laws and regulations promulgated by respective business competent authorities, and implement customer identification as required by law and keep reporting suspect financial transactions and block trades in order to assist in identifying or preventing money laundering and financing of terrorism.

Establishment of Rotation and Report Mechanisms

CTBC Bank has established a job rotation procedure for management purposes including training, removing the less competent employees, eliminating idleness, and preventing corruption. In addition, the business units have established job rotation procedures for branch staff, and will keep records of job rotations in branches and conduct regular reviews. For branch personnel not subject to said procedures, vacation schedules are coordinated to ensure an effective delegate system and to strengthen internal control management. Internal audits are conducted regularly in order to achieve effective internal control and corruption prevention. In addition, we also established a report mechanism. If employees are found to be involved in matters that violate conduct and behavioral principles, they can be reported to managerial levels through the use of an employee communication hotline, mailbox or reporting form.

Penalties Imposed on CTBC Holding By The Competent Authority and Improvement Measures Taken in 2014

1	<p>Regarding CTBC Investments making investments with fund assets, it was discovered that the dates on investment analysis reports was later than the dates on investment decisions. In addition, contradiction and error were discovered in references to investment analysis reports. It was a violation of Article 17, Paragraph 1 of the Securities Investment Trust and Consulting Act and Article 4, Paragraph 1 of the Regulations Governing Securities Investment Trust Funds and should be given a warning. A fine of NT\$ 120,000 was imposed in accordance with Article 113, Subparagraph 2 of the Securities Investment Trust and Consulting Act. <2014.1.27 Jin-Guan-Zheng-Tou No. 10200539231></p> <p>Improvement Measures: CTBC Investments has required fund managers and analysts to improve quality of investment analysis reports in order to ensure that investment analysis reports are completed before stocks are traded. CTBC Investments also take the initiative to incorporate investment analysis reports into the computer systems to be monitored. Generating of financial data will be controlled by the systems, which will improve investment quality while avoiding human errors.</p>
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The followings are guidelines of GRI G4

G4-58: Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.

G4-SO8: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

G4-PR9: Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

2	<p>CTBC Insurance Brokers was found to have made the following errors during a general audit by the FSC. The company was deemed to have violated Article 39, Subparagraph 21 of the Regulations Governing Insurance Brokers established pursuant to Article 163, Paragraph 4 of the Insurance Act, and should be ordered to take rectification measures promptly according to Article 162 of the Insurance Act.</p> <ol style="list-style-type: none"> 1. Telemarketing sales of unit-linked insurance products: Telemarketers selling unit-linked insurance products failed to guide customers to complete the Policyholder Information and Risk Preference Questionnaire according to the standard sales presentation or only asked policyholders to sign the questionnaire without completing a client investment preference analysis. 2. Telemarketing sales of unit-linked insurance products focused only on the positive return (8%) scenario and failed to convey a negative return (-8%) scenario in a balanced manner according to the standard sales presentation. <2014.2.12 Jin-Guan-Bao-Zong No. 10302900431> <p>Improvement Measures: In addition to reinforcing sales presentation training and quarterly compliance training for telemarketers, CTBC Insurance Brokers released on March 1, 2014 the Employee Discipline Guidelines for CTBC Insurance Brokers Telemarketers. The guidelines impose penalty points and license suspension on telemarketers who violate the rules therein, and continue to effectively manage and improve the quality of sales presentation delivered by the telemarketers.</p>
3	<p>CTBC Life Insurance was found to have made the following errors during a general audit by the FSC.</p> <ol style="list-style-type: none"> 1. CTBC Life Insurance entered into reinsurance agreements with Munich Re Singapore Branch and Reinsurance Group of America, and therefore violated the Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms. The company was deemed to have failed to comply with Article 16 of the Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms established pursuant to Article 147 of the Insurance Act, and should be fined NT\$ 900,000 according to Article 170-1 of the Insurance Act. 2. Regarding conducting telemarketing sales, CTBC Life Insurance was found to have issued life insurance policies in which the face amount exceeded the specified maximum for medical exemption, and have issued policies to policyholders under the age of 20. The facts clearly demonstrated that CTBC Life Insurance failed to execute sales processing systems and procedures. CTBC Life Insurance was deemed to have failed to comply with Article 6, Paragraph 1, Subparagraph 4 and Article 17 of the Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises established pursuant to Article 148-3, Paragraph 2 of the Insurance Act, and should be fined NT\$ 600,000 according to Article 171-1, Paragraph 5 of the Insurance Act. 3. Regarding conducting group insurance sales, CTBC Life Insurance was found to have paid additional sales fees to applicant units. The facts clearly demonstrated the company's attempt provide premium discounts in other ways. CTBC Life Insurance was deemed to have failed to comply with Article 23 of the Regulations for Establishment and Administration of Insurance Enterprises established pursuant to Article 137, Paragraph 2 and Article 176 of the Insurance Act as well as Article 6 and Article 17 of the Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises established pursuant to Article 148-3, Paragraph 2 of the Insurance Act, and should be fined NT\$ 600,000 according to Article 171-1, Paragraph 5 of the Insurance Act. 4. Regarding creating records of stakeholders, CTBC Life Insurance was found to have clearly not created files on some managers or officers of higher ranks. CTBC Life Insurance was deemed to have failed to comply with Article 2 and Article 7 of the Regulations Governing the Management of Non-Credit-Related Transactions between Insurance Firms and their Related Parties established pursuant to Article 146-7, Paragraph 3 of the Insurance Act. The violation should be given a warning according to Article 149, Paragraph 1 of the Insurance Act. <2014.1.20. Jin-Guan-Bao-Shou No. 10302540682> <p>Improvement Measures: 1. CTBC Life Insurance had suspended entering of such reinsurance contracts after the financial examination in 2013. 2. In addition to reinforcing education and training, CTBC Life Insurance had added an approval for release mechanism in the systems in response to telemarketers having sold life insurance policies in which the face amount exceeded the specified maximum for medical exemption. Furthermore, in response to telemarketing sales targeting policyholders under the age of 20, additional rectification measures were added as follows: (1) An age check was added to the CTI system for telemarketing, which would block customers under the age of 20 from being targeted by telemarketing. (2) A control mechanism to block telemarketing sales customers under the age of 20 was added to the underwriting system in order to help underwriters review the regulations.</p>

3	<ol style="list-style-type: none"> 3. In response to additional sales fees paid to group insurance applicant units and the alleged attempt to provide premium discounts in other ways, CTBC Life Insurance moved to comply with the regulations by issuing an official letter dated June 26, 2013 to the distributor in this case, New Idea Life Insurance Agent Co., Ltd., regarding the error, and reiterating the amount of commission paid to the distributor and the concept of making a retrospective payment as of January 1, 2013. 4. Since the financial examination in 2013, CTBC Life Insurance had included "department heads and officers of higher ranks" in the list of stakeholders according to the Financial Examination Bureau's advice, and had finished creating corresponding records in the database accordingly.
4	<p>Business dealings between CTBC Bank and Shanghai Huyi Technology & Information Consulting Co., Ltd. were found to have lacked internal control and were considered violations against Article 45-1, Paragraph 1 of the Banking Act. CTBC was therefore fined NT\$ 10 million and all overseas branch establishments and investments will remain suspended until improvements are made to the FSC's satisfaction (or recognition?) . <2014.3.11 Jin-Guan-Yin-Kong No. 10300026681></p> <p>Improvement Measures: 1. The business relationship between CTBC Bank and Shanghai Huyi Technology & Information Consulting Co., Ltd. was terminated on February 20, 2014. 2. CTBC Bank will adopt more robust controls over its transactions with stakeholders. The bank shall maintain a list of stakeholders and related parties to help various departments perform know-your-customer (KYC) on their transaction counterparties and business partners. 3. CTBC Bank will take greater initiative to promote regulatory awareness, and ensure that the management and the audit department do report to the board of directors on a regular basis. 4. CTBC Bank will scrutinize the purpose and necessity of any new internal controls introduced in the organization and will execute them in compliance with its Policy for Subsidiary Governance with prior approval from the competent authority. 5. CTBC Bank will scrutinize the necessity of outsourced jobs and any outsources or business partners with which the bank works, and enhance the second line of defense. 6. CTBC Bank has closed existing employees' access to webmail, and will re-assess regularly employees' need for external communication.</p>
5	<p>Regarding sales of financial products, CTBC Bank failed to implement adequate risk management mechanisms, failed to enforce know-your-customer (KYC) and know-your-product (KYP), and did not provide adequate protection for consumer rights. The company was deemed to have violated Article 45-1, Paragraph 1 of the Banking Act, and was fined NT\$ 2,000,000 according to Article 129, Subparagraph 7 of the same act. Regarding the concern that said error might disrupt sound business operations, the company was given a warning according to Article 61-1 of the same act. <2014.06.25 Jin-Guan-Yin-Kong No. 1036000292G></p> <p>Improvement Measures: 1. Establishment of risk management mechanisms: The transaction limit application and approval procedures were amended based on customers' risk tolerance and product suitability. 2. Enforcement of KYC and KYP: KYC and KYP guidelines for derivative products were amended. 3. Better protection for consumer rights: Appropriate transaction documents (and Chinese version of documents in English) that correspond to financial products to be undertaken by customers will be provided. The risk disclosure statement was revised according to the Self Regulatory Guidelines for Banks Conducting Financial Derivatives Businesses (herein as the Self Regulatory Guidelines). CTBC Bank has specified the maximum potential loss in a transaction in individual risk disclosure statements. To better protect consumer rights, CTBC Bank will explain verbally to customers who are not professional institutional investors the maximum potential loss in a transaction, and retain a recording of the explanation to help customers understand the risks. 4. Reviewing compensation program and avoiding conflict of consumer interest: CTBC Bank's evaluation and remuneration programs are not linked to sales of specific financial products, and have been designated as non-financial indicators (including determination of violation of the laws and regulations, the Self Regulatory Guidelines, or operating guidelines, audit deficiencies, and effective enforcement of KYC and related procedures). Furthermore, to raise awareness of compliance among employees, CTBC Bank reiterated to relationship managers (RMs) the importance of not selling or advertising derivative products to customers and leaving such sales to qualified employees. Ongoing education and training and campaigns will be held to reinforce awareness among RMs.</p>



Anti-Money Laundering and Counter Terrorism policies

The purpose of the related policies is to remind all board members, officers and employees to keep highly aware of money laundering behaviors.

Chuang, former employee of CTBC Bank Minzu Branch, placed orders by phone and created and gave to customers unauthorized and untrue statements. The case was deemed potentially likely to disrupt sound business operations, and should be given a warning according to Article 61-1, Paragraph 1 of the Banking Act. CTBC Bank was order to dismiss Chuang according to Subparagraph 3 of the same article and paragraph. <2014.10.27 Jin-Guan-Yin-Kong No. 10300244080>

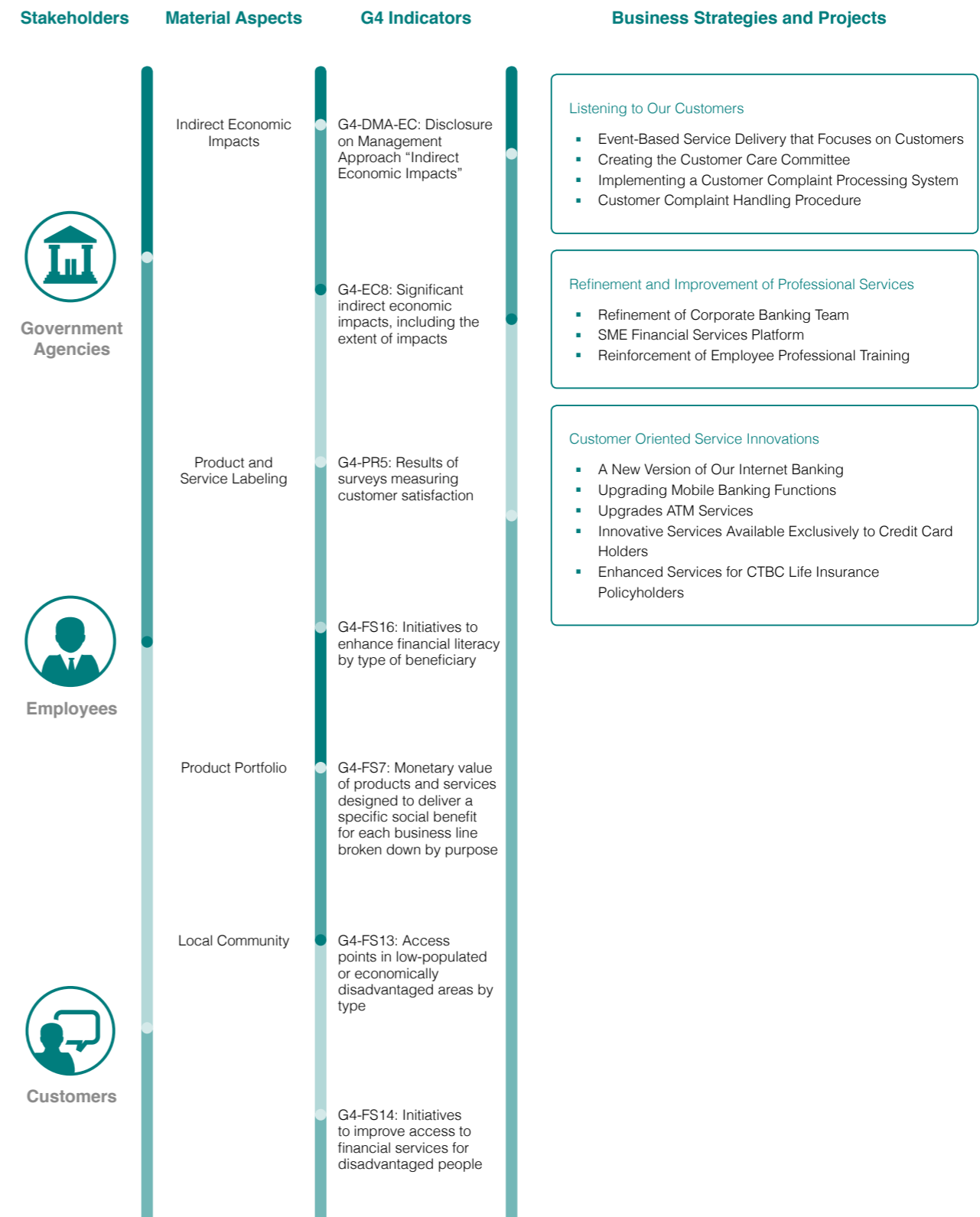
- 6 Improvement Measures:
1. For customers who have requested confidentiality, regular audit mechanisms for branch managers are strengthened to ensure effective control.
 2. CTBC Bank will continue to try to contact trust account holders who have not cancelled the confidentiality agreements, and urge the customers to cancel the confidentiality agreements. Strengthened measures will be taken to ensure correct transaction administration and billing procedures for those who have not completed cancellation.
 3. The supervisory role of sales supervisors is enhanced.



SERVICE QUALITY

Banking services have become an important part of people's lives. To assure customers a joyful experience, CTBC is constantly introducing innovative services, thinking from customers' perspective and refining banking services where possible.

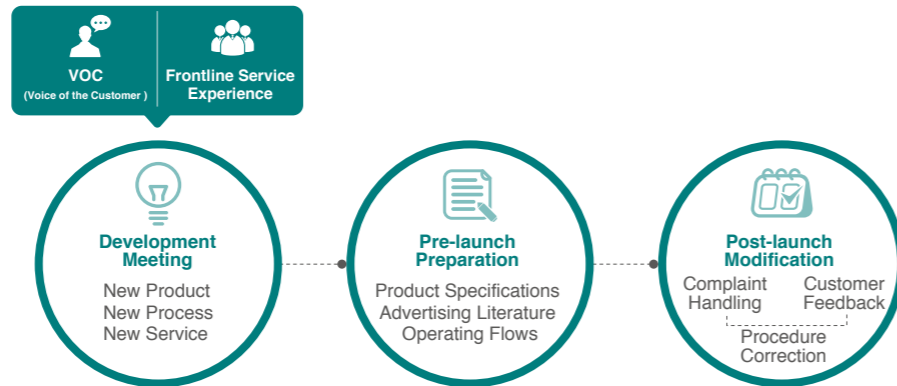
- Automated banking services continue to expand to include more personalized services for better customer satisfaction. As of the end of 2014, the number of internet banking customers had exceeded 2.5 million, and the number of mobile banking customers exceeded 600,000.
- The number of CTBC Bank mobile banking app customers has reached 600,000, a 44% year-over-year increase. The mobile banking app has a satisfaction rating of 87%.
- As of December 2014, the number of CTBC Bank ATMs in urban and rural areas across Taiwan was 5,403. The ATMs offer more than 80 services, making it the industry leader. Furthermore, CTBC Bank made plans for Obstacle-Free ATMs, and now provides more than 5,200 handicap ATMs at an accessible height for disabled customers.



The followings are guidelines of GRI G4

As the financial sector evolves to be more versatile, interactions between CTBC Bank and consumers are becoming more frequent. For almost half a century, we have strived to create and safeguard sustainable value for our customers and shareholders and the community. Our watchwords are "caring" in satisfying customers' needs the best we can, "professional" in encouraging innovation, and "trust" as the reward for integrity. By improving internal quality assurance systems to meet customers' demands, CTBC Bank works hard to become the recognized top bank.

Listening to Our Customers



G4-DMA-EC: Disclosure on Management Approach "Indirect Economic Impacts".

G4-EC8: Significant indirect economic impacts, including the extent of impacts.

Event-Based Service Delivery that Focuses on Customers

CTBC Bank has developed an event-based service (EBS) system with the use of data mining, a voice of customer (VOC) platform, employee surveys, and analyses of customer background and spending habits. In addition to basic services, the system also serves to meet customers' needs and protect consumer rights by providing attentive service, reminder service, relationship management, and development of stronger customer interaction.

CTBC Bank received a total of 181 telephone calls and letters to praise the bank's services in 2014. In addition, the customer service department sent out a total of 1.8 million customer care EDMs. The open rate and the click-through rate of such EDMs are both higher than those of marketing EDMs, showing that customers are more open to reminders from CTBC Bank.

Creating the Customer Care Committee

Event type	Number of Messages in 2014	Number of Sent Messages in 2014	Open Rate (11% in Total)	Click-through Rate (6% in Total)
Reminder Service	5	1,320,781	24.07%	13.31%
Knowledge of Cards	5	456,644	25.84%	15.59%
Relationship Management	2	18,496	38.67%	13.45%
Total	12	1,795,921	24.74%	13.99%

Customer feedback forms the basis of progress at CTBC Bank. CTBC Bank created a VOC platform in 2007, and then the Customer Care Committee in 2011. The committee is chaired by the operating officer of personal banking, and meets regularly every month to review the service quality indicators, VOC from inside, customer complaints from outside, and various customer care programs. CTBC Bank took a step further in 2014 and combined the VOC mechanism and the incoming call statistics from the customer service centers. Integrated analyses are performed according to customers' reasons for calling, suggestions, and complaints in order to enable more comprehensive VOC analyses. In addition, communication mechanisms for before VOC issues are strengthened to ensure customers' issues can be resolved more effectively. In 2014, the customer service department submitted a total of 447 proposals for external processes. A total of 89 reports on customers' issues were made through the VOC mechanism. In particular, 33 reports were submitted to higher levels and discussed at meetings of division heads. Customer suggestions from 20 reports were successfully launched in 2014. The planning department reported a satisfaction rating of 89% based on VOC feedback. The rating improved compared to last year, which showed that the VOC mechanism made positive contribution to the planning department in product/event planning.

Implementing a Customer Complaint Processing System

CTBC Bank takes the initiative to understand customers' needs. The Complaint Processing Progress Disclosure Platform was created in 2013 to enable customers to track progress of complaint processing by using a case number and the 24-hour Internet banking platform. A total of 258 cases were uploaded to the disclosure platform in 2014. The click-through rate based on customers making inquiries through Internet banking was 100%.

Furthermore, in addition to the 24-hour customer service hotline and email, we have implemented a customer complaint hotline (0800-057-034) and a corporate customer service hotline (0800-017-888) as well as designated units to handle any dispute over any product or service. The channels are disclosed on the websites to offer a selection of communication options for customers, and a complete tracking system is in place to monitor the channels. In 2014, the 7-day closing rate was 100% for complaints from corporate customers, and 91% for those from individual customers. The 7-day closing rate was 98% for complaints from credit card holders. All figures exceeded the targets.

Regarding corporate customers, CTBC Bank also continues to hire an international consulting firm to conduct detailed one-on-one interviews and questionnaires, including items such as service quality, product innovation, operating procedures, and efficiency. For indicators below targets as shown in survey results delivered by the consulting firm, special task forces will be created to propose improvements. The survey results in 2014 showed that the overall satisfaction rating was 80% or higher, which was a 6% increase from the previous survey. It showed that CTBC Bank continued to listen to its customers, satisfy customers' expectations, and strive for the ultimate goal of offering excellent

The followings are guidelines of GRI G4

G4-PR5: Results of surveys measuring customer satisfaction.

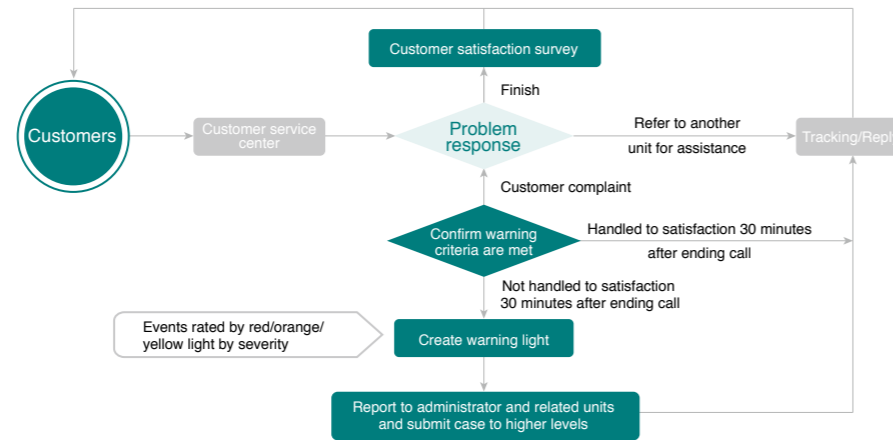


Customer Care Committee

The committee is chaired by the operating officer of personal banking, and meets regularly every month to review the service quality indicators, VOC from inside, customer complaints from outside, and various customer care programs.

customer services.

Customer Complaint Handling Procedure



Once reported to a customer service center, a customer's problem will be processed immediately to enable the customer service center to respond in the crucial moment. The Service Light Signal was implemented in 2012 to allow customer service representatives to accurately identify a customer's problem in the shortest time, and propose the most suitable solution more efficiently. In addition, the business divisions appoint designated division representatives to handle customer complaints. The representatives will coordinate tracking and managing of complaints relevant to the divisions and handle communication, which will submit customer complaints to higher levels. A total of 596 alerts were reported in 2014, 83% of which were resolved to customer's satisfaction. The number of customer complaints also showed a stable decline; only 265 customer complaints were filed in 2014, 10 complaints less than the result last year. CTBC Bank remained in third place in terms of customer complaints according to the Banking Bureau.

When a customer's problem is resolved, CTBC Bank will also conduct a customer satisfaction survey, and make a systematic and integrated summary of the customer's feedback, which will be reported to executive officers on a regular basis. The information will also be provided to the relevant units as a basis of improvement, and be reviewed by the Customer Care Committee. Close to 32 customer satisfaction surveys regarding personal banking services were conducted in 2014. In addition to the 27 existing items, including satisfaction with branch, satisfaction with Internet banking, satisfaction with customer services, and satisfaction with application procedures, the surveys also included five new items including satisfaction rating by first time customer. Approximately 90,000 questionnaires were returned, which yielded an average satisfaction rating of 87%, exceeding the average target of 84% for 2014. Overall satisfaction with credit card and payment services in 2014 showed a year-over-year increase of 7%, compared to

2013. CTBC Bank also maintained its leading position in credit card brand recognition. CTBC Life conducted policyholder satisfaction surveys by telephone, and produced about 1,000 samples, which yielded an overall satisfaction rating of 75%.

Refinement and Improvement of Professional Services

Refinement of Corporate Banking Team

In addition to implementing a corporate customer service hotline, the corporate banking service team provides free and fast 24-hour information sources and complaint channels. The team also assembled personalized customer service teams in Taiwan and Hong Kong in 2011 and 2014, respectively. The teams established a single contact service model based on the idea of one-stop shopping, which significantly reduce the amount of time customers spend on transactions and troubleshooting and in turn improved corporate customer satisfaction.

In 2014, the corporate banking department proposed the Service Level Agreement (SLA) project, which used the systems to simultaneously monitor the end-to-end SLA between receiving a case and finishing the process. In 2014, the SLAs of the services were 90% or higher. In particular, the SLA of rush cases was close to 100%. Services with failing SLAs will undergo regular statistical analysis to identify causes and formulate improvements in order to ensure effectiveness and track performance improvement.

In terms of contributing to countering money laundering and combating the financing of terrorism, the global corporate banking operations and IT department, in 2014, continued to strengthen the anti-money laundering (AML) system, while adding controls for related processes, so to combat crime and improve service quality and to fulfill a financial institution's corporate social responsibility.

SME Financial Services Platform

CTBC Bank's brand new SME financial services platform is built on the ideas of technological innovation, personalized services, and global networking, and is committed to offering secure, efficient financial services for small and medium enterprises. The platform enables SMEs to receive funding in as little as 30 minutes after approval. CTBC Bank also offers services such as accepting fax copies in wire transfers in lieu of original documents, Code Fax services for letters of credit, instant alert by email, SMS, or MMAS for transactions including inward and outward remittances and trade financing, and an international Internet banking platform (eTrust) where customers can make real-time online inquiries and transactions according to their levels of authorization.

CTBC Bank launched the mobile banking services for SMEs in 2012 to offer more accurate, personalized real-time services for SMEs. In 2013, CTBC Bank introduced the "Business Credit Card" for SMEs to pay for travel and other small expenses. It was an innovative financial product that could meet a wide range of SME needs. Meanwhile, we will continue to combine financial products that meet SME needs and provide easy-to-use

The followings are guidelines of GRI G4

G4-FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.



SLA

SLA used the systems to simultaneously monitor the end-to-end SLA between receiving a case and finishing the process.

The followings are guidelines of GRI G4

G4-FS16: Initiatives to enhance financial literacy by type of beneficiary.

value product packages and services.

Reinforcement of Employee Professional Training

To provide better professional services, CTBC Bank is constantly reinforcing professional education and training for its employees. CTBC Bank, for example, sends new financial planners on three-week training. Senior financial planners who serve customers with more complex needs will have to possess the qualifications required by law and pass the internal financial planning certification program. CTBC Bank also provide regularly differentiated market news, professional knowledge on products, and sales guidelines and professional ethics training. Meanwhile, successes of excellent financial planners will be shared and turned into case studies for their colleagues across Taiwan. Customer satisfaction is made one of the indicators in annual evaluation, and the bonus program is linked to customer satisfaction in order to improve the quality of services by financial planners. For branch service representatives, mysterious evaluators, who are hired professionals, will be dispatched regularly to conduct business and observe the manners and courtesy of branch service representatives. Scenario simulation will be created as a means to improve customer services.

Customer Oriented Service Innovations

For many people, banks are part of the everyday life as they make transactions such as deposits/withdrawals, payments for credit card and utilities bills, exchange rates, and financial planning and insurance. As economic activities grow in volume, interaction between the financial sector and the population grows in frequency. For years, CTBC Bank has adopted various approaches and system designs as part of the effort to understand its customers. CTBC Bank works hard to develop a wide range of innovative financial products and services, and aims to become a trusty partner of its customers for life.

A New Version of Our Internet Banking

Regarding automated banking services, CTBC Bank continues to work on personalized services in order to improve customer satisfaction. As of the end of 2014, the number of Internet banking customers had exceeded 2.5 million, and the number of mobile banking customers exceeded 600,000. A brand new Internet banking interface was created to offer five unique new functions, including personalization of My Homepage, 24-hour payment center, transfer alert by Facebook, new fund platform and price alert for financial planning products, and integration of three virtual and physical platforms. CTBC Bank has also integrated payment services for three payment tools, Internet banking, Web ATM, and credit card as well as the nine major payment categories (including utilities, telecommunication, tuition, and insurance premium). Related payment history will be retained for up to six months.

In an attempt to help customers manage personal assets more effectively, in 2014 CTBC Bank was the first bank to provide an "asset forecast and targets" feature on the



Asset Forecast and Targets

CTBC Bank was the first bank to provide an "asset forecast and targets".

income/expenditure management platform. The feature guides customers in setting specific targets and deadlines, and automatically helps customers track monthly changes in assets such as deposits, insurance policies, and funds in their CTBC Bank accounts. Financial planning advice can be generated as needed according to the gap between current conditions and targets. In addition, the "My Accounting" feature automatically summarize cash flows for customers, and offers a personalized "Manual Accounting" feature to allow customers to manually enter small cash expenses and easily track their cash flows.

As transfer is the most frequently used Internet banking service, CTBC Bank was the first to introduce security protocols, one-time password (OTP) and on-screen keyboard, to protect the accounts. Various calculators are built into the Internet banking services to help customers identify credit products with lending/repayment terms matching their personal income and liquidity. Customers will be able to apply for loans directly through Internet banking services.

Upgrading Mobile Banking Functions

As more and more people start using smartphones, CTBC Bank has created a range of new services in addition to electricity bill payment by barcode, hydro bill services, fund subscriptions, gold subscription, and scheduled transfer from checking account to term deposit in order to offer customers better, faster services. The number of CTBC Bank mobile banking app customers has reached 600,000, a 44% year-over-year increase compared to 2013. The mobile banking app has a satisfaction rating of 87%.

CTBC Bank was the first to launch mobile transfer by QR Code, which was combined with payment alerts provided by Facebook, LINE, WhatsApp, and other social networking software to create a better, faster transfer experience. Like Internet banking, mobile banking supports CTBC Bank's patented OTP and on-screen keyboard security protocols to offer secure transfers to designated or non-designated accounts and scheduled transfers. CTBC Bank also provides an innovative service that enable customers to make payments by barcode scanning at convenience stores.

Mobile banking offers real-time quotes from major stock exchanges and foreign exchange markets around the world as well as push notification on financial news/reports to help customers keep track of market development. Customers who plan to visit a branch will be able to take a number straight on their mobile phone, and search the waiting time and numbers being served at the closest branch. CTBC Bank was the first financial institution in Taiwan to offer this service.

Upgrades ATM Services

To provide an easier-to-use deposit/withdrawal interface, CTBC Bank had finished replacing all ATMs in the branches with RC ATMs that supported both deposits and withdrawals by the end of June 2013. In 2014, CTBC launched a replacement project to replace 7-ELEVEn ATMs and to bring the total number of 7-ELEVEn ATMs up to 4,800. As

The followings are guidelines of GRI G4

G4-FS13: Access points in low-populated or economically disadvantaged areas by type.

The followings are guidelines of GRI G4

G4-FS14: Initiatives to improve access to financial services for disadvantaged people.

of December 2014, the number of CTBC ATMs in urban and rural areas across Taiwan was 5,403, which formed the largest network in the banking industry with service points across Taiwan and reaching into remote rural areas such as Cingjing Nantou, Alishan, Hualien, Taitung, and Kenting. Furthermore, CTBC ATMs offer more than 80 services, making it the industry leader in terms of ATM services. In addition to banking services, customers have access to a range of payment services (e.g. telecommunication bills, insurance premium, charity donations) on CTBC ATMs. Customer satisfaction in 2014: 92% for branch ATMs, 91% for 7-ELEVEn ATMs.

CTBC also invests in Obstacle-Free ATMs in an accessible environment. Across Taiwan, there are more than 5,200 accessible ATMs installed at an accessible height for disabled customers and in compliance with the accessibility standards established by the Construction and Planning Agency of the Ministry of Interior. New ATMs machines and services for visually impaired customers have been added. In addition to quick withdrawal and balance inquiry, withdrawal and transfer of a specific amount have also been added to the range of services. There are a total of five ATMs that accommodate visually impaired customers in Taiwan (at Xinzhuang Branch, Banqiao Branch, Chengzhong Branch, Bo'ai Branch, and 7-ELEVEn Anbin Store).

Innovative Services Available Exclusively to Credit Card Holders

To improve customer satisfaction regarding credit cards and make credit cards easier to use, CTBC has been launching new credit cards such as the business card, the ANA credit card, and the dual currency credit card to satisfy different overseas travel needs. CTBC also teams up with regional department stores such as T.S. Dream Mall to launch co-branded cards to accommodate local spending habits. Meanwhile, the CTBC reward program offer a "personalized points" service, and has introduced cross-border point exchange between the program and Wanlitong.com of China in September of this year. CTBC reward points can be redeemed through China's largest point-for-prize platform for products or services offered by more than 500,000 vendors on Chinese websites or stores. CTBC reward points are now easier to use than ever. The third party payment processing platform, pockii, which was launched in March, simplifies the order and payment procedures for both buyers and sellers, and creates a new choice for vendors looking to enter the field of mobile payment/shopping. The platform plans to work with MasterPass and make the service more widely available. In addition, CTBC has teamed up with GoMaji to introduce the GoMaji card app. The app enables card holders to make credit card payments by QR code on their mobile phones in 1,500 restaurants across Taiwan. This is a good example of online-offline integration of the virtual world and the real world. CTBC card offers app, which was launched in 2012, has been downloaded by 450,000 users. The app underwent an overhaul and upgrade in 2015, and aimed to bring the most frequently used features, "shopping, payment, and services", under one roof by creating a mobile spending platform and mobile e-ticket platform. The app was the first to support direct payments and a mobile customer support interface. Customers

can enjoy access to bill payment, transaction alert, card application, and organizing airport shuttle services.

Enhanced Services for CTBC Life Insurance Policyholders

CTBC Life Insurance offers a variety of ways of making a claim. In addition to being the first insurer to offer ibon claim services at 7-ELEVEn, CTBC Life Insurance has introduced the telephone claim service hotline. Any insured party or beneficiary of a personal insurance policy will be able to make a claim by calling the customer service hotline at 0800-211-505, and not have to provide a signature, mail an application, or visit a counter. CTBC Life Insurance also offers an "inpatient expense advance" service that provides early activation of the claim process. If an eligible policyholder checks into a hospital for treatment, the policyholder or the service representative will be able to apply for an advance by calling the customer service hotline or sending an "application for inpatient expense advance" by fax. Once approved, the amount will be transferred to an account of the insured party's choice on the following business day to help the insured party have a better experience during the hospital stay.

50 Thousands

CTBC's points are the most convenient

CTBC reward points can be redeemed through China's largest point-for-prize platform for products or services offered by more than 500,000 vendors on Chinese websites or stores.



ibon Claim Services

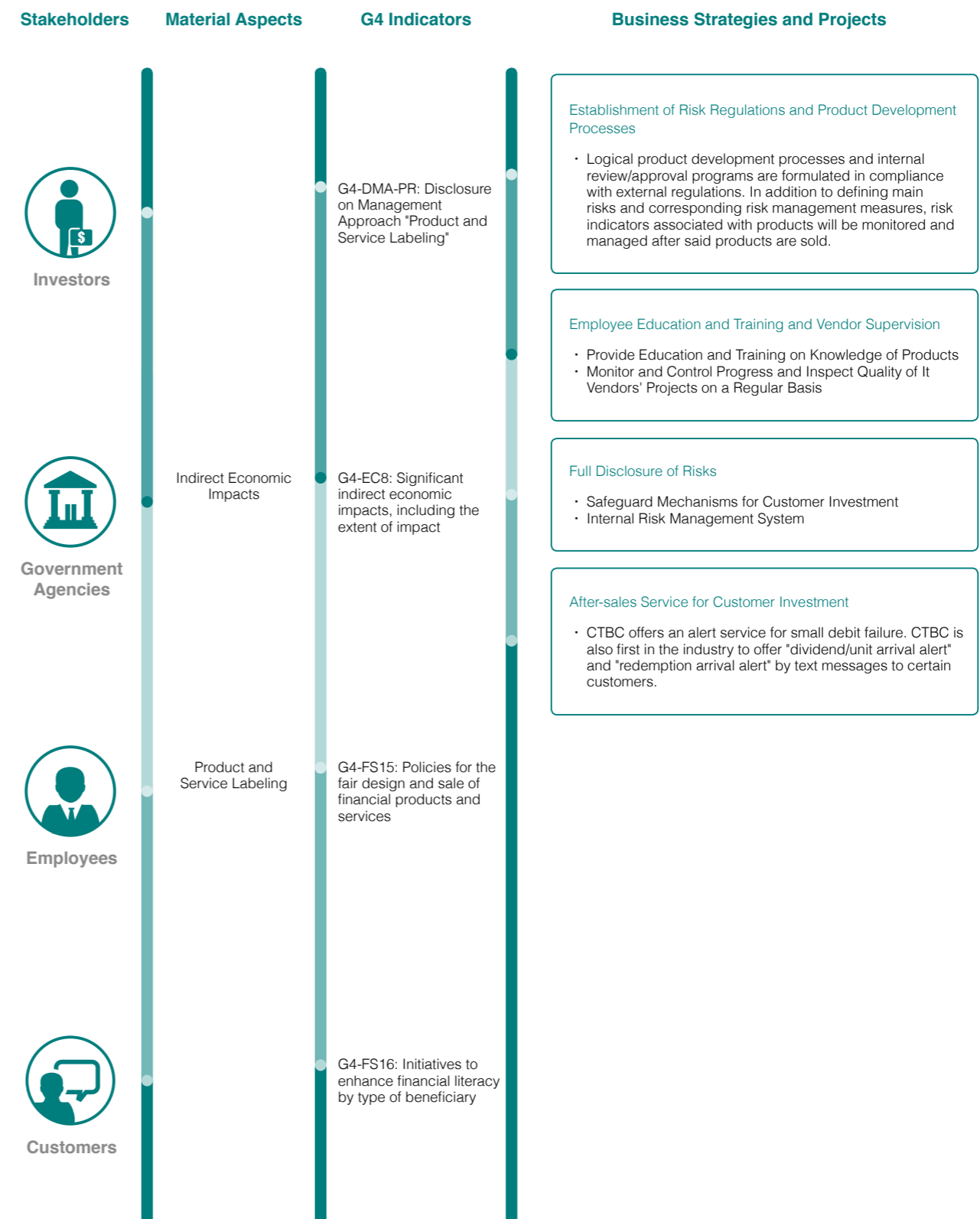
CTBC Life Insurance offers a variety of ways of making a claim, and being the first insurer to offer ibon claim services.



PRODUCT RISKS

As one of the leading banks in Taiwan, CTBC will shoulder responsibility for the products it offers. The company fulfills its product responsibilities by offering sound after-sale services and readying itself with solutions for the various risks.

- To ensure that products comply with investors' needs, CTBC has implemented a set of new product development procedures that require employees to conduct in-depth market survey and analysis with regards to the current condition and prospect of the financial market, customers' needs, and the authority's policies before launching any new product.
- Sending alerts for regular updates of risk profile, providing after-sales service for investment, and raise awareness of risk management in customers through risk profile questionnaire and term sheet survey.
- A "Compliance and Risk Management Center" has been established to oversee internal policies related to the issue of financial consumer protection. It protects customers' interests by monitoring customers' response and the bank's risk management practices.



The followings are guidelines of GRI G4

G4-EC8: Significant indirect economic impacts, including the extent of impacts.

Wages can never catch up with inflation in today's world. Therefore, financial planning plays a particularly important role in a customer's life. How to provide products that both offer security and meet customers' needs is a key part of CTBC's planning.

Establishment of Risk Regulations and Product Development Processes

Risks of a product have a strong effect on investors, government agencies, employees, customers, and suppliers. In addition to ensuring compliance, CTBC formulates logical product development processes and internal review/approval programs, defines main risks and corresponding risk management measures, monitors and manages risk indicators associated with products after said products are sold, and perform regular evaluation. CTBC also monitors repayment and allocation of customers' funds and associated financial treatments, and implement emergency response plans for certain extraordinary circumstances. Furthermore, the business units or subsidiaries, such as the bank, the investment trust company, and the securities brokerage, implement their own regulations regarding product risk management based on characteristics of products and businesses.

For personal banking products offered by the subsidiary, CTBC Bank, for example, policies regarding wealth management risk management and general product provisions were revised in 2014, and risks of 2,318 products were examined for the year. In addition, CTBC Bank completed audits of 125 product and service providers, and imposed maximum term and amount of product sales on three structured product issuers/ guarantors.

When engaged in fund advertisement, public seminars, or other sales promotion activities, the subsidiary, CTBC Investments, will adhere strictly to the Regulations Governing Securities Investment Trust Enterprises, the Financial Consumer Protection Act, and other applicable laws and regulations. To ensure product launches can better meet customers' needs, CTBC Investments implements a rigorous product development procedure. Designated staff will conduct an in-depth investigation and a research analysis of current market conditions and outlooks in Taiwan and abroad, potential customer demand, and regulatory policies.

Furthermore, regarding products managed by foreign investment companies hired by the company, CTBC Investments implements the Guidelines for Selecting and Supervising Foreign Investment Consultants in order to select foreign investment consultants or subcontract management firms in an open, fair, and impartial manner and to improve investment management performance for products. CTBC Investments also implements management procedures and measures sufficient to identify, measure, supervise, and control potential risks arising from outsourced investment operations.

Employee Education and Training and Vendor Supervision

Employees form the frontline of customer service, and must possess a certain level of professional knowledge in order to provide good products and services. CTBC

G4-FS16: Initiatives to enhance financial literacy by type of beneficiary.

Securities, for example, provides education and training on knowledge of products to give its employees a better understanding of the products and enable them to explain products more clearly to customers. In addition to having the units complete test cases, CTBC Securities will arrange education and training for company employees prior to launch of a new feature or business. Related information will also be conveyed to customers. For IT vendors responsible for online orders, project progress must be monitored regularly, and the systems developed must be examined in detail for quality assurance before the official launch.

Full Disclosure of Risks

CTBC Bank is equipped with a wealth management department, which helps customers make investment and financial decisions. To offer better customer protection, the Compliance and Risk Management Center was established in 2011 to oversee internal policies related to the issue of financial consumer protection. It protects customers' interests by monitoring customers' response and the bank's risk management practices.

Safeguard Mechanisms for Customer Investment

Risks will be full disclosed by means including sending alert for regular update of risk profile, providing after-sales service for investment, and raise awareness of risk management in customers through risk profile questionnaire and term sheet survey. In addition, customers of different risk profiles will be given different models of investment portfolio as a basis of asset allocation.

To ensure customers have access to real-time investment information, CTBC provides a variety of alert services, such as alert for negative/major investment news, alert of various levels of unusual credit risk, and notification of results of annual re-assessment of product risks.

Internal Risk Management System

The Wealth Management Product Review Committee has been established under the Personal Banking Division. The committee serves to conduct reviews and as a gatekeeper regarding products to be introduced or product/service providers and medium risk related issues. The "3-Month Market Forecast System" is created to forecast potential trends and performance of markets around the world in the next three months, which will be used to provide investment recommendations and as a basis for adjustments. The mechanisms will also be used to compare performance of funds offered by different companies. An alert for fund price volatility is implemented and monitored daily in order to verify performance of underlyings on the shelf and facilitate early identification of abnormalities in fund performance. During-event and post-event risk management is in place for the asymmetric risk, the concentration risk, the risk of insufficient knowledge during the term of an investment, and other risks.

The followings are guidelines of GRI G4

G4-DMA-PR: Disclosure on Management Approach "Product and Service Labeling".

G4-FS15: Policies for the fair design and sale of financial products and services.



To ensure customers have access to real-time investment information, CTBC provides a variety of alert services, such as alert for negative/major investment news, alert of various levels of unusual credit risk, and notification of results of annual re-assessment of product risks.

After-sales Service for Customer Investment

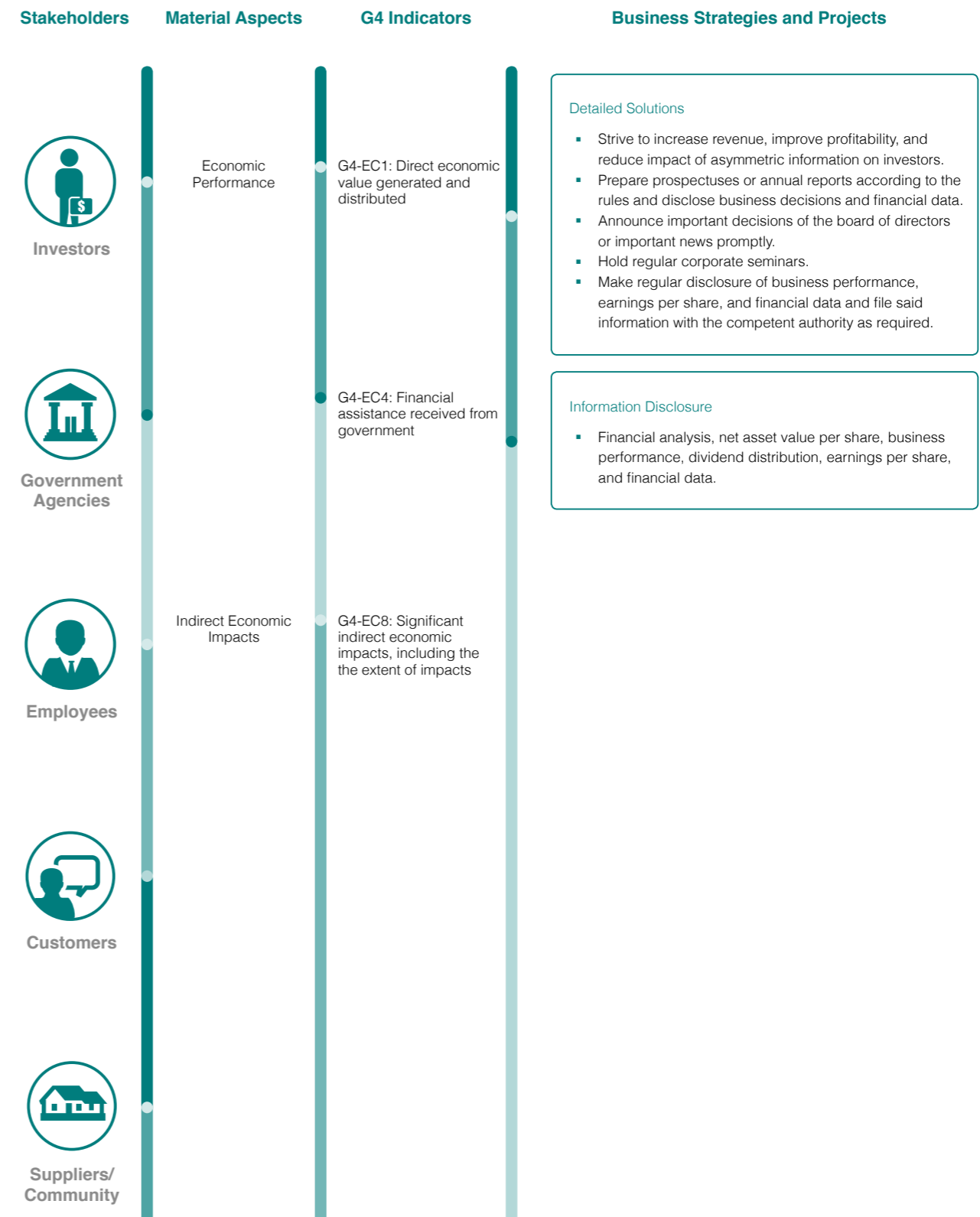
To provide better fund services, CTBC started offering an alert service for small debit failure in 2014. CTBC is also first in the industry to offer "dividend/unit arrival alert" and "redemption arrival alert" by text messages to certain customers. Customers will be able to have better control over cash flows, and avoid missing investment opportunities as a result of an insufficient account balance.



SHAREHOLDER'S EQUITY

In addition to maximizing shareholders' values, a company also needs to attend to other shareholders equity. CTBC has created a proper management system in this respect with clear guidelines and goals to work in the best interests of shareholders.

- CTBC Holding's cash dividend per share for 2014 is NT\$ 0.81, with a dividend per share of NT\$ 0.81.
- CTBC Holding spent a total of NT\$ 359,734,332 on donations and sponsorships in 2014.
- CTBC Holding's business income tax for 2014 is NT\$ 3,035,486,477, with an investment credit of NT\$ 25,160,147.



The followings are guidelines of GRI G4

G4-EC8: Significant indirect economic impacts, including the the extent of impacts.

G4-EC1: Direct economic value generated and distributed.

G4-EC4: Financial assistance received from government.

Shareholder equity is one of the crucial financial indicators as it reflects the health of a company's business. Therefore, CTBC carries out the following actions.

- Strive to increase revenue, improve profitability, and reduce impact of asymmetric information on investors.
- Prepare prospectuses or annual reports according to the rules and disclose business decisions and financial data.
- Announce important decisions of the board of directors or important news promptly.
- Hold regular corporate seminars.
- Make regular disclosure of business performance, earnings per share, and financial data and file said information with the competent authority as required.
- For more details, please visit the Investor Relations section of CTBC Holding's website: http://www.ctbcholding.com/ir_index.html

Dividend Distribution

Unit:NT\$

Category	2014	2013
Cash dividend per share	0.81	0.38
Dividend per shar	0.81	0.37
Total	1.62	0.75

Note: The amount of dividend will be proposed by the board of directors in 2014, and the actual amount will have to be approved by the shareholders in a general meeting.

Taxes

Unit:NT\$

Category	2014	2013
Income tax	3,035,486,477	2,779,063,028
Business tax	2,897,896,575	1,743,086,702
Stamp duty	172,054,932	142,327,302
Investment tax credits	25,160,147	1,954,298

Donations and Sponsorships

Unit:NT\$

Category	2014	2013
Arts and culture	61,801,788	117,015,250
Economic development and trade	14,002,500	17,210,000
Charities	58,505,126	45,990,807
Educational support	13,693,579	882,780
Athletic sponsorships	189,762,839	14,926,000
Emergency relief	21,968,500	34,020,000
Total	359,734,332	230,044,837

Shareholder Structure

Record Date: December 31, 2014

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions and Individuals	Individuals	Treasury Stock	Total
Number of people	6	115	683	1,398	317,014	0	319,216
Number of shares held	1,039	2,149,570,004	2,561,063,448	6,607,281,522	3,939,365,449	0	15,257,281,462
Ownership ratio	0.00%	14.09%	16.79%	43.30%	25.82%	0.00%	100.00%

NT\$0.81
Cash Dividend Per Share

CTBC Holding's cash dividend per share for 2014 is NT\$ 0.81, with a dividend per share of NT\$ 0.81.

35.9
Million
Donations and Sponsorships

The amount of Donations and Sponsorships was NT\$359,734,332 in 2014.



CORPORATE GOVERNANCE

Success is built upon a strong system. CTBC values teamwork as part of its corporate governance; It adopts a robust management system and assigns responsibilities appropriately among employees so that the company may grow continuously and continue to embrace successive challenges.

- To create a more independent and diversified board of directors, none of the directors of CTBC Holding holds a management position in the company. The new board of directors formed in 2014 included one additional independent director. The board currently consists of nine directors, with four independent directors and five directors. The directors possess a broad range of education and experience. There is one director who has relevant business experience for each subsidiary (banking, insurance, and securities). In addition, the subsidiary Taiwan Lottery also increased the percentage of female directors by appointing another female director, bringing the total number up to two.
- To enforce the supervisory role of the board of directors, the company has implemented the Responsibilities and Authorities of the Board of Directors, Chairman and President as a basis for the departments to establish levels of authority and clearly delineate levels of authority, including specific duties, within the company. For the purpose of fulfilling corporate social responsibilities and enforce corporate governance, the board of directors has approved internal regulations including the CTBC Financial Holding Corporate Social Responsibility Best Practice Principles and the CTBC Financial Holding Corporate Governance Best Practice Principles.
- In January 2014, CTBC Holding passed the "CG6008 Advanced Corporate Governance" assessment conducted by Taiwan Corporate Governance Association.

Stakeholders



Investors



Government Agencies



Employees



Customers

Material Aspects

Indirect Economic Impacts

G4 Indicators

- G4-EC8: Significant indirect economic impacts, including the extent of impacts.
- G4-34: Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.
- G4-37: Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance.
- G4-38: Report the composition of the highest governance body and its committees.
- G4-39: Report whether the Chair of the highest governance body is also an executive officer.
- G4-40: Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.
- G4-41: Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.
- G4-43: Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.
- G4-44:
 - Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.
 - Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.
- G4-45:
 - Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.
 - Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.
- G4-51:
 - Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:
 - Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives
- G4-52: Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.

Business Strategies and Projects

Board of Directors System of Operation

- Organization Chart
- Establishment of a Corporate Governance Body

Sound Corporate Governance

- Implementing Standardized Procedures
- Review and Revision of Internal Regulations

Managerial Role of the Board of Directors

- Director Selection and Decision
- Making Arrangements for Continuing Education and Training

Avoidance of Conflicting-Interest Agendas by Directors

- Proposals Involving Board of Director Conflicts of Interest in 2014

Remuneration Policy

- Remuneration Policy
- Analysis of Directors' (Including Independent Directors), President's and Vice Presidents' Remuneration as a Percentage of After-Tax Profit

The followings are guidelines of GRI G4

G4-EC8: Significant indirect economic impacts, including the extent of impacts.

G4-38: Report the composition of the highest governance body and its committees by:

- Executive or non-executive
- Independence
- Tenure on the governance body
- Number of each individual's other significant positions and commitments, and the nature of the commitments
- Gender
- Membership of under-represented social groups
- Competences relating to economic, environmental and social impacts
- Stakeholder representation

G4-34: Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.



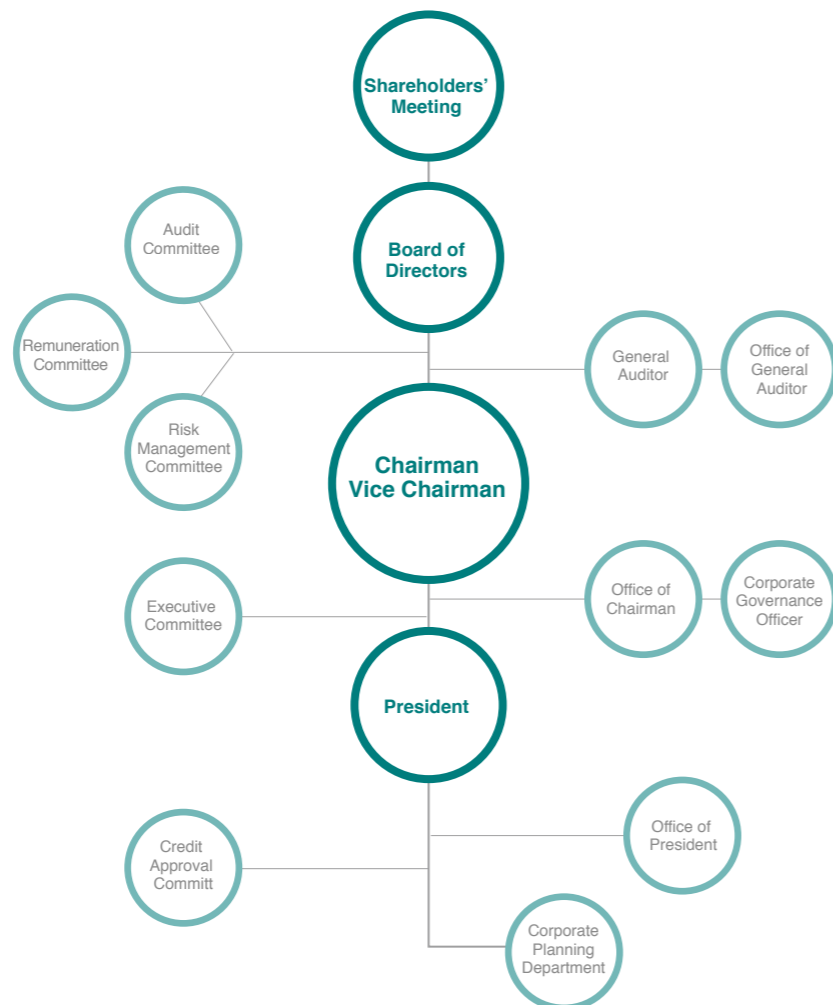
"CG6008 Advanced Corporate Governance" Certification

CTBC Holding, CTBC Bank and CTBC Securities were awarded the "CG6008 Advanced Corporate Governance" certification on January 3, 2014.

Board of Directors System of Operation

Due to the licensing requirements of the financial business, every decision the company has to make concerns the interests of our stakeholders and has profound impacts in a multitude of perspectives. As one of the leaders in financial services, CTBC understands the expectations that the society has placed upon us, which is why it has ensured that every member of our board of directors is both willing and able to undertake their duties to stakeholders and to the society. To support the board of directors, CTBC has assembled three functional committees, namely "Audit Committee," "Remuneration Committee" and "Risk Management Committee," under the board. During the 2014 annual general meeting, the company increased the number of its independent directors from 3 to 4; an Audit Committee was then assembled with all 4 independent directors, whereas a Remuneration Committee was assembled with 3 independent directors, and a Risk Management Committee was assembled with 2 directors and 1 independent director.

Organization Chart



Establishment of a Corporate Governance Body

In order to establish a robust board of directors system that shareholders may rely upon to monitor the company's performance, CTBC has initiated a series of corporate governance reforms since 2007 including the appointment of a specialized role called "Corporate Governance Officer" directly under the Chairman's Office. The Corporate Governance Officer is responsible for all corporate governance-related affairs of the company and helping the units develop and execute their own corporate governance practices.

Sound Corporate Governance

CTBC currently owns 9 subsidiaries. For ease of management, CTBC has devised a set of subsidiary management policies and is actively implementing the parent company's organization, policies and philosophies in each of its subsidiaries. Some of the universal rules implemented include: "Directors and Supervisors Remuneration Policy," "Policy for Subsidiary Governance," and the "Capital Expenditure Approval Authority" established in 2013. Meanwhile, the company participated in the "CG6008 Advanced Corporate Governance" assessment, during which an independent third party (Corporate Governance Association in Taiwan) conducted a field inspection on how directors and the management have run the company, and assisted in determining whether the company's corporate governance practices were adequate to protect shareholders' interests. On December 27, 2013, CTBC Life passed the "CG6008 Corporate Governance for Life Insurance Companies." Subsequently, CTBC Holding, CTBC Bank and CTBC Securities were awarded the "CG6008 Advanced Corporate Governance" certification on January 3, 2014.

Implementing Standardized Procedures

In 2014, CTBC finished revising the internal corporate governance regulations at its overseas subsidiary branch, Tokyo Star Bank, enabling Tokyo Star Bank to comply with regulatory requirements both in Taiwan and in Japan and connect seamlessly with CTBC's systems.

In 2012, CTBC's subsidiaries introduced new remuneration principles for directors and supervisors by amending their "Non-independent Directors Remuneration Policy," "Independent Directors Remuneration Policy," or "Directors and Supervisors Remuneration Policy," which allowed remuneration to be set at levels that are consistent with industry average and comply with relevant laws and regulations. In 2013, CTBC made further amendments to directors' and supervisors' remuneration policies which linked directors' remuneration to individual contributions, corporate performance and the risks exposed.

The CTBC Financial Holding Corporate Social Responsibility Best Practice Principles, the CTBC Financial Holding Corporate Governance Best-Practice Principles, and the CTBC Financial Holding Ethical Corporate Management Best Practice Principles are revised again in 2015. Revision of the evaluation rules for the board of directors

The followings are guidelines of GRI G4

G4-37: Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.

G4-39: Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).

G4-40: Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:

- Whether and how diversity is considered.
- Whether and how independence is considered.
- Whether and how expertise and experience relating to economic, environmental and social topics are considered.
- Whether and how stakeholders (including shareholders) are involved.

The followings are guidelines of GRI G4

G4-44:

- a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.
- b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.

G4-45:

- a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.
- b. Report whether stakeholder consultation is used to support the highest governance body's identification.

G4-52: Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.

is being considered in response to the amendment of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies regarding evaluation of performance of the board of directors.

Review and Revision of Internal Regulations

On an annual basis, CTBC will review the course of actions over the previous year and devise more complete internal regulations and policies as required by the competent authority for the new fiscal year, in the interest of pursuing more stable and sustainable growth. In 2014, CTBC continued to refine its corporate governance from strategic planning to the implementation of guidelines and policies, and from CTBC on down to its subsidiaries. The Guidelines for Reporting Unethical Conduct were revised in 2014. Suspected unethical conducts reported by the subsidiaries are summarized every six months and discussed by the department heads before submitted to the board of directors. The cases are disclosed on CTBC's website. A total of four unethical conducts were disclosed in 2014.

To enforce corporate governance and provide a basis for business travel expense claims by directors and supervisors, the Rules of Business Travel Expenses for Directors and Supervisors are implemented and extended to include the subsidiaries.

CTBC Bank was the first to revise its "Policy for Subsidiary Governance" in 2014 to facilitate management over its overseas branches and to meet the level of corporate governance and independence demanded by the local authorities. The purpose of revising such a policy was to balance CTBC Bank's need to manage various business segments and the branches' need to operate independently without violating corporate governance requirements of the local authorities.

In 2012, CTBC's subsidiaries introduced new remuneration principles for directors and supervisors by amending their "Non-independent Directors Remuneration Policy," "Independent Directors Remuneration Policy," or "Directors and Supervisors Remuneration Policy," which allowed remuneration to be set at levels that are consistent with industry average and comply with relevant laws and regulations. In 2013, CTBC made further amendments to directors' and supervisors' remuneration policies which linked directors' remuneration to individual contributions, corporate performance and the risks exposed.

The CTBC Financial Holding Corporate Social Responsibility Best Practice Principles, the CTBC Financial Holding Corporate Governance Best-Practice Principles, and the CTBC Financial Holding Ethical Corporate Management Best Practice Principles are revised again in 2015. Revision of the evaluation rules for the board of directors is being considered in response to the amendment of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies regarding evaluation of performance of the board of directors.

Managerial Role of the Board of Directors

Directors are the key to corporate decisions. To help them understand more

about CTBC's businesses and hence make the right decisions, CTBC has arranged for directors to undergo regular training and field observation both local and abroad, so that they may be better informed on events that are happening around the world. Meanwhile, an electronic proposal system has been implemented to support the board's managerial role, and measures have been taken to insure shareholders against losses caused by directors' conducts.

In 2014, CTBC added one independent directorship to its organization. Independent directors now represent 4 out of 9 total directors, and have formed functional committees catering to Audit, Remuneration, and Risk Management purposes to fulfill the company's corporate social responsibilities and achieve sustainability goals. Since 2012, the company has digitized pre-board meeting procedures and implemented them onto its system. This system is currently being used on all board meetings held across the group. 16 board of directors meetings were held in 2014, in which the directors averaged an attendance rate of 95.14%. In addition, 14 Audit Committee meetings were held with an attendance rate of 100%, 12 Risk Management Committee meetings were held with an attendance rate of 94.44%, and 12 Remuneration Committee meetings were held with an attendance rate of 100%.

Director Selection and Decision

To ensure segregation of managerial and supervisory roles, the company has implemented a policy stipulating that no manager may concurrently serve as the director or supervisor of the respective company. Doing so ensures the board's independence and diversity in its members. Also, the Board of Directors Election Rules have specified the fundamental knowledge, skills and characters that board members are expected to possess. To bring more gender variety into the board of directors, Taiwan Lottery has introduced another female director on board, increasing the total number of female directors to 2. The company has adopted the candidate nominee system since 2014 for all director elections held (including ordinary and independent directors).

The Remuneration Committee consists of three independent directors, who assist the board in assessing and supervising remuneration throughout the company, and determining the level of remuneration paid to directors and senior executives. The committee also implements robust practices that work for the best interests of the shareholders. Directors' remuneration at CTBC is linked to individual contributions, corporate performance and the risks exposed, and can be divided into a fixed monthly salary and a variable annual bonus.

Regarding business travel, CTBC implements the Guidelines for Directors Claiming Business Travel Expenses to provide a basis for claiming expenses. In addition, CTBC Holding purchases directors liability Insurance as protection against the directors' liabilities during the process of performing their duties.

In order to enhance supervisory and management efficiency in overseas subsidiaries, CTBC specially arranged for the directors to visit overseas subsidiaries

The followings are guidelines of GRI G4

G4-40: Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:

- Whether and how diversity is considered.
- Whether and how independence is considered.
- Whether and how expertise and experience relating to economic, environmental and social topics are considered.
- Whether and how stakeholders (including shareholders) are involved.

G4-51:

- a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:
 - Fixed pay and variable pay:
 - Performance-based pay
 - Equity-based pay
 - Bonuses
 - Deferred or vested shares
 - Sign-on bonuses or recruitment incentive payments
 - Termination payments
 - Clawbacks
 - Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees
- b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.



Introduced A Female Director

To bring more gender variety into the board of directors, Taiwan Lottery has introduced another female director on board, increasing the total number of female directors to 2.

The followings are guidelines of GRI G4

in order to place them in a better position to make appropriate decisions. When a new director or supervisor takes office, CTBC will provide education and training materials on ethical management as well as ethical management training for all directors and supervisors as needed. CTBC summarizes reports of unethical conduct every six months and submits them to the board of directors in order to ensure effective ethical management.

Board Member Age

Age Range	Number of Directors	
	CTBC Financial Holding	Subsidiaries
Below 30	0	0
30 to 50 years old	0	5
Over 50	9	21
Total	9	26

Note: The gender distribution ratio of directors of CTBC Holding and its subsidiaries is 4.8 females to 95.2 males.

G4-43: Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.

Making Arrangements for Continuing Education and Training

In an effort to enhance directors' professional knowledge that would contribute towards corporate governance, CTBC adopts the practice of subjecting its directors and supervisors to annual trainings and preparing them for local and global trends. Regarding the requirement that directors and supervisors of TWSE/GTSM listed companies should undergo a minimum of six hours of continuing education in 2015 under the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies, CTBC had satisfied the requirement in 2014. A total of 77 training hours were completed in 2014.

Raining of CTBC Holding's Directors and Supervisors:

Date		Name(s)	Organizer	Course
Start Date	End Date			
03.11	03.11	H. Steve Hsieh, Chung-Yu Wang	Taiwan Corporate Governance Association	Role of the board of directors and performance evaluation
03.26	03.26	Song-Chi Chien	Corporate Organization Association	Seminars on How to Hold a Good General Meeting in 2014
06.18	06.18	Yen-Pao Chen	Securities and Futures Institute	Networking forums for directors and supervisors titled "capital market and director/supervisor accountability in terms of corporate governance and insider trading"

77 Training Hours of Directors and Supervisors

Regarding the requirement that directors and supervisors of TWSE/GTSM listed companies should undergo a minimum of six hours of continuing education in 2015 under the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies, CTBC had satisfied the requirement in 2014. A total of 77 training hours were completed in 2014.

09.23	09.23	Thomas K.S. Chen	Taiwan Academy of Banking and Finance	Double Decade Financial Outlook Forum: From Asia Pacific to the World - Entry Strategies and Innovative Philosophy for Taiwanese Banks Seeking to Expand into Asia
09.23	09.23	Yen-Lin Wu	Taiwan Corporate Governance Association	Rights and obligations of directors/supervisors and board operations
09.24	09.24	Wen-Long Yen, H. Steve Hsieh, Chao-Chin Tung, Thomas K.S. Chen, Song-Chi Chien, Chung-Yu Wang, Wen-Chih Lee, Jie-Haun Lee, Yen-Lin Wu, (Yen-Pao Chen)	Taiwan Corporate Governance Association	Acquisitions and mergers and M&A reviews by directors
09.24	09.24	Wen-Long Yen, H. Steve Hsieh, Chao-Chin Tung, Thomas K.S. Chen, Song-Chi Chien, Wen-Chih Lee, Jie-Haun Lee, Yen-Lin Wu, (Yen-Pao Chen)	Taiwan Corporate Governance Association	Legal liabilities regarding false director/supervisor information in financial statements and insider trading
10.21	10.21	Yen-Lin Wu	Taiwan Corporate Governance Association	Practice and procedure of independent directors
11.20	11.20	Song-Chi Chien	Financial Supervisory Commission	10th Taipei Corporate Governance Forum
11.26	11.26	Thomas K.S. Chen	Taiwan Academy of Banking and Finance	Talent Development Program for Banks Expanding into Asia

Note: Director Yen-Pao Chen was relieved from his duties as a director of CTBC Holding on June 20, 2014, and appointed instead a director of CTBC Holding's subsidiary, CTBC Bank.

Avoidance of Conflicting-Interest Agendas by Directors

According to CTBC's Director Conference Rules, directors are required to abstain from discussion and voting of agendas that pose a personal interest to them, or to the corporate shareholders they represent, or in situations where directors consider it appropriate to do so. In addition, directors who have abstained themselves are not allowed to delegate voting rights to other directors. This requirement has been implemented in accordance with Article 206 of the Company Act. Major issues concerning environmental and social risk management are subjected to board of directors' discussion as they satisfy the criteria of materiality stated in Article 8 of the company's Board of Directors Conference Rules.

The followings are guidelines of GRI G4

G4-41: Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:

- Cross-board membership
- Cross-shareholding with suppliers and other stakeholders
- Existence of controlling shareholder
- Related party disclosures

The board of directors of CTBC urges its directors to exercise a high degree of self-discipline. Regarding any proposal of a board meeting where a director or any institution that the director represents is a stakeholder, key details of the conflict of interest should be described in the agenda, and the director should excuse himself/herself from related discussion and voting processes.

Proposals Involving Board of Director Conflicts of Interest in 2014

Session	Content of the proposal	Name(s)	Nature of dispute	Vote result
2014.1.22 47th meeting of the 4th Board of Directors	The distribution rules for stock appreciation rights in 2013 and proposed distributions to the chairman and the vice chairman are hereby submitted. [The proposal was approved and recorded by the 30th session of the 2nd meeting of the Remuneration Committee on January 21, 2014.]	Wen-Long Yen H. Steve Hsieh	Chairman of the Company Vice Chairman of the Company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.
	2013 Annual bonus proposal for the Chairman of the Company. [The proposal was approved and recorded by the 30th session of the 2nd meeting of the Remuneration Committee on January 21, 2014.]	Wen-Long Yen	Chairman of the Company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.
	2013 Annual bonus proposal for the Vice Chairman of the Company. [The proposal was approved and recorded by the 30th session of the 2nd meeting of the Remuneration Committee on January 21, 2014.]	H. Steve Hsieh	Vice Chairman of the Company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.
	2013 Annual bonus proposal for Independent Directors of the Company	Chung-Yu Wang Wen-Chih Lee Jie-Haun Lee	Independent Director of the Company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.

100%
Avoidance of Conflicting-Interest Agendas

The board of directors of CTBC urges its directors to exercise a high degree of self-discipline. Regarding any proposal of a board meeting where a director or any institution that the director represents is a stakeholder, key details of the conflict of interest should be described in the agenda, and the director should excuse himself/herself from related discussion and voting processes.

2014.2.27 48th meeting of the 4th Board of Directors	Proposal to amend "CTBC Holding Independent Directors Remuneration Policy."	Chung-Yu Wang Wen-Chih Lee Jie-Haun Lee	Independent Director of the Company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.
	Proposal to appoint members to the new board of directors of Taiwan Life Insurance Co., Ltd.	Song-Chi Chien	A director of the company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.
2014.3.28 49th meeting of the 4th Board of Directors	The 2014 pay raise proposal for the Chairman of the Company is hereby submitted. [The proposal was approved and recorded by the 32nd session of the 2nd meeting of the Remuneration Committee on March 27, 2014.]	Wen-Long Yen	Chairman of the Company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.
	The 2014 pay raise proposal for the Vice Chairman of the Company is hereby submitted. [The proposal was approved and recorded by the 32nd session of the 2nd meeting of the Remuneration Committee on March 27, 2014.]	H. Steve Hsieh	Vice Chairman of the Company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.
	A list of proposed directors/supervisors for the subsidiaries and affiliated enterprises of Taiwan Life Insurance Co., Ltd. ("Taiwan Life") is hereby submitted.	Song-Chi Chien	A director of the company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.
2014.7.25 2nd meeting of the 5th Board of Directors	Proposal to distribute directors' remuneration totaling NT\$ 110,829,455 from 2013 earnings according to the percentages outlined in the company's "Non-independent Directors Remuneration Policy." [The proposal was approved and recorded by the 2nd session of the 3rd meeting of the Remuneration Committee on July 24, 2014.]	Wen-Long Yen H. Steve Hsieh Chao-Chin Tung Thomas K.S. Chen Song-Chi Chien	Non-Independent Director of the Company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.

Session	Content of the proposal	Name(s)	Nature of dispute	Vote result
2014.10.23 6th meeting of the 5th Board of Directors	Proposal to reduce paid-up capital of CTBC Investment Co., Ltd. ("CTBC Investments") totaling NT\$ 31,000,000 (3,100,000 shares) against accumulated losses in 2013 for the purpose of strengthening financial structure while complying with the requirement that the net asset value per share must be maintained above the par value for investment trust companies applying to engage in new business operations. The number of outstanding shares after the capital reduction will be 36,000,000. [The proposal was approved and recorded by the 6th session of the 3rd meeting of the Audit Committee on October 22, 2014.]	Thomas K.S. Chen	Chairman of the company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.
	Proposal to amend "CTBC Holding Non-independent Directors Remuneration Policy" for business purposes. [The proposal was approved and recorded by the 5th session of the 3rd meeting of the Remuneration Committee on October 22, 2014.]	Wen-Long Yen H. Steve Hsieh Chao-Chin Tung Thomas K.S. Chen Song-Chi Chien	Non-Independent Director of the Company	The interested party did not participate in the discussion and vote; all the board members who attended approved unanimously.

Remuneration Policy

Remuneration Policy

Managers' talents and their abilities to plan and execute strategies are key to the company's performance. To align managers' personal goals with those of the company and the shareholders, CTBC has set managers' basic salaries that commensurate with market competition, with additional incentives that vary according to the company's operations and managers' individual performance. Overall speaking, the variable incentives account for a higher portion of managers' total remuneration than basic salaries. Incentives were designed in such a way that prompts managers to focus on the company's long-term goals and to deliver a win-win situation between the company, the employees, and the shareholders.

Remunerations that the company pays to its directors, President, and Vice Presidents include certain percentages of long-term incentives that are offered in the form of shares or stock appreciation rights. These incentives are not fully awarded in the year the earnings results are concluded. The values of these incentives were designed to correlate with share price movements, and therefore serve as a common interest between the managers and the company.

Analysis of Directors' (Including Independent Directors), President's and Vice Presidents' Remuneration as a Percentage of After-Tax Profit

CTBC and all companies included in the consolidated statements paid remunerations totaling NT\$ 690,293,000 to directors, Presidents and Vice Presidents of the CTBC group in 2014 (representing 1.75% of 2014 consolidated after-tax profit). Although the amount of remuneration paid in 2014 was 10.25% more than the NT\$ 626,115,000 paid in 2013, the increased remuneration was largely attributed more distributions (an 83.37% year-over-year increase) from 2014 earnings, and reappointment of directors, Presidents and Vice Presidents during the year.

Please refer to CTBC Holding's annual report for directors' profiles (including independent directors) and remuneration paid to directors, the President and vice presidents in 2014. Company website:www.ctbcholding.com.

The followings are guidelines of GRI G4

G4-52: Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.



Managers Focus on the Long-term Performance

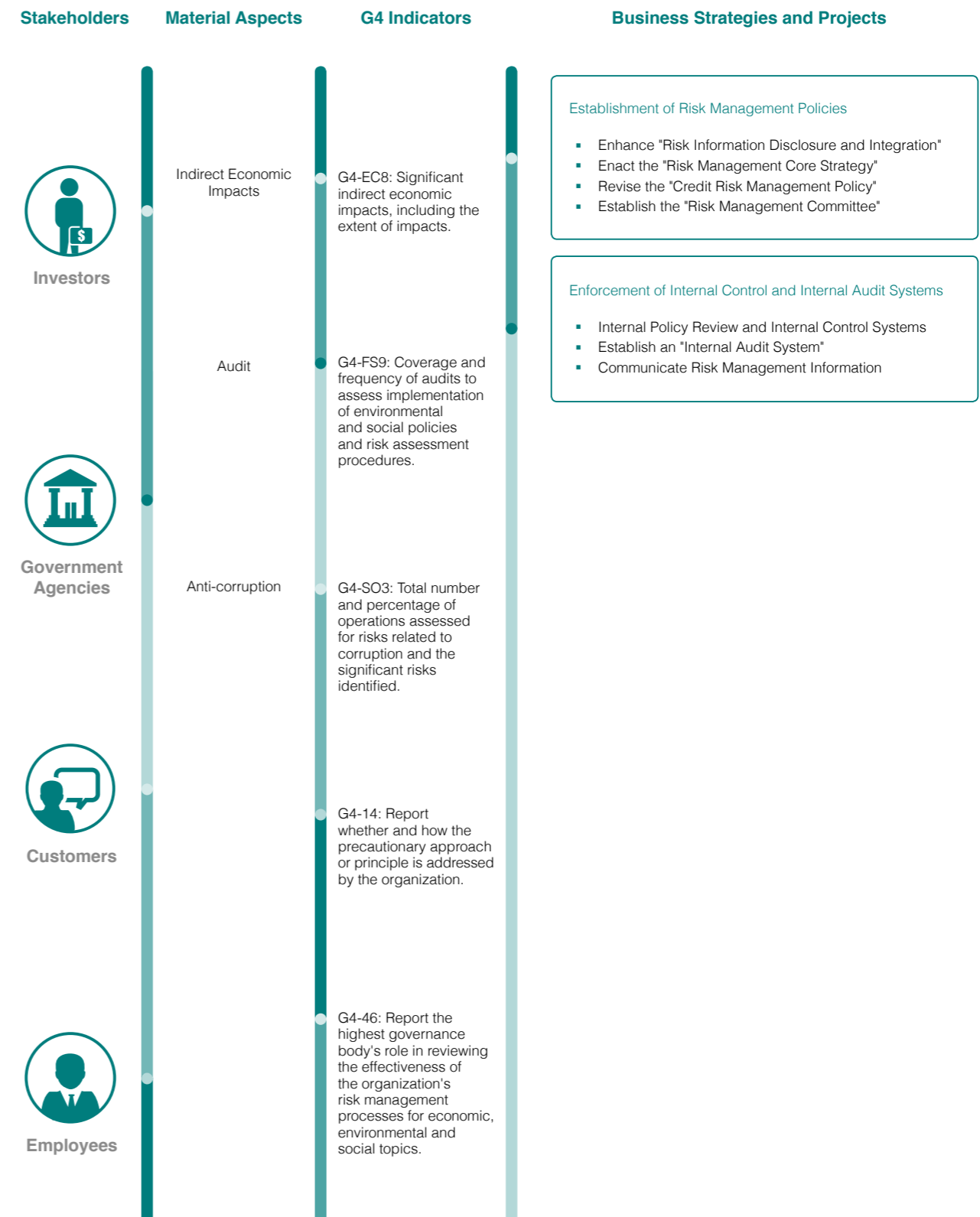
The variable incentives account for a higher portion of managers' total remuneration than basic salaries. Incentives were designed in such a way that prompts managers to focus on the company's long-term goals and to deliver a win-win situation between the company, the employees, and the shareholders.



RISK MANAGEMENT

CTBC understands the importance of risk management, which is why the company, in addition to complying with the rules of the authority, is committed to revising its business targets, executing board-approved risk strategies, and adopting proper risk management procedures as well as qualitative and quantitative risk assessments. These practices not only protect customers' interests, but also help the company to ensure business sustainability.

- Enact the "Risk Management Core Strategy" to facilitate risk management procedures, including formulating risk management units and responsibilities, implementing risk identification, measuring, monitoring, reporting and disclosure.
- CTBC established a general auditor system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". In addition, CTBC set up an internal audit function that reports directly to the Board of Directors and maintains independence and objectivity when executing its auditing duties.
- In order to meet the International Financial Reporting Standards (IFRSs), we introduced various risk quantification data on a consolidated basis, thus allowing the supervision mechanisms and market participants to better understand the risk status of integrated assets.



The followings are guidelines of GRI G4

G4-14: Report whether and how the precautionary approach or principle is addressed by the organization.

G4-FS9: Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.

G4-EC8: Significant indirect economic impacts, including the extent of impacts.

G4-SO3: Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.



Risk Management Core Strategy

The "Risk Management Core Strategy" is the highest-level guidelines for risk management procedures regarding formulating risk management units and responsibilities, implementing risk identification, measuring, monitoring, reporting and disclosure.

Financial trends and the changes in international politics and the economy are closely correlated. The financial services industry faces a stricter demand from international financial supervision. Risks exist in a variety of forms in the transactions we make, the products we offer, and the daily tasks we perform. Main risks that are common to all companies within CTBC can be categorized by business characteristics and risk attributes as: credit risks, financial market risks, liquidity risks, operational risks, and country risks. CTBC's objective in terms of risk management is not to completely eliminate risks, but to achieve an optimal balance between risk and return by using active risk management techniques so that resources are allocated efficiently to create core competencies leading to capital appreciation and shareholder return.

Summary of CTBC Risk Management Strategies

The Risk Management Core Strategy is enacted as the highest-level guidelines for risk management procedures for CTBC Separate management strategies or guidelines are implemented for main risks, including credit risk, market risk, liquidity risk, operational risk, and country risk.

Strategy	Risk Management Core Strategy	Credit Risk Management Policy	Financial Market Risk Management Policy	Operational Risk Management Policy
Scope of Risk	<ul style="list-style-type: none"> Common Rules for Risk Management Country risk 	<ul style="list-style-type: none"> Credit risk Including but not limited to credit risk, issuer risk, counterparty risk, and underlying asset risk 	<ul style="list-style-type: none"> Market risk Including interest rate risk, equity risk, exchange rate risk, and product price risk Liquidity risk 	<ul style="list-style-type: none"> Operating risks Including legal risk, but excluding strategy risk, goodwill risk, and legal compliance risk.
Management Objectives	To establish consistent standards for risk management rules, including level of authorized access to risk management documents, risk appetite/limit, and risk management information to be reported by subsidiaries to the holding company. To govern the objectives, principles, and procedures of country risk management for CTBC.	To govern the principles and procedures of credit risk management for CTBC Holding, including: risk identification, measuring, monitoring, and reporting.	To govern CTBC's management principles and procedures regarding financial markets, and to describe management structure based on the scope of risk impact	To govern CTBC's principles, procedures, and tools regarding operational risk management.
Date of Revision	2014.12.26			

Establishment of Risk Management Policies

To ensure appropriate management of various risks borne by CTBC, risk management policies are established to convey the risk management system and mechanisms approved by the board of directors and the executive management to

provide a set of consistent regulations for CTBC and its subsidiaries.

The subsidiary, CTBC Life Insurance, for example, follows an adequate set of management strategies, policies, and procedures to strengthen the overall risk management structure. CTBC Life Insurance is equipped with the Risk Management Core Strategy and related risk management policies. The risk management structure includes the board of directors, the Risk Management Committee, the Asset & Liability Management Committee, the Management Advisory Committee, the Risk Management Department, and department supervisors and the Audit Office. In particular, the Risk Management Department is responsible for areas including risk identification, measuring, controlling, and monitoring with the objective of strengthen the overall business structure and shareholder equity.

Enhance "Risk Information Disclosure and Integration"

In order to meet the demand of international financial supervision indices and financial reports, we have continued to enhance all categories of risk information disclosure and integration. For example, in order to meet the International Financial Reporting Standards (IFRS), we introduced various risk quantification data on a consolidated basis, thus allowing the supervision mechanisms and market participants to better understand the risk status of integrated assets.

Enact the "Risk Management Core Strategy"

The "Risk Management Core Strategy" is the highest-level guidelines for risk management procedures regarding formulating risk management units and responsibilities, implementing risk identification, measuring, monitoring, reporting and disclosure. CTBC then follows the strategy and establishes separate management strategies and rules for various risks based on the nature of business at each subsidiary, risk attributes, and management requirements.

Revise the "Credit Risk Management Policy"

CTBC Bank's credit extension policy that allows the bank to cooperate with and support green energy and related environmental industries was added. Rules were added to related guidelines to require an assessment to determine whether a loan applicant produces wastewater or exhaust gas or any other form of pollution to the ecosystem. The goal is to implement controls at the source in order to avoid subsequent pollution. The concept is consistent with the Equator Principles (EPs) by other countries.

Establish the "Risk Management Committee"

The Risk Management Committee was officially established in June 2011 under the board of directors to reinforce the board's communications, reports and recommendations regarding risk management. The Risk Management Committee also follows guidance and requirements of international financial regulators and strengthens the responsibilities

The followings are guidelines of GRI G4

G4-46: Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.



Risk Management Committee

The Risk Management Committee was officially established in June 2011 under the board of directors to reinforce the board's communications, reports and recommendations regarding risk management.

of the Risk Management Committee as needed. In 2014, the "Enhanced Prudential Standards for Foreign Banking Organizations" under the U.S. Federal Reserve's Enhanced Prudential Standards require that a holding company's risk management committee ensure that its U.S. operations enforce their respective risk management systems.

Enforcement of Internal Control and Internal Audit Systems

Internal Policy Review and Internal Control Systems

To ensure proper implementation of internal control procedures, CTBC conducts a full-scale review over its own internal policies to identify any discrepancies with external regulations, and therefore avoid operational risks and violations. CTBC also requires all internal departments to conduct self-audits on various aspects such as risk identification, segregation of duties, information, communication, supervisory activities, and corrective measures.

CTBC Insurance Brokers, for instance, implemented a new internal control system that facilitated risk management over 7 of its major business activities. The company's risk management framework embodies the board of directors and the Audit Office (including the Chief Auditor), with relevant controls in place to manage risks that pertain specifically to the company's business activities. A "CTBC Insurance Brokers Risk Report" is prepared and submitted to the board of directors on a regular basis. Regular performance tracking and implementation of operational risk improvement action plans with progress monitoring.

Regarding in-house funds and discretionary portfolios, in addition to complying with investment trust regulations, internal control systems, and internal risk management and operational risk management policies imposed by the competent authority, CTBC Investments incorporates risk factors into management practices in different units according to product characteristics and business activity risks. CTBC Investments also implements early warning protocols and an abnormality reporting process in order to enforce risk management in the investment trust operation and in daily business activities.

CTBC continues to implement the three lines of defense as part of its internal control system to ensure the effectiveness of the design and operation. When conducting business activities, the business units and support units on the first line will ensure compliance with risk management guidelines and enforce the daily risk control practice. The second line consists of the management units for the legal compliance unit and the risk management unit, and is responsible for planning the risk management system and monitoring the first line's performance. The third line is the internal audit system, which is responsible for auditing compliance with and enforcement of risk related regulations and internal control protocols.

Establish an "Internal Audit System"

In order to assist the board of directors and management to review and assess the effectiveness of internal control, CTBC established a general auditor system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". In addition, CTBC set up an internal audit function that reports directly to the board of directors and maintains independence and objectivity when executing its auditing duties. The internal audit function shall conduct a full-scope audit on the CTBC at least annually, and limited-scope audits on its and all its subsidiaries' financial, risk management, and legal compliance functions at least semiannually.

Communicate Risk Management Information

Risk management data are an important tool for communicating internal/external risks. When applied inside the company, the data effectively support the company as a whole to implement risk-based business decisions and create an equitable risk taking mechanism in order to help employees undertake a legitimate and reasonable amount of liability. When applied outside the company, the data help regulators and market participants conduct fair assessments of the company's business. Therefore, CTBC has always followed international financial regulatory guidelines and the International Financial Reporting Standards, and working constantly to refine the content and quality of risk management disclosure to external parties.

Credit Rating

Rating Agency	Credit Rating			Individual Rating	Support Rating	Outlook	Effective Date
	Long-term	Short-term	Issuer				
Moody's	-	-	A3	-	-	Negative	2014.06.18
Standard & Poor's	BBB	A-3	-	-	-	Stable	2014.07.22
Taiwan Ratings Corporation	twAA-	twA-1+	-	-	-	Stable	2014.07.22
Fitch (Global)	A	F1	-	a	-	Negative	2014.10.06
Fitch (Taiwan)	AA+(twn)	F1+(twn)	-	a	-	Negative	2014.10.06

AA+
Credit Rating Fitch Taiwan

A
Credit Rating Fitch Global



Three Line of Defense

CTBC continues to implement the three lines of defense as part of its internal control system to ensure the effectiveness of the design and operation.



General Auditor System

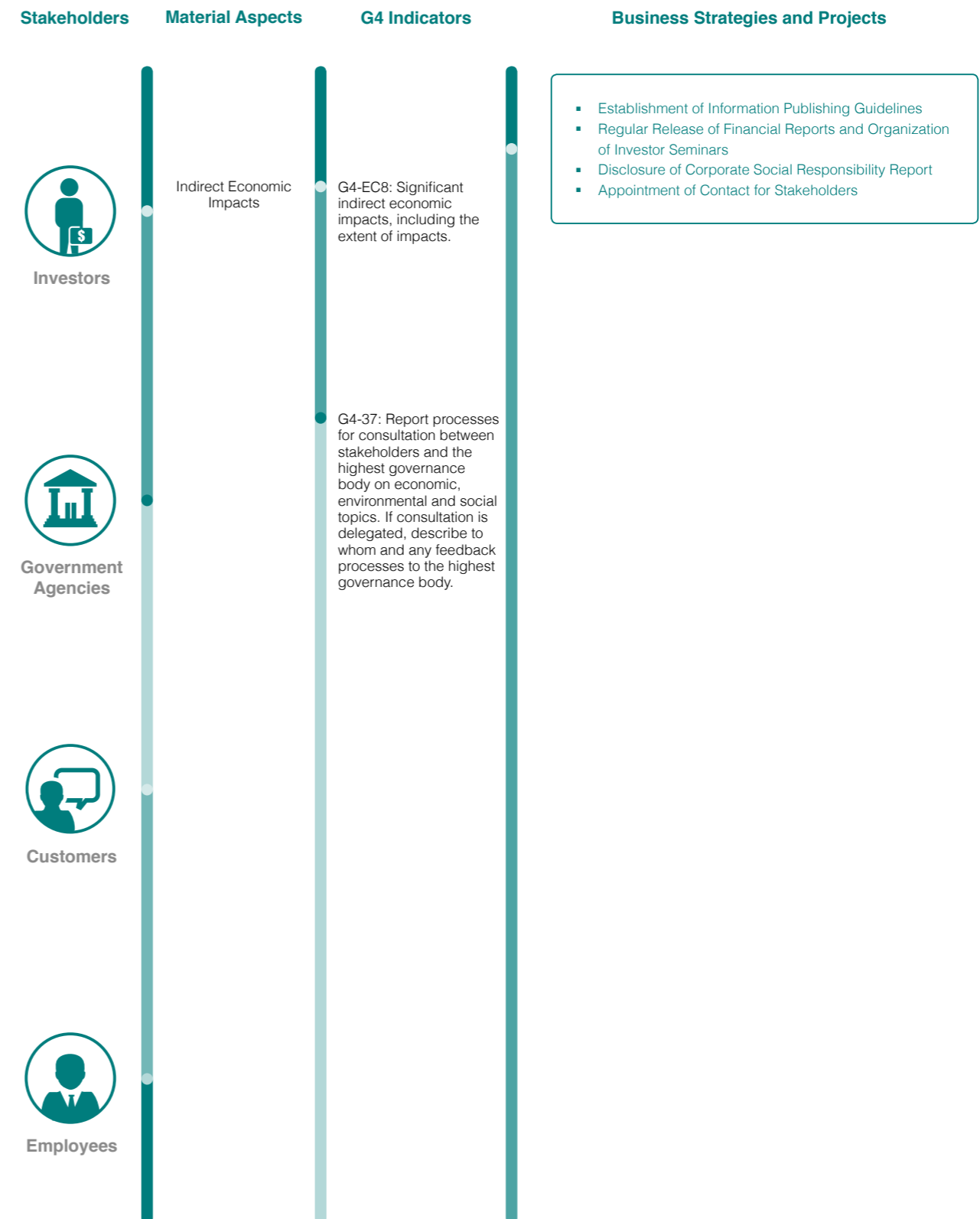
In order to assist the board of directors and management to review and assess the effectiveness of internal control, CTBC established a general auditor system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries".



INFORMATION DISCLOSURE

Information transparency presents a major concern to stakeholders, which is why the company has provided a number of open channels through which stakeholders may learn more about the company's operations. Meanwhile, the company also takes this opportunity to review its practices.

- The company held a total of 4 investor seminar sessions in 2014.
- CTBC has created a corporate social responsibility section on its website where CSR-related information is disclosed, and CSR reports dating from 2007 to 2014 are freely accessible to the public in PDF format.
- The official CTBC website also provides an investor relations section in both Mandarin Chinese and English, enabling investors to inquire and download the company's financial reports and access other key financial information.



The followings are guidelines of GRI G4

G4-37: Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.

G4-EC8: Significant indirect economic impacts, including the extent of impacts.

Establishment of Information Publishing Guidelines

Given the importance of information disclosure, CTBC makes disclosure of key information and online reporting of mandatory information disclosure by adhering strictly to the rules. CTBC Life, for example, has adopted "Information Publishing Guidelines" and introduced the use of "Information Publishing Checklist," "Insurance Public Information Platform Manual" and "Securities & Futures Bureau Public Information Platform Manual" to provide a basis for compliance to be followed by relevant departments. The company has made available a public information section on its website and regularly discloses relevant information on the Insurance Public Information Platform and the Securities & Futures Bureau Public Information Platform within the stipulated deadlines as required by pertinent regulations.

CTBC Investment provides detailed information in writing or on its website regarding the nature of its funds and the associated prospectuses and trading information to help customers understand the business. All fund prospectuses are updated regularly according to the law and provided to the distributors. They are also uploaded to the Market Observation Post System where they can be accessed by investors.

Regular Release of Financial Reports and Organization of Investor Seminars

CTBC makes regular release of financial reports and organizes regular investor seminars. Important decisions of the board of directors or important news are announced promptly. The company held a total of 4 investor seminar sessions in 2014. In addition, the official CTBC website also provides an investor relations section in both Mandarin Chinese and English, enabling investors to inquire and download the company's financial reports and access other key financial information.

Disclosure of Corporate Social Responsibility Report

To give the public an understanding of the company's operations, CTBC prepares regularly prospectuses or annual reports to disclose its business decisions and financial data. CTBC also follows the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and prepares corporate social responsibility reports. Links to the reports are created on the company's website by June 30 every year, and also filed with the Market Observation Post System. CTBC has created a corporate social responsibility section on its website. Complete information regarding corporate social responsibility can be found and downloaded from the website at http://www.ctbcholding.com/care_index.html. The website contains a full disclosure of CSR-related information as well as CSR reports in PDF files dating from 2007 to 2014. Electronic version of reports for the current year is also available for download. The electronic version supports a variety of features, including: keyword search, page tag, notes, switch to select tool, and download a single page or full report for offline viewing, which makes it easier to share online the current page or an entire online report through email or on Facebook or other networking websites. The company also distributes printed versions of its CSR report at nationwide

branches, national and municipal libraries, financial peers, and technology companies. We have also been invited to share and exchange our CSR experience in various forums.

Appointment of Contact for Stakeholders

The contact for stakeholders is displayed on the company's website: such as spokesperson, deputy spokesperson, convener of the Audit Committee, and contact for institutional investor relationship, shareholder affairs, customer services. An employee communication channel is available inside the company for employees to submit feedback by mail or in writing.



Financial Information Inquiry

The official CTBC website provides an investor relations section in both Mandarin Chinese and English, enabling investors to inquire and download the company's financial reports and access other key financial information.



CSR Section

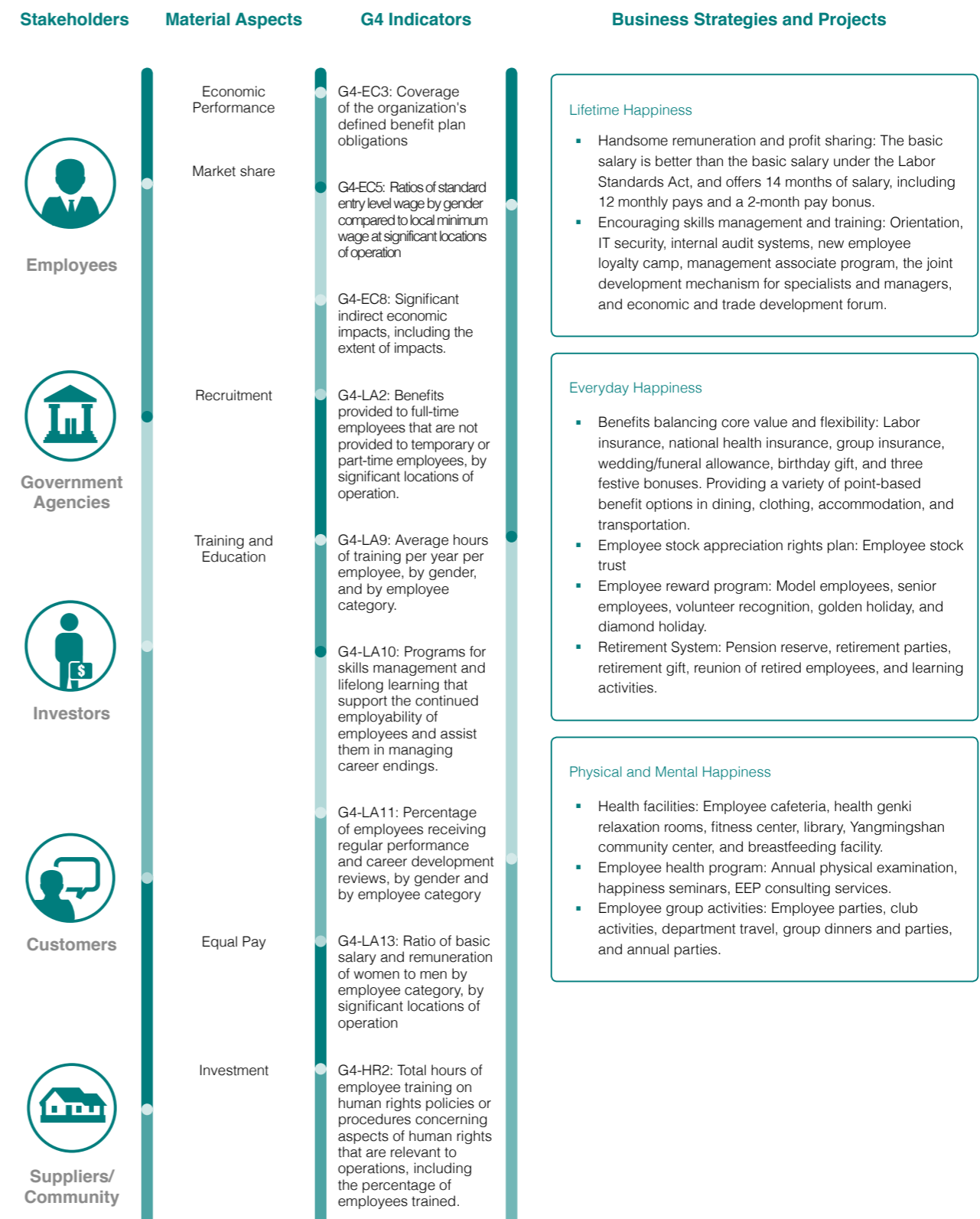
CTBC has created a corporate social responsibility section on its website, reporting in PDF files dating from 2007 to 2014.



EMPLOYEE WELFARE

As Jeffrey Koo, founder of CTBC Holding, said: "Only by maintaining the environment we live in and caring for the people around us, especially employees, are we able to make the society a better place and build a long-lasting business."

- The average pay increase at CTBC Holding was 2.3% in 2014, and the largest personal pay increase was 14.6%.
- In 2014, CTBC Holding spent a total of NT\$26,826,683,000 on employee welfare. The average employee welfare expense was NT\$1926,000, rising year-over-year by 6.1%.
- A total of 19,790 training sessions and 180,416 man-sessions were organized in 2014. A total of NT\$55.61 million was spent on employee training.



The followings are guidelines of GRI G4

G4-EC5: Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.

G4-LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.

G4-LA13: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.

G4-EC3: Coverage of the organization's defined benefit plan obligations.

Lifetime Happiness

With the slogan, "We are family", CTBC Holding creates a workplace of "physical and mental happiness", "everyday happiness", and "lifetime happiness", and leads the workforce toward a better, happier future with more new stories of happiness.

Handsome Remuneration and Profit Sharing

Salary is the most important element in an employee benefit package for an employee. To provide job security and motivate employees to meet the company's business targets, CTBC Holding has designed a system with competitive salaries and diversified profit sharing. CTBC Holding was also named one of the top 10 companies on the Taiwan High Compensation 100 Index in 2014. Salaries for new employees are always set higher than the statutory minimum wage in order to attract professional talent to join the company.

CTBC Holding's remuneration system is based on job duties in a fair, motivating manner. The company determines a salary based on objective factors such as an employee's past experience and ability, and the position to be offered. The basic starting salary is higher than the minimum wage stipulated under the Labor Standards Act, and does not vary by gender. Regarding the gender pay ratio for CTBC Holding's operations in Taiwan in 2014, regardless of management or general position, the annual pay did not differ between male and female employees. On average, employees of CTBC Holding receive 14 months of salary, including 12 monthly pays and a 2-month pay bonus. An annual bonus is also paid based on the company's business results and the employee's personal performance.

In addition, CTBC Holding participates in remuneration surveys every year, and adjust employee salaries according to market standards, economic trends, the company's business results, and personal performance. The average pay increase at CTBC Holding was 2.3% in 2014, and the largest personal pay increase was 14.6%.

2014 Gender Pay Ratio for CTBC Holding's Operations in Taiwan

Example Annual Salary	Female	Male
Management or Higher	100%	100%
General	100%	100%

Encouraging Skills Management and Training

For CTBC Holding, talent is the most precious assets and the key advantage in the pursuit of excellence and sustainable development. For its employees, CTBC Holding provide a variety of training resources including management courses, professional courses, language courses, and self development courses under a straining system based on the company's business strategies. The system is designed to meet the needs of employees in different positions.

To meet the development needs of employees in different stages of their careers, CTBC Holding implements a joint development mechanism for specialists and managers, and designs career development road maps for different positions. The company offers professional training, management training, international courses, overseas training, soft skill training, and financial qualifications, or provide opportunities of overseas visits, job rotation, and project assignments to facilitate long term career development for employees.

In 2014, a total of 19,790 training sessions (including relocation, overseas, and OJT training) were organized, including 18,781 physical training sessions and 100,376 man-sessions. A total of 1,009 online training sessions and 80,040 man-sessions were organized. Each employee received 39 hours of training on average. A total of NT\$55.61 million was spent on employee training, or NT\$4,283 per employee on average.

Total Training Hours (hour)	Management	General	Total
Female	57,592	259,670	317,262
Male	44,424	144,646	189,070
Total	102,016	404,316	506,332

Average Training Hours Per Employee (hour)	Management	General	Total
Female	78	37	41
Male	72	32	37
Overall Average	76	35	39

Employee Training Hours and Funding in 2014

Employee Training Hours And Funding in 2014	18,781
Physical Training Man-Sessions	100,376
Online Training Sessions	1,009
Online Training Man-Sessions	80,040
Total Training Hours	506,332 hours
Average Training Hours	39 hours
Total Training Expense	NT\$55.61 million
Training Expense Per Person	NT\$4,283
New Employee Training Man-Sessions and Hours	1,247 man-sessions, 54,281 hours

The followings are guidelines of GRI G4



19,790 Sessions

A total of 19,790 training sessions were organized in 2014.

G4-HR2: Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

G4-LA9: Average hours of training per year per employee, by gender, and by employee category.



55.61 Million

A total of NT\$55.61 million was spent on employee training.

The followings are guidelines of GRI G4

G4-EC8: Significant indirect economic impacts, including the extent of impacts.

Everyday Happiness

To help its employees enjoy more stability and happiness in their lives, CTBC Holding establishes the Employee Welfare Committee to provide benefits and employee care services as well as a wide range of benefit options. In 2014, CTBC Holding spent a total of NT\$26,826,683,000 on employee welfare. The average employee welfare expense was NT\$1926,000, rising year-over-year by 6.1%.

Benefits Balancing Essentials and Flexibility

CTBC Holding has designed "Core Welfare" based system. In addition to enrolling employees in the labor insurance and national health insurance as required by law, the system offers allowances for weddings, funerals, childbirth, medical care, and children education as well as birthday gifts, three festive bonuses, and emergency financial support. The system is the embodiment of the company's slogan, "We are family."

In addition, CTBC Holding provides its employees with ten types of insurance coverage, including comprehensive group coverage which contains life insurance, accident insurance, accidental inpatient care insurance, insurance for accidents during transporting or refilling cash, insurance for accidents during field work, inpatient care insurance for dependents, inpatient care allowance for parents, and cancer insurance. In particular, inpatient care allowance for parents is the most praised benefit. The coverage provides a fixed amount of NT\$900 for each day actually spent in a hospital for up to 60 days per incident.

We would like to see all of our employees be able to enjoy their own home, and so CTBC Holding offers preferred mortgage loans to its employees. The maximum amount will depend on the pay grade. Preferred mortgage rates offered by CTBC Holding on average are only half the interest rates offered by other banks.

On July 1, 2003, CTBC Holding was the first in the industry to provide a flexible welfare system which is point-based and issues points to employees every year. Employees will be able to decide for themselves the benefits and spending options in dining, clothing, accommodation, transportation, education, and entertainment.

Employee Stock Appreciation Rights Plan

Furthermore, to satisfy the need for life planning for the longer term, CTBC Holding has designed long term bonuses including employee stock appreciation rights plan. The company has also implemented an employee stock trust to inspire loyalty and motivate employees by letting employees share in the company's success. CTBC Holding is also the first financial institution to launch an employee stock trust in order to encourage its employees to participate in the stock ownership trust by making regular fixed amount of investment. It is a way for employees to make simple investment and work with the company to accumulate wealth in a win-win situation. The total number of participants has exceeded 9,000.

CTBC Holding has been issuing more units of employee stock appreciation rights

for three years. The number of units issued in 2013 increased by 43% compared to 2012, and the number in 2014 increased by 30% compared to 2013.

Employee Reward Program

Performance management at CTBC Holding is conducted under a performance evaluation system that utilizes target management and extends in a top-down manner to determine annual missions and targets for each employee. For employees, it is vitally important whether a company can reward employees in a substantial way. CTBC Holding utilizes a diversified reward system, which not only give excellent employees visibility, but also keep senior employees more loyal to their jobs.

The Model Employee Competition is held every year since 2005, and winners will be publicly recognized. CTBC Holding has the Senior Employee Recognition Program, which rewards certificates and recognition to employees who have been with the company for five years or more. Meanwhile, employees who have been with the company for five or ten years will be given a one-time five-day paid "golden holiday"; and employees who have been with the company for 15 years, 20 years, 25 years, or 30 years will be given a "diamond holiday" allowance of 30,000, 35,000, 40,000, and 50,000.

Retirement System

CTBC Holding extends employee care outside the workplace to include retirement planning for its employees. Following the Labor Standards Act, CTBC Holding allocates pension serves based on employees' wages every month, and deposits the funds into the Corporate Labor Pension Accounts. According to the Labor Pension Act, the company contributes 6% of personal wage to the pension plan every month.

The amount is submitted to the individual labor pension accounts established by the Bureau of Labor Insurance. Voluntary employee pension contributions will be deducted at the voluntary contribution rate from monthly salaries and deposited into individual labor pension accounts at the Bureau of Labor Insurance.

As a gesture of appreciation to its retired employees, CTBC Holding has respective departments organize retirement parties for retirees. All colleagues and supervisors of the retirees will be invited to the parties to offer good wishes. The retirees will also receive retirement gifts from their supervisors on behalf of the company. CTBC Holding organizes reunion and learning activities for retired employees every year. The company follows up on its retired employees and encourage them to engage in lifelong learning.

Physical and Mental Happiness

CTBC Holding is not just a place of work in its employees' eyes, but also an essential part of their lives. The company is a workplace that is made better by everyone in it and can be proud of in front of their families. "Work happily" is CTBC Holding's promise to its employee. It is the company's long term commitment to create a happy workplace that nourishes physical and mental happiness.

The followings are guidelines of GRI G4

G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.

Health Facilities - CTBC Financial Park

In 2014, to accommodate growing business needs and to create another happy workplace, the new corporate headquarters in Nangang, CTBC Financial Park, opened its doors after five years of preparation. As employees spend eight hours a day at work, having a comfortable work space is very important. CTBC Financial Park lets its employees keep the blue sky and the view so that the employees can focus on their jobs in a bright, comfortable office. Facilities including a fitness center, an X-bike classroom, a genki relaxation room, a multimedia entertainment room, a simulation golf practice course, a billiard room, ping pong, table football, and basketball shooting machines are available to encourage a balance between work and play.

In addition, there is an employee cafeteria, 7-Eleven, and a laundromat on the fourth floor. There is also a multi-purpose space to meet a variety of needs. It houses a food court, food stalls, shops, a supermarket, and a cafe. To protect its employees from the weather on the way to and from work, CTBC Financial Park provides a covered sky bridge between the park and Nangang Software Park Station on the MRT Wenhua Line. The sky bridge is also open to workers in the area and local residents.

Employee Health Program

Every employee plays an essential role in CTBC Holding's business. The health of its employees is one of the company's key concerns. CTBC Holding, as part of the philosophy, encourages services that contribute to employee health. The aim is to help employees maintain physical and mental health and live a healthy life despite a busy work schedule.

CTBC Holding provides its employees with half-day paid leaves and free annual physical examinations. There are in-house qualified nurses and doctors stationed in the company to offer health information and emergency medical assistance. Health seminars are held as needed to provide a comprehensive range of health information such as first aids with cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED), fitness tests, and cancer screening.

In addition to nourishing the physical and mental health of its employees, CTBC Holding also offers similar health information and training for the employees' families. To create a breastfeeding friendly environment for female employees who have just given birth, CTBC Holding has installed breastfeeding facilities for female employees in CTBC Financial Park, in Yongji, Hongtai, and Chengde Buildings, and in Taichung Kungyi Branch. Starting in August 2012, harmony seminars are held every month with the goal to create and spread small pockets of happiness in the everyday life. The seminars offer a rich variety of topics, including wine tasting, comedy acts, concerts, healthy living, arts exhibits, secrets to happiness, and relationship advice. Many guest speakers, including Yi-Kang Feng, Hsun Chiang, and Wen-Hua Wang, have shared with our employees ways to find one's own happiness.

Employee Group Activities

Only happy employees can produce fast growing operating performance. CTBC Holding has been devoted to organizing various recreational activities for its employees for years. The goal is to help the employees live a healthy, balanced life at work and at home. Examples include employee parties, department travel, group dinners and parties, and annual parties. Other examples include family days, matchmaking activities, and free rest areas.

In addition, CTBC Holding encourages its employees to participate in club activities. The company supported a total of 26 clubs in 2014. The range of activities included golf, English learning, mountain climbing, flower arranging, aerobics, and X-biking. A total of 929 sessions were organized and received 13,669 participants. A total of NT\$6,504,300 was spent on club funding in the year. In particular, there were large outdoor events, such as the 44th Banking Cup Basketball Tournament, the 46th Banking Cup Badminton Tournament, the 2014 Central and Southern Taiwan Golf Tournament, and the 2014 Northern, Central, and Southern Taiwan Bikers Meet-up at Sun Moon Lake. The company's support and the group effort gave the employees more opportunities to embrace nature and experience different outdoor activities. Many employees found joy in a healthy lifestyle and ways of setting challenges and dreams for themselves.

Conclusions

CTBC Holding is devoted to creating the perfect workplace that allows employees to achieve a work-life balance. The goal is to improve the well being of its employees and their families by taking care of the employees' physical health as well as their mental health. CTBC Holding also aims to inspire its employees' families to identify with the company and convey CTBC Holding's commitment to employee care so that its employees can focus on their work and continue to learn and grow. CTBC Holding strives to establish itself as a model business in Taiwan that works to improve the happiness level in the society as a whole. The company encourages its employees to spread happiness to their families and clients as well as to the community and beyond. CTBC Holding intends to achieve sustainable development and fulfill its corporate social responsibility by initiating a positive cycle of happiness.



6.5 Million

A total of NT\$6,504,300 was spent on club funding in the year.

CSR PERFORMANCE

"Only through happy employees can you satisfy customers and shareholders and bring about a healthy society and environment." CTBC places great emphasis on its corporate social responsibilities, from caring about employees' careers and families, caring for the community and supporting sports and the arts to protecting the environment. The company's overall mission is to be a positive force in society as a whole.

- CTBC Bank's female manager ratio in branches that exceeds 60%, currently total female managers across the company are in the region of 60%
- "Light up a Life" donations have surpassed NT\$ 1.5 billion for 30 years helping over 330,000 children.
- In 2015 the facility was awarded Diamond Level Green Building Certification by the Ministry of the Interior, the largest financial facility to be awarded this, making it a role model for energy efficient carbon reduction office buildings.

CTBC Financial Park

The CTBC Financial Park is Taipei City's largest public open space within a private development project, with structures occupying only 51% of the total surface area, well below the legally stipulated 65% maximum, and 49% open space, making the facility a milestone in Taipei City architecture. The surface area of the park is four times that of our Xinyi head office—the public space on the ground floor combined with "adopted" green land totals 6,800 ping making it Taipei's largest public open space. The combination of cultural arts and green parklands gives to local residents, customers and employees an office space of an international standard as well as a more comfortable leisure environment.

The all-new financial park embraces CTBC's core CSR tenet of "We are family" while also adhering to four design concepts: "For family", "business development", "striving", "travel far"—these four concepts are applied by CTBC in the pursuit of happiness for its employees and extend to its concern for society as a whole.

For Family - LOHAS Employees are the Core

"We are family" embodies the brand spirit of CTBC and reflects our internal values. The CTBC Financial Park was designed according to the layout of a traditional siheyuan, drawing on the interchangeable meaning of "home/family" while also integrating our corporate identity. For many years CTBC has treated every employee and their dependents as its own family so that all employees can with a happy heart pass on this concern to customers and to society at large, treating everyone like their own family members. To this end employees comprise the core of CSR since only by realizing employee care can a business enjoy stable development.

CTBC has always followed the principle of "from each according to their abilities, to each according to their needs" in promoting talent development and compensation and welfare systems. Therefore stable performance in terms of turnover, hiring and training has been achieved while productivity and employee satisfaction are the highest in Taiwan's financial industry. In 2014 CTBC's major business locations made hiring locally a priority, with Taiwan achieving a local hiring ratio of 99.9%, and overseas locations achieving a ratio of 91.2%. In the past two years total number of employees and rate of new hires have seen stable growth.

Employment data below mainly covers CTBC FHC and subsidiaries including CTBC Bank (including overseas branches, and service locations) CTBC Insurance Brokers, CTBC Securities, CTBC Venture Capital, CTBC Asset Management, CTBC Life Insurance, CTBC Investments and the Taiwan Lottery.

The followings are guidelines of GRI G4

G4-10:

- a. Report the total number of employees by employment contract and gender.
- b. Report the total number of permanent employees by employment type and gender.
- c. Report the total workforce by employees and supervised workers and by gender.
- d. Report the total workforce by region and gender.
- e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.
- f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).

The followings are guidelines of GRI G4

Employee Structure—gender breakdown

2014/12/31	Taiwan		Overseas Locations		
	Permanent	On assignment	Permanent (incl. overseas)	Contract	On assignment
Total employees according to gender ratio					
Male	4,845	177	360	4	2
Female	8,345	363	378	7	11
Total	13,190	540	738	11	13

Note : Total employees of Taiwan include CTBC Life Insurance agent.

Employee structure — differentiated by fixed salary/commission system

2014/12/31	Taiwan		Overseas Locations		
	Permanent	On assignment	Permanent (incl. overseas)	Contract	On assignment
Total employees according to fixed salary/commission system					
Fixed salary	9,703	540	738	11	13
Commission system	3,487	-	-	-	-
Total	13,190	540	738	11	13

Note1 : Fixed salary employees refers to employees receiving a fixed salary; Commission system employees refer to employees receiving a basic salary plus performances bonuses based on sales performance, monthly salary is therefore variable.

Note2 : Total employees of Taiwan include CTBC Life Insurance agent.

Permanent Employee Structure—according to gender, age, and differentiated between managers and generals

Employed as at 2014/12/31		Permanent Taiwanese Employees			Permanent Employees at Overseas Locations (incl. on assignment)		
Gender	Age range	Management	General	Total	Management	General	Total
Male	Over 50	228	362	590	28	13	41
	30 to 49	475	2,831	3,306	44	224	268
	Less than 30	26	923	949	-	51	51
	Total male	729	4,116	4,845	72	288	360
Female	Over 50	174	371	545	5	18	23
	30 to 49	714	5,575	6,289	32	242	274
	Less than 30	23	1,487	1,511	-	81	81
	Total female	911	7,433	8,345	37	341	378
Total		1,640	11,549	13,190	109	629	738

Note1 : Manager refers to an employee tasked with an overseeing management role; General refers to non-management personnel.

Note2 : Total employees of Taiwan include CTBC Life Insurance agent.

G4-EC6: Proportion of senior management hired from the local community at significant locations of operation.

G4-LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

New Hires (fixed salary)

2014/12/31 Retirees (fixed salary)		Permanent Taiwanese Employees			Permanent employees at overseas locations (incl. on assignment)		
Gender	Age range	Management	General	Total	Management	General	Total
Male	Over 50	8	18	26	2	9	11
	Female	19	409	428	8	73	81
	Less than 30	-	450	450	-	24	24
	Total male	27	877	904	10	106	116
Female	Over 50	5	57	62	2	2	4
	30 to 49	14	650	664	4	62	66
	Less than 30	-	630	630	1	32	33
	Total female	19	1,337	1,356	7	96	103
Total		46	2,214	2,260	17	202	219

2014 New hire ratio (fixed salary) (Taiwan): 23.8%

Note 1: New hire ratio formula = Total new hires ÷ average personnel at beginning and end of reporting period

Note 2: New hire ratio showed an 11.2% increase from last years 12.6%, this was due to the acquisition of Manulife in 2014 and the taking onboard of their 193 permanent employees at the beginning of the year.

Total Resignations (fixed salary)—by gender and age group

2014/12/31 New hires (fixed salary)		Permanent Taiwanese Employees			Permanent employees at overseas locations (incl. on assignment)		
2014 yearend (fixed salary) total employees		9,703			738		
2014 turnover		17.8%			20.0%		
Gender	Age range	Management	General	Total	Management	General	Total
Male	Over 50	10	28	38	8	3	11
	30 to 49	12	397	409	11	46	57
	Less than 30	-	215	215	-	11	11
	Total male	22	640	662	19	60	79
Female	Over 50	5	55	60	4	1	5
	30 to 49	14	647	661	10	75	85
	Less than 30	-	310	310	-	22	22
	Total female	19	1,012	1,031	14	98	112
Total		41	1,652	1,693	33	158	191

Note: Turnover rate formula = Total resignations ÷ average personnel at beginning and end of reporting period

The followings are guidelines of GRI G4

G4-EC5: Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.

G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region.

The followings are guidelines of GRI G4

G4-HR3: Total number of incidents of discrimination and corrective actions taken.

G4-HR5: Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.

G4-HR4: Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.

G4-HR6: Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

G4-HR12: Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms.

G4-LA3: Return to work and retention rates after parental leave, by gender.

Human Rights and Gender Equality in the Workplace

With regards to employee care, CTBC places great emphasis on human rights and gender equality, not only through clear prohibition in written regulations of sexual harassment of any kind, discrimination or threatening behavior, but also through adherence to Labor Standards Act regulations on hiring of handicapped persons and government policy on re-entry of housewives into the workforce. In 2014 no incidents of discrimination, child labor, forced or compulsory labor or incidents infringing on employee interests occurred. At the same time the employee code of conduct and employee incentives and penalties guidelines have had human rights explanations added to them.

Currently the CTBC employee female to male gender ratio stands at 16: 9. Apart from subsidiary CTBC Bank's female manager ratio in branches that exceeds 60%, currently total female managers across the company are in the region of 60%, with 70% of model employees recognized annually being females, displaying that the company achieves full gender equality and non-discriminatory career advancement opportunities.

In order to provide employees a secure workplace environment CTBC has in place menstruation leave, parental leave, paternity leave, family care leave and child care subsidy measures, ensuring the rights and interests of employees. In 2014 across all units 145 employees applied for parental leave without pay, with a return to work ratio of 66.9%; 1,171 employees applied for child care subsidies with total subsidies granted of NT\$ 15,480,946. According to statistics the crude birth rate at CTBC in 2014 was 41.02%, compared to that for Taiwan of 8.99%, showing that due to CTBC's welfare and support measures its employees are able to discharge their responsibilities to their families.

2013-2014 Unpaid parental leave

項目	Male	Female	Total
2014 Unpaid parental leave, total employees potentially returning to work (A)	15	130	145
2014 Unpaid parental leave, total employees actually returning to work(B)	5	92	97
2014 Rate of employees returning to work(B/A)	33.3%	70.8%	66.9%
2013 Unpaid parental leave, total employees actually returning to work(C)	6	110	116
2013 total number of employees returning to work after parental leave and completing one year of service in 2014(D)	5	95	100
2014 retention rate(D/C)	83.3%	86.4%	86.2%

Respecting Employer-employee Communications and Workplace Safety

A harmonious and safe workplace is a key part of our mission to nurture LOHAS employees. CTBC places great emphasis on employer-employee communications and interaction and regularly holds labor-management conferences with all employees voting for seven labor representatives in formal elections every year (for which neither gender can have less than one-third representation), with management also designating seven

representatives, ensuring that all employees enjoy their rights under the Labor Standards Act, taxation and freedom of association rights, as well as other human rights. In 2014 a total of four labor-management conferences were held with 100% of labor representatives being permanent employees of the company. In 2014 there were a total of nine labor disputes, all of which were amicably resolved.

With regards to items covered by the Labor Standards Act, motions were first passed in the Labor-Management Conference and then announced to all employees after being incorporated into work rules. For employee welfare matters a regular report is presented to the Labor-Management Conference. For changes in working conditions the shortest notice periods that can be given to employees are as follows: for new branches set up or increases in manpower within a branch, at least one week prior to the transfer, if a branch is closed, taken over, declares a loss, downsizes, or if an employee decides they are unable to execute assigned responsibilities, a minimum of 10 to 30 days notice is required to terminate labor contracts.

Regulations for notice periods covering the above items:

- Employees working continuously for three months but less than one year: 10 days notice.
- Employees working continuously for more than one year but less than three years: 20 days notice.
- Employees working continuously for three or more years: 30 days notice.

In order to boost effectiveness of employee communications, CTBC has set up an Employee Hot Line. Employees can also mail written feedback to the HR department, or directly to the head of HR. Employees may also express opinions directly to any manager within the HR department or make use of the dedicated email address: 0885@ctbcbank.com, the employee hotline: (02)3327-8850, and the General Administration department's internal website feedback section, URL: <http://ga.ctbcbank.com>. All feedback documents and letters are handled in a confidential manner in order to protect the human rights of the complainant.

In 2014 a total of 156 employee opinions were received via email, mail, and internal websites. Contents covered included salary and welfare, performance evaluation, internal communications, occupational safety, food quality and software and hardware facilities. To respect every employee's valued opinion CTBC has the responsible unit issue a response to each employee, ensuring that every case is resolved.

In terms of workplace safety, CTBC has in place comprehensive hardware equipment and high quality software facilities, ensuring a comfortable and healthy working environment. In 2011 a Workers' Health and Safety Code was drawn up to clearly regulate workplace health and safety standards and to clearly explain all emergency measures, emergency equipment use and principles of incident reporting so that employees can improve workplace safety and prevent injuries and losses due to workplace accidents and occupational hazards.

CTBC uses environmental materials in its buildings and strictly controls its door

The followings are guidelines of GRI G4

G4-11: Report the percentage of total employees covered by collective bargaining agreements.

G4-LA4: Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.

G4-57: Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.

G4-58: Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.

G4-LA16: Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.

The followings are guidelines of GRI G4

safety measures to create a greener environment. With regards to internal environments a strict no smoking policy is in place and disinfection is carried out monthly in order to reduce workplace contaminants. CTBC also conducts regular testing of carbon emissions, lighting etc. on a periodic basis to ensure compliance with environmental standards. In main office buildings we have added air conditioning systems and fresh air purifiers to ensure good comfort levels in the workplace.

In addition for employees suffering on-the-job injuries the company gives occupational injury leave as required by law and in accordance with the actual situation. Employees are also assisted in submission of a labor insurance claim. Employees receive the maximum amount of assistance possible in the shortest possible time so that work-related injuries are kept to a minimum. In 2014 a total of 68 persons applied for occupational injury leave with a total of 1,992 days lost. Of those 68, 62 were involved in traffic accidents during their daily commute. There were no workplace fatalities.

Occupational hazard statistics: in accordance with the occupational hazards index announced by the Council of Labor Affairs, two key categories are selected, rate of disabling injury (work days lost through disabling injury per 1 million working hours) and frequency of occupational injury (average number of occupational injuries per 1 million work hours). Data does not include traffic accidents outside the workplace. The base value of 1 million working hours is five times the ILO defined value of 200,000 hours.

2014 disabling injuries related data

Category	No. of employees with disabling injuries	No. of work days lost due to disabling injuries	Disabling injury frequency rate (FR)	Disabling injury severity rate (SR)	Total no. of days absent	Absenteeism rate
Male	0	0	0	0	2,123.5	159.36
Female	6	248.5	0.28	11.66	7,201.5	540.44
Total	6	248.5	0.28	11.66	9,325	699.8

Note 1: Total work hours 21,320,376 (total employees x hours worked per day x number of working days in the year); Total working days, 2,665,047 (total employees x number of working days in the year)
 Note 2: Disabling Frequency Rate, (FR) = total employees with disabling injuries x 1,000,000 / total working hours
 Note 3: Disabling Severity Rate (SR) = No. of work days lost due to disabling injuries x 1,000,000 / total working hours
 Note 4: Total no. of days absent = Total of occupational injury leave+menstruation leave + sick leave
 Note 5: Absenteeism rate = Total no. of days absent ÷ Total no. of working days x 200,000

Business Development-Financial Park Community Care

The CTBC Financial Park adopts a new approach and new building concepts and techniques, making our new business headquarters into a new landmark as well as a new base for community care. In addition, the CTBC Financial Park is Taipei City's largest public open space within a private development project, with structures occupying only 51% of the total surface area, well below the legally stipulated 65% maximum, and 49% open space, making the facility a milestone in Taipei City architecture.

G4-LA6: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.



The CTBC Financial Park is Taipei City's largest public open space within a private development project, with structures occupying only 51% of the total surface area, well below the legally stipulated 65% maximum, and 49% open space, making the facility a milestone in Taipei City architecture.

An Arts Lobby and Cultural Hall Open for Visits

On entering the CTBC Financial Park's 16 meter high arts lobby, the first thing a visitor sees is the 360 degree circular LED digital installation, Curriculum Formosa. This is the first arts installation in Taiwan to combine Big Data, real time computing techniques, and interactive media, ingeniously combining the financial, technology and arts sectors into a virtual traditional landscape painting. More than 55 indigenous species are displayed on a 25 MP interactive screen to present the beauty and colors of Taiwan's flora and fauna. The double C design concept was chosen by CTBC FHC founder Jeffrey Koo based on the company's corporate identity theme of "protect and create". The lawns and flowers represent CTBC's long term care for society, while the art space allows visitors to leave with a feeling of pride in this land.



In addition, in order to help visitors more clearly understand CTBC's nearly 50 year history and the development of the financial industry in Taiwan the Financial Park also includes a cultural hall. With an interior space of 210 ping display areas cover "Cultural Heritage" "Recognition of Contributions" and "Brand Operations". Collections cover cultural artifacts, documenting CTBC's key milestones and also conveying the shared beliefs and development efforts of CTBC personnel.

Taipei City's Largest Public Space

CTBC adopted the development concept of "Everyone's Financial Park", taking access pathways to the neighboring MRT station into consideration in initial planning, in order that not just CTBC employees, but also all Nangang Software Park employees, could enjoy convenient access. To this end sky bridges were constructed at both the western and the eastern sides of the facility.



In addition, for the Sanchung World Trade Park next to the Financial Park, while originally planned as a car park only, CTBC, as an expression of its corporate social responsibility, applied to the city council to adopt the space and create a 3,641 ping eco-park in the hope of creating a symbiotic natural environment for local residents. In response to Taiwan's climate different green areas have been laid out, with a sakura walkway for spring, a tree-shaded backyard for summer, a maple walkway for fall, and a pine forest for winter. In addition wetland and fern areas, lawns and boardwalks are present giving CTBC employees, children, and all Nangang Software workers a convenient and comfortable leisure space.

The followings are guidelines of GRI G4

G4-FS5: Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.

G4-SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programs.



1.5 Billion

"Light up a Life" donations have surpassed NT\$ 1.5 billion for 30 years helping over 330,000 children.

In keeping with the "We are family" brand spirit CTBC invites all family members of employees to attend its large scale activities, whether for reunion days, employee travel, the "Hope was Here" concert or the CTBC Ladies Open. In particular, after the opening of the CTBC Financial Park this caring attitude was expanded to the whole Nangang community. Within the Park, in addition to inviting the Paper Windmill Theatre group to perform at the opening celebrations we have hosted a park tour activity and a Xmas activity open to employees and local residents.

In January, 2015, CTBC, under the auspices of Taipei City Government's Department of Sports, utilized the central courtyard of the park to create Taiwan's first ever outdoor ice skating rink with use priority assigned to social welfare groups, and for visits by children from remote communities, while also allowing free use to Nangang residents and society as a whole.



Striving-Employees Passing on Love to Society

Social care is an important part of CSR. CTBC follows the philosophy of returning to society whatever is taken from society, starting from care for employees, while sharing love with customers, society as a whole and extending to overseas.

Supporting Disadvantaged Social Groups

For a number of years, CTBC has combined resources of the group to assist disadvantaged groups escape poverty. In November 2004, the CTBC Charity Foundation was established as a means to execute the company's charitable mandate via long-term promotion of continuing care programs of different charity groups. CTBC FHC founder Jeffrey Koo in 1985 began the Light Up a Life donation campaign, Taiwan's earliest and longest donation campaign of its kind. Total accumulated donations have currently surpassed NT\$ 1.5 billion, helping over 330,000 disadvantaged children improve their circumstances. By utilizing the CTBC Innovative Charity Platform's eight donation channels, both activity participants and total funds raised have reached new heights, successfully raising awareness of disadvantaged children within the domestic population.



Also through its long-term contact with disadvantaged families CTBC has discovered that to escape poverty "independence" is the key strategy. By taking on board the micro-financing concepts of Nobel Peace Prize winner Dr. Muhammad Yunus' Grameen Bank, CTBC in 2011 introduced Taiwan's first poverty alleviation

program (CPAP). In 2013, CTBC introduced its PAP Merchants brand to help promote CPAP products. In 2014, Dr. Yunus visited in person, affirming the success of CPAP. In 2015, CTBC won the Excellence Award under the Charity Support Category at the Corporate Social Responsibility Award Ceremony held by Global Views Monthly. It also announced the expansion of the program with 300 families receiving free enterprise start-up consultations, with NTD 50 million in loan finance available. By the end of 2014, 51 household heads had already received funding to the tune of NTD 20 million with more than 75% of start-ups still in operation.

CPAP-Old Friends

Business start-ups are not easy and sustainable operations are even harder to achieve. Chairman Jeffrey Koo Jr. of the CTBC Charity Foundation made a special trip to the south to view the hard work of these PAP entrepreneurs and to offer them encouragement. Indigenous Amis mother Xiao Lian was an early beneficiary of the CTBC Poverty Alleviation Program (CPAP). Four years ago she quit her hair dressing market stall to realize her dream of opening a salon. At the time, Chairman Koo was a VIP customer. During these four years she has struggled due to unstable customer numbers and rising rent but with the support and encouragement of start-up consultants and CTBC volunteers she decided to train in trichology to improve her skill set.

Xiao Lian's Feifa Rujing salon was renovated in May 2014, and while visiting old friends, Chairman Koo decided to have her cut his hair again even though he normally cuts it himself. In fact he believes his hair to be too stiff to hold any sort of style so Xiao Lian was surprised she able to cut it evenly. Koo himself felt he looked 10 years younger with his new haircut. This was also the first time he had enjoyed a relaxing and refreshing scalp spa.



In addition CTBC has also assisted disadvantaged families with funds from the Taiwan Lottery. Since taking over the Public Welfare Lottery in 2007 CTBC has received recognition from many lottery winners. In eight years a total of NT\$ 3.2 billion has been donated for the disposal of 215 social welfare groups in the running of over 500 charity projects. Charity recipients include pre-school infants, economically disadvantaged elementary school students, disabled persons, foreign spouses etc. with over 3.8 million total recipients.

Diverse Charitable Care

Apart from disadvantaged groups CTBC also shows its concern for other areas of society. During last years gas explosions in Kaohsiung's Qianzhen and Lingya districts



3.8 Million

In eight years a total of NT\$ 3.2 billion has been donated for the disposal of 215 social welfare groups in the running of over 500 charity projects. Charity recipients include pre-school infants, economically disadvantaged elementary school students, disabled persons, foreign spouses etc. with over 3.8 million total recipients.

CTBC assisted the city government in sheltering disaster victims and in rebuilding homes with NT\$ 10 million donated to related relief units and the 81 Disaster Relief program initiated. CTBC Life Insurance also initiated six disaster policy assistance measures including: free replacement policy, policy renewal holdover, housing loan principal and interest holdover, express claim payouts, secondary claims and living assistance to ensure the rights and interests of disaster stricken policy holders.

In order to help local Taiwanese learn basic rescue techniques and promote anti-drug education, the CTBC Charity Foundation utilized funds donated by Taiwan Lottery winners to produce the world's first Rescue Bus emergency education vehicle offering a training system for CPR, AED and Heimlich maneuver. In July 2014, the bus was already in service teaching people how to respond within the "golden period". In addition, in 2014 CTBC co-operated with the U.S. DEA's Drug Enforcement Administration Educational Foundation with free use of the Foundation's exhibition materials combining popular science, life education and biological health modules. These resources formed a mobile exhibition that toured Taiwan cities and counties and campuses. This was the first co-operation between Taiwan and the US in anti-drug education and was a new page in international anti-drug co-operation. In 2015 a CTBC Anti-Drug Education Foundation will be established so that children and young people can understand the harm drugs do to people.

CTBC also holds free financial seminars for customers with its The Kind Hearts and Wealth Management Classroom program. In 2014 330 high school age children of clients attended nine seminars held across Taiwan. Also for customers having difficulties paying debts CTBC offers financial services as well as internal group purchasing, donations and free transport to help customers overcome these temporary low points in their lives.

Assisting Taiwan Arts and Sports Development

To help the government promote the culture and creativity industries CTBC Bank in recent years has adopted investment, sponsorship and other channels to support government policy with the hope of creating a unique cultural innovation and financial development path.

"Where there is world-class performance, there would be applause from CTBC customers!" In 2014 CTBC has continued to sponsor a range of world-class art exhibitions and performances including "Women, Birds, Stars: Joan Miro Exhibition," "Monet: Landscapes of the Mind," the Marie Laurencin exhibition, Pili Fantasy World of Puppet Art, Taiwan ONE PIECE, the Petersburg Symphony Orchestra, blind Japanese concert pianist Nobuyuki Tsujii, as well as hosting a cultural creativity forum with the National Library, inviting speakers such as Chiang Hsun, Tom Wang Hung-Tze Jan to open up the imaginations of the general public and gain entry to different cultural fields.

In sports, in addition to continued sponsorship of the Brother Recreational, the CTBC Charity Foundation discovered that many indigenous children in remote locations

have great talent but lack stable funding resources so often fall through the cracks. To this end, in 2014 a subsidy system was set up to "adopt" six baseball teams from remote schools including Nantou County's Xinjie Elementary School, Chiayi County's Xiulin Elementary School, Kaohsiung's Meinong Elementary School, Pingtung County's Futian Elementary School, Taitung County's Daxi Elementary School and Hualien County's Guangfu Elementary School. In addition the expertise of the Brother Recreational's team has been applied to assist in the passing on of skills to these stars of tomorrow.



From 2011 CTBC began a Golf Talent Training Program for long-term sponsorship of rising talents such as Yeh Hsin-Ning, Lin Tzu-Chi, Hsieh Yu-Ling, and Hsu Wei-Ling. In 2014 Teresa Lu and US-based Chien Soon Lu were added to the program. In 2015 the girls (or ladies or female?) program will be expanded to Greater China with the sponsorship of world-ranked female golfer Shan Shan Feng in the hope that all supported female golfers can match her achievements.



CTBC involvement in the sport of golf is not limited to sponsorship of individual athletes; we are also actively involved in tournament sponsorship. The 2014 CTBC Ladies Open drew 107 world-class golfers and ensured that Taiwan holds a prominent position in the golf world. In the

future CTBC plans to work at grassroots levels to ensure that potential talent is nurtured and that golf becomes a sport played by all.

CTBC Overseas CSR Legacy

In step with the company's increasing global development and deployment CTBC is ensuring that its CSR concepts are promoted and passed on in overseas locations to establish a warm corporate culture.

In 2013, Typhoon Haiyan swept through the central part of the Philippines, causing more than 2,000 deaths and rendering hundreds of thousands of locals homeless. CTBC took the lead in donating NT\$ 10 million for the reconstruction of schools in affected areas. In September 2014, three of the elementary schools assisted in Cebu had already completed reconstruction and held reopening ceremonies. Letters of appreciation were received by CTBC thanking us for our prompt aid response, allowing children in the area to enjoy an uninterrupted education.

In 2013, CTBC reached out across the Taiwan Strait and worked with the China National Committee for the Wellbeing of the Youth ("CNCWY") and Foundation for the Next Generation ("FNG") in launching the "Chinese Pilot Education Program." In 2015 eight

model schools have already been established in Hunan, Gansu, Ningxia, Sichuan, Inner Mongolia, Liaoning, Guizhou and Guangxi, five provinces and three autonomous regions. Remote schools were able to improve software and hardware infrastructures, around 5,700 disadvantaged children lacking resources benefited.

Promoting a "Bank of Love" with a Culture of Volunteering

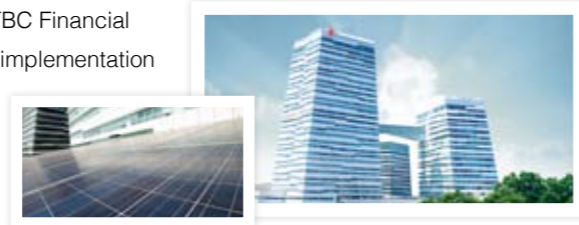
CTBC pursues an operational mission to be a "Bank of Love" and leads the industry in implementation of good deeds leave, hoping that all employees within this extended family can learn to care for disadvantaged groups and understand that the greatest gift is to give. At CTBC, on average one employee in eight is a volunteer. For many years now they have been donning green vests and helping disadvantaged children with their homework, giving English instruction, reading story books, or teaching classes on finance, giving up their own valuable leisure time. Upper management also leads by example, leading employees to participate in social work so as to give back to society as a whole.

Volunteer service at CTBC has already become an important part of the corporate culture. Good deeds leave is a practical encouragement to employees to take part in volunteer activities. For every service block of six hours one day leave is granted with a maximum of ten days of paid service leave per employee annually, the highest in the industry. In 2014, CTBC granted 1,354 days of good deeds leave, which represents NT\$ 2.708 million worth of additional paid leave. Since the CTBC Charity Foundation was established in 2004, a total of 23,311 days of good deeds leave have been granted, representing NT\$ 46.622 million worth of additional paid leave.

CTBC has accumulated many years of social charity experience, becoming a complete charity platform in the process and ensuring that resources are supplied where needed. Through the various activities of the CTBC Charity Foundation, volunteers, Brother Recreational team members, sponsored golfers, and the CPAP, and with synergies achieved across the arts and sports is a better place because of us.

Travel Far-Green Strategies in Sustainable Operations

Our newly constructed CTBC Financial Park places great emphasis on implementation of environmental design concepts such as: energy efficiency, carbon reduction, and renewable resources.



Public spaces combine cultural innovation, green habitat preservation and environmental harmony, representing CTBC's social commitment to "Green Policy Green Future".

As a global corporate citizen, CTBC adopts long-term green purchasing and green consumption concepts, realizing the importance of energy efficient carbon reduction and sustainable environmental protection. Apart from its own efforts on-site



46.622 Million

2004, a total of 23,311 days of good deeds leave have been granted, representing NT\$ 46.622 million worth of additional paid leave.

the company is also introducing green products across the industry and encouraging others to follow suit.

Green Brand

CTBC FHC founder Jeffrey Koo once said "The value of a business is not only about its ability to profit, but more importantly how it contributes and the positive influences it brings to society." CTBC deeply acknowledges the social responsibility of enterprises in environmental protection and hopes that through the influence of its green products it can encourage the growth of green industries, doing its part to ensure a sustainable environment.

CTBC Financial Park's Diamond Level Green Building Certification

In January 2009 CTBC began building the 7.6-acre CTBC Financial Park. During the early stages of planning we hired Tokyu Construction Co., Ltd. from Japan to do an overall energy saving and carbon reduction efficiency assessment. Our plans were eventually approved by the Taiwan Architecture and Building Center (TABC), and met the required standards in eight of Taiwan's building assessment indexes: Amount of greening, on-site water retention, daily energy saving, CO₂ reduction, waste reduction, indoor environment quality, use of water, and wastewater and refuse treatment. We estimate that the park will have an annual net carbon fixation (the amount of CO₂ that plants can absorb) of 8,240 metric tons. In 2015 the facility was awarded Diamond Level Green Building Certification by the Ministry of the Interior, the largest financial facility to be awarded this, making it a role model for energy efficient carbon reduction office buildings.



In addition to the green design of the CTBC Financial Park CTBC has adopted the 3,641 ping Sanchung World Trade Park nearby planting 1,795 ping of trees and 2,854 ping of lawn and bushes, with a total of 317 trees, with plans to plant a sakura forest, pine forest, a wetlands, ferns, and a boardwalk, creating a pleasant and educational space that showcases Taiwan's forest treasures.

In order to pursue environmental improvement the CTBC Financial Park adopted lightweight design concepts including steel structures, lightweight partitioning, metal and glass curtain walls. The building exterior adopts Low-e glass materials to block heat radiation. The facility also features Taiwan's first Chilled Beam System for air conditioning, utilizing heat dispersal and cold-heat convection, and doing away with the need for traditional air-conditioning turbines. This allows for a noiseless and comfortable indoor environment as well as outstanding energy efficiency. Currently our two office towers have installed 1,048 such units estimated to conserve 2.45 million kW/h of electricity annually and reducing 1,561 tonnes of carbon emissions.

In addition our head office uses only LED lamps with stabilizers and our elevators

The followings are guidelines of GRI G4



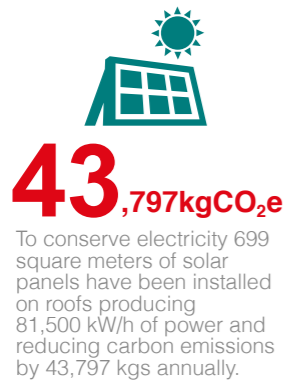
8,240 Metric Tons

CTBC Financial Park is the largest financial facility to be awarded Diamond level Green Building Certification, which estimated an annual net carbon fixation of 8,240 metric tons.

G4-EN6: Reduction of energy consumption.

The followings are guidelines of GRI G4

G4-EN19: Reduction of greenhouse gas (GHG) emissions.



G4-15: List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.

use energy saving emergency power switching for power outs. For water resources a rainwater recycling system is in place, as is waste water recycling and water conservation equipment. In response to extreme weather a 2,625 ton rainwater catchment pool is in place in the head office basement so that rain runoff can be handled, lowering the risk of flooding in the surrounding community. To conserve electricity 699 square meters of solar panels have been installed on roofs producing 81,500 kW/h of power and reducing carbon emissions by 43,797 kgs annually.

Solar Power Energy Reduction Effectiveness

Effectiveness/ Location	Office Roof	South-facing Wall of Office Building (Transparent Solar Panels)
Area	410.35 sq. meters	288.68 sq. meters
Electricity Generated	59.22kWp	30.16kWp
% of Total Electricity	Our fixed price contract amount is 500kW. 59.22/500=11.8% of daily amount (calculated for full load)	Our fixed price contract amount is 500kW. 30.16/500=6.03% of daily amount (calculated for full load)
Energy Saving Effectiveness	Annual power generation: 54,000 kWh CO ₂ emissions reduction: 29,018.4 kg	Annual power generation: 27,500 kWh CO ₂ emissions reduction: 14,778.8 kg

Note: kWp (kilowatt peak) is a standard unit for the amount of electricity that a solar cell can generate in a day under standard daylight conditions.
kW is the capacity of electronic facilities.

Green Management

In July 2012 CTBC, with the assistance of the Taiwan Green Productivity Foundation (TGPF), began to implement ISO 50001 Energy Management Systems, and in December of the same year was certified by SGS, the first financial institution in Taiwan to do so. In 2014 CTBC continued to pursue its green agenda by integrating all resources and implementing energy management initiatives with the aim of reducing total energy usage by 5%, electricity usage by 960,000 kWh, 514.7 tonnes of CO₂ emissions (equivalent to 1.3 times the surface area of Da'an Forest Park in CO₂ absorption) within 3 years. From 2012 to 2014, the company's energy conservation target was surpassed by a multiple of 2.1.

In accordance with ISO 50001 energy management regulations CTBC is required to institute awareness training with major energy suppliers. This is carried out by the General Administration Department (General Affairs) who pass on key points of the company in energy management to contractors and ensure they sign attendance sheets as a record.

In addition, CTBC institutes on-line training for internal staff to ensure that all levels of personnel have sufficient understanding of the importance of energy conservation and environmental protection. Every quarter CTBC also utilizes EDM to promote its energy efficient carbon reduction policies.

As part of its emphasis on labor health and safety, as well as adopting green building materials and arranging for monthly disinfection, CTBC regularly tests carbon emissions and light sources to ensure they meet environmental standards. In 2013

a Labor Health and Safety Committee was set up that meets quarterly. In 2014 four meetings were held with attendance meeting regulations. In Q3 of 2014, in response to the Labor Health Protection Guidelines, a medical room was set up with 2 new nurses. Our Labor Health and Safety Committee comprises 1 chairman (management representative), 3 labor health and safety personnel, 2 nursing personnel, and 7 worker representatives for a total of 13 persons. Worker representatives must comprise a minimum of one third in accordance with the Occupational Health and Safety Management and Self-Audit Guidelines.

▪ **Energy Management Performance**

As of December 2014, our two model locations, the Yongji Building and the Shuanghe branch, achieved power savings of 1,033,292 kW/h. This was a total reduction from the 2013 base year figure of 5.83%, equivalent to a reduction in carbon emissions of 539.38 tons-CO₂ /year. In 2014 we had three energy management plans in effect namely: Adjustment of the night time shutting off time of the Yongji Buildings aircon main unit, saving 24,024 kW/h; replacement of branch water cooler main units, saving 4,711 kW/h, replacement of the generator room's aircon unit, saving 5,144 kW/h.

▪ **Greenhouse Gases Inventory Performance**

CTBC was not only the first financial institution to keep a record of its carbon emissions, from 2010 it began participating in the Carbon Disclosure Program started by some of the world's biggest investment organizations, and in 2012 was invited to become a signatory

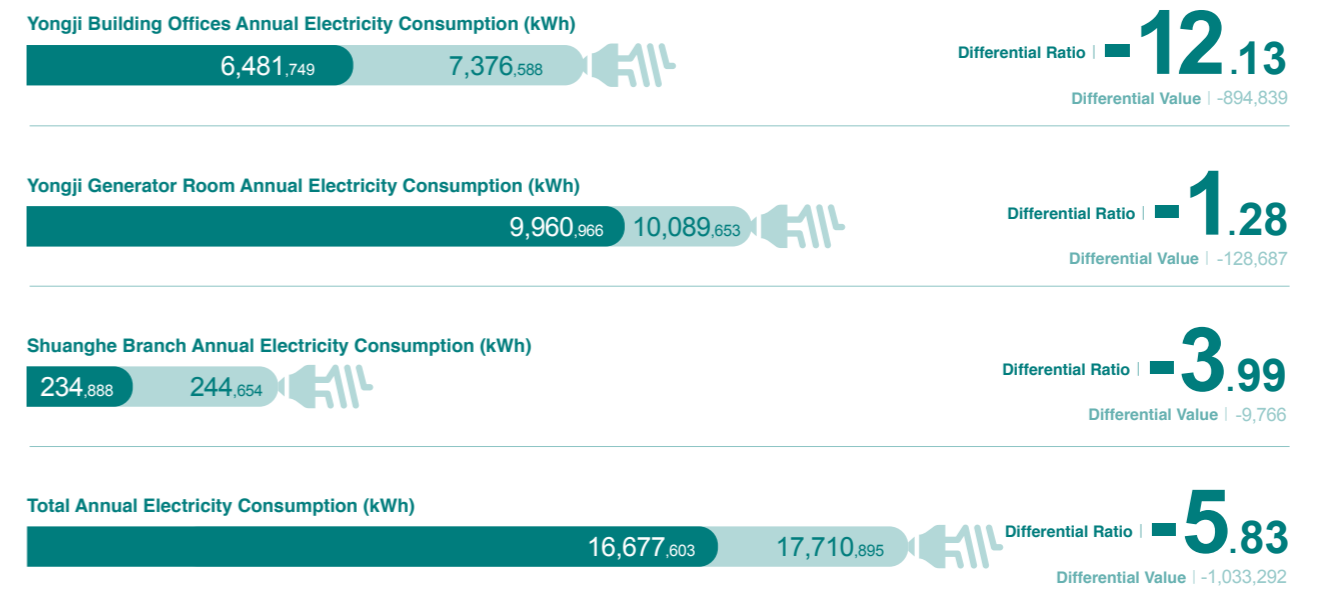
The followings are guidelines of GRI G4

G4-LA5: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

G4-EN3: Energy consumption within the organization.

G4-EN6: Reduction of energy consumption.

2014 Energy Management System Effectiveness, Total Electricity Consumed Compared with the Baseline Year Dropped 5.83%, Totaling 1,033,292kW/h



The followings are guidelines of GRI G4

member, the first Taiwan financial organization to do so, and also the first to expand its greenhouse gas inventory to all branches across Taiwan.

In 2014 power consumption data continued to be collected from all 147 branches across Taiwan, helping us understand the status of power consumption in all areas. In 2015 we plan to acquire both ISO14001 (environmental management) and ISO14064-1 (greenhouse gases inventory) certification as a further step in the pursuit of energy efficiency.

2013-2014 Total Carbon Emissions (including Xinyi Building & All Regional Centers & Branches)

Category	Indirect Energy		Direct Energy			
	Power consumption (kWh)		Gasoline (L)		Natural Gas (kWh)	
Year	2014	2013	2014	2013	2014	2013
CTBC Financial Park	8,126,000	-	-	-	-	-
Xinyi Building	8,653,200	10,990,800	238,806	212,468	20,253	34,745
Yongji Building	17,243,502	16,868,312	-	-	-	-
Other Branches	35,808,589	39,812,884	-	-	-	-
Subtotal	61,705,291	67,671,996	238,806	212,468	20,253	34,745
CO ₂ Emissions Conversion Factors (Bureau of Energy)	0.522	0.532	2.09		2.26	
Carbon Emission Volume (CO _{2e} in tons)	32,210.16	36,001.50	499.10	444.06	45.77	78.52
2014 Increase/Decrease in Emissions Volume (CO _{2e} in tons) (subtotal)	-3,791.34		55.0464		-32.75192	
2014 Direct/Indirect Energy Source Increase/Decrease in CO ₂ Emission Volumes (CO _{2e} in tons) (subtotal)	-3,791.34		22.2945			
2014 Increase/Decrease in Emissions Volume (CO ₂ in tons) (total)	-3,769.05					

Note:

1. Since the Yongji Building and other premises are not equipped with kitchens, natural gas consumption is zero.
2. Official vehicles only leave from the Xinyi Building, so gasoline consumption for the Yongji Building and other premises is zero.
3. Other premises* include regional centers and all of CTBC's 147 Taiwan branches.
4. The learning and development center in Linkou is located in a commercial office building. However, since the building's management committee uses a ping cost-sharing basis, it is not possible to obtain data on kWh usage. Therefore, the cost per kWh is extrapolated based on kWh usage at the Cheng Lake Building, which is a comparable building.
5. Since CTBC does not own any goods vehicles, and in 2014 emergency generators were only turned on for routine testing, diesel usage is not included in this data.
6. Xinyi Building air conditioners do not use the environmentally-friendly refrigerant R134.

G4-EN15: Direct greenhouse gas (GHG) emission (Scope 1).

G4-EN16: Energy indirect greenhouse gas (GHG) emission (Scope 2).

Water Resource Management

CTBC's water comes 100% from the Taiwan Water Corporation, none of our water comes from groundwater or other sources. To respond to extreme weather situations a 2,625 ton rainwater catchment pool is in place in the head office basement. This is used as a water supply for equipment in the building interior and exterior and for sprinkler systems. Through utilization of this rainwater recycling system the rainwater reuse rate reaches 100%. Office buildings and operational locations supply water for use of employees and some consumers with no overall impact on water sources. Wastewater is discharged via sewers to rivers and the sea. In terms of wastewater treatment kitchens, toilets and tea rooms meet Taiwan's Environmental Protection Agency (EPA) sewage treatment standards. In order to conserve water and ensure water quality CTBC has purchased and installed water conservation devices and uses opto-electronic sensors to control water volumes. Building water towers are regularly cleaned and tested for water quality. 2014 water consumption for our Xinyi Building and the Yongji Building was 132,161 cubic meters.

Energy Conservation Management

CTBC carries out energy conservation management for all elevators, lighting, aircon equipment, regulates timing of turn off of illuminated signage at all 147 branches and uses timing switches to control power usage. Our head office uses only LED lamps with stabilizers and our elevators use energy saving emergency power switching for power outs. Air conditioning equipment is regularly cleaned and maintained to ensure efficiency of aircon units. Air temperature is controlled at 26°C across all building floors, and central aircon is turned off at 7 pm. For aircon while working overtime prior application is required for building power to be supplied.

Waste Management

CTBC sorts office refuse into general waste, recyclables and food waste. Recyclables are initially sorted by staff, and then again by the building logistics management company, who then store it for collection by recycling operators. General waste is removed by licensed refuse collection operators and taken to incinerators. In 2014 total waste produced by our Xinyi Building and the Yongji Building was 102,478 kgs, with total recycled paper at 46,956 kgs. In 2014 total waste handling expenditure for the Xinyi Building was NT\$ 488,345, and NT\$ 710,890 for the Yongji Building. In 2014 CTBC Bank scrapped a total of 374 PCs.

With regards to waste reduction CTBC encourages employees to reuse paper, bring their own eating utensils, utilize electronic signatures, conduct video conferencing and concentrate office space. In addition recycled paper is used to wrap banknotes and print name cards and envelopes. Toilet paper is all FSC or PEFC certified.

Also the Xinyi Building has 636 fire extinguishers in place all of which are ABC dry powder fire extinguishers (>70% ammonium dihydrogen phosphate) and no halon fire

The followings are guidelines of GRI G4

G4-EN8: Total water withdrawal by source.

G4-EN9: Water sources significantly affected by withdrawal of water.

G4-EN22: Total water discharge by quality and destination.

G4-EN6: Reduction of energy consumption.

G4-EN23: Total weight of waste by type and disposal method.

G4-EN31: Total environmental protection expenditures and investments by type.

G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

100%

Rainwater Reuse Rate

To respond to extreme weather situations a 2,625 ton rainwater catchment pool is in place in the head office basement. Through utilization of this rainwater recycling system the rainwater reuse rate reaches 100%.

-3,769.05 CO_{2e}
Deduction of Carbon Emission

Due to the energy conservation management, saving a total of 3,769.05 CO_{2e}.

The followings are guidelines of GRI G4

G4-EN11: Operation sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

G4-EN12: Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

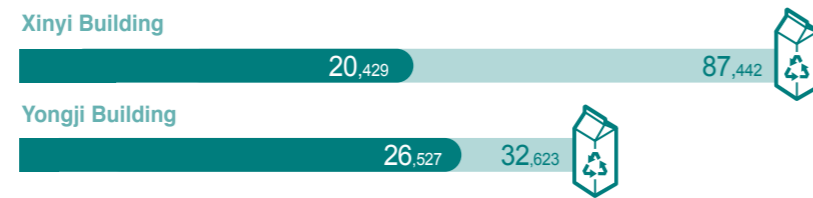
G4-EN13: Habitats protected or restored.

extinguishers. In total there are 4 central air conditioning units, using R22 coolant. In 2014 no coolant was replaced.

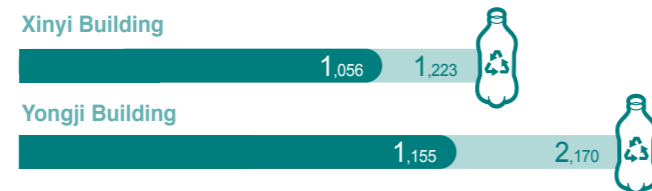
In addition, CTBC was not penalized monetarily or otherwise for violating any environmental protection laws or regulations in 2014, and none of the land that our company owns, leases, or manages is protected land nor does it contain protected wildlife habitat. Therefore, the company has no any adverse impact on ecological protection.

2013-2014 Recycling Statistics ● 2013 ● 2014 Unit: kg

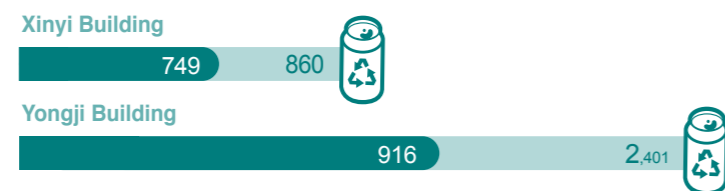
Paper



PET



Cans



Note: The 2014 recycling figures for Xinyi Building and the Yongji Building show a reduced volume compared to 2013; this is mainly because of movement of personnel to the CTBC Financial Park.

■ **Purchasing of Products with Ecolabels**

In order to further realize energy conservation goals CTBC purchases products bearing government or trade association sponsored ecolabels for environmentally friendly, energy efficient, water conserving, or green building material attributes. Ecolabels from Europe, the US, Japan and Korea as well as the Energy Star and the FSC labels are also accepted. For construction of the CTBC Financial Park and branch decoration CTBC also ensures that materials with ecolabels are purchased so there is no burden on the environment.

267 Million
Total green purchasing in 2014 was NT\$ 266,982,575.

Total green purchasing in 2014 was NT\$ 266,982,575. As well the company was awarded by the Environmental Protection Agencies of both the Taipei City Government and the Executive Yuan for its outstanding performance in green purchasing.

■ **Supporting Carbon Reduction Events**

CTBC understands the importance of carbon reduction and sustainable environmental protection and promotes a range of environmental initiatives internally as well as co-operating with government carbon reduction policy and activities of external organizations.



CTBC actively participated in the 2014 New Taipei City Service Industry All for Power Conservation activity that ran from June to September. CTBC implemented all power saving measures of the activity's manifesto adjusting its power consumption accordingly: In terms of aircon systems ambient temperatures in offices have been set at a minimum of 26°C, while in accordance with SGS' testing of main unit efficiency problematic equipment has been replaced. For lighting systems, LED lamps have been used to replace broken light sources, illuminated signage is using T5 tubes, and education on the need to turn off lights when not needed has been conducted. This activity saw the enthusiastic participation of our 30 New Taipei City branches in the summer months energy saving project, promoting and implementing all measures.

In addition CTBC also took part in City FM's 8th Moon Hour activity which saw the lights go off during the Mid-Autumn Festival. CTBC Financial Park, Xinyi Building, Yongji Building and all 147 branches turned off their lights for one hour doing their bit to save the planet.

Green Finance

Lending is one of the most important functions of the financial industry. Whether or not a borrower has exercised their environmental protection responsibilities is an important evaluation criteria of CTBC. To this end CTBC has launched a series of lending schemes to companies involved in energy-saving businesses, such as air-conditioning, refrigeration, lighting, ESCO, solar power generation, wind power and solar power component suppliers, renewable metal suppliers, etc. By making finance and loans available we assist in the development of energy efficient industries.

■ **Providing Payment Services for the EPA's Recycling Foundation**

To promote waste reduction and recycling, and in pursuit of sustainable resource use, the Environmental Protection Administration has set up a Resource Recycling Management Trust Fund Foundation (targeting seven major recyclables: motor vehicles, tires, pesticide containers, lead-acid batteries, 3C products, electronic components and general consumer goods and containers). From 2007, CTBC has been independently providing a resource

The followings are guidelines of GRI G4

G4-EC2: Financial implications and other risks and opportunities for the organization's activities due to climate change.

G4-EC7: Development and impact of infrastructure investments and services provided.

The followings are guidelines of GRI G4

G4-EN27: Extent of impact mitigation of environmental impacts of products and services.

G4-FS2: Procedures for assessing and screening environmental and social risks in business lines.

G4-FS3: Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.

G4-FS5: Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.

G4-FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.

recycling fee and subsidy service; this year marks the eighth year of the program. As of 2014, we have taken in 46,000 items on behalf of the Foundation, receiving NT\$ 7.19 billion in funds.

▪ **Green Energy Fund Products and the Green Finance Project**

In view of the issue of climate change that has received much attention and emphasis in recent years CTBC hopes that the finance industry can embrace green energy and apply itself to the promotion of environmental protection concepts. In addition to offering green energy fund products to customers, from 2013 we have introduced an Innovative Green Energy Finance Project to support enterprises involved in the green energy sector. The project offers preferential credit terms and loan services to assist in the development of Taiwan green energy. As at the end of 2014, as part of the Innovative Green Energy Finance Project, CTBC had made one loan to a company in the green energy/environmental protection industries, totaling NT\$ 924 million. From 2012 to 2014, loans were made to 43 businesses involved in energy efficient lighting, refrigeration and air conditioning to the tune of NT\$ 292,594,000.

▪ **Credit Risk Management Policy**

In December 2012, the CTBC board of directors passed the CTBC Holding Credit Risk Management Policy, outlining a strategy of support in extending credit to green energy/environmental protection industries and stipulating that our banking subsidiary had to consider whether an enterprise was producing air and water pollution in evaluating loan applications. In 2015 we will explore adding social indexes such as for human rights and labor conditions into credit policy so as to ensure CSR principles are followed in business development.

With regards to project financing CTBC requires enterprises applying for loans to submit environmental impact reports and to follow related environmental assessment approval procedures. Contract contents require that borrowers comply in a timely manner with all obligations of environmental impact reporting, and environmental protection measures and policies of the competent authority. General corporate loan contracts clearly state that the borrower must agree to follow environmental protection, pollution prevention, and waste disposal laws and regulations and to obtain the necessary approvals.

Green Services

For CTBC's operations a paperfree environment is an important part of our green service commitment. Apart from leading the industry in adding non-printout of transaction slips to ATM services CTBC Bank also encourages customers to use electronic statements and to set up automatic channel payments. At the end of January 2014, subsidiary CTBC Securities had raised its electronic transactions ratio from 39.8% to 47.8%, reducing the need for paper consignment orders.

▪ **New Payment Methods Create Green Consumption Modes**

The proliferation of smartphones and mobile devices and the acceleration of mobile network speeds mean that we are all living digital lives. CTBC has continued to develop e-payment applications and innovations to make paperfree services a priority and green consumption modes a reality.

For example in 2014 we introduced digital connection, optimized e-wallet and integrated e-commerce applications and integrated virtual and physical stores in O2O (Online to Offline) applications improving consumer convenience and security while also achieving carbon reductions by decreasing the need to visit stores in person. In addition QR Code smartphone transfers, QR Code taxi payments, an ipay app that allows mobile bills payment, and CHT 's Platinum NFC smartphone co-signee card service not only lead the way in digital payments but also meet consumer needs for mobile shopping and payments.

▪ **E-billing and Automated Channel Transactions**

CTBC ATM's already offer over 80 transaction categories. From 2014 CTBC began replacement of its 606 7-ELEVEN ATMs so that in addition to the usual cash withdrawal/ deposit banking services bank and insurance company back office services could also be offered. This achieves an annual reduction in 7,000 trips with a concurrent reduction in carbon emissions.

In addition, CTBC in 2014 continues to encourage its customers to use Internet banking, mobile banking and Internet ATMs to carry out transfers, pay bills, exchange currency, apply for golden passbooks or fund transactions. As at the end of 2014 we had 2.5 million Internet banking customers, a 12% YoY increase with clear benefit in reduction of resource wastage.

For e-billing at the end of 2014 CTBC's credit card billing and deposit statements both adopted paperfree operations. The Multiple Message Advice System (MMAS), employee stock trust settlement slips and cash management Code fax services were all transmitted by EDM. By December 2014, 765,487 customers were receiving electronic credit card statements a YoY increase of 137,172, a 160% increase on the 85,631 customers in 2013. This means that over a year 4,543,136 sheets of paper can be saved a carbon reduction of 91.347 tons of environmental pollution.

Implementing CSR has always been CTBC's commitment to the community. From within the company to in society at large CTBC upholds its responsibilities to employees, to society and to the environment. We firmly believe that small actions accumulate over time until they become an unstoppable force for change!



-91,347CO₂e

By December 2014 765,487 customers were receiving electronic credit card statements a YoY increase of 137,172, or a 160% increase on the 85,631 customers in 2013. This means that over a year 4,543,136 sheets of paper can be saved a carbon reduction of 91.347 tons of environmental pollution.



7.19 Billion

CTBC has been independently providing a resource recycling fee and subsidy service; As of 2014, we have taken in 46,000 items on behalf of the Foundation, receiving NT\$ 7.19 billion in funds.



VISION TO THE FUTURE

CTBC's business performance in 2014 was again outstanding. The company received a total of 122 domestic and international awards including being recognized as Best Bank in Taiwan by Asiamoney, FinanceAsia, Global Finance, The Asset and other international financial authorities, the third year in a row it has won over 100 major awards.

2014 marked a new milestone for CTBC with the opening of the CTBC Financial Park representing its embracing of the world's financial markets. For nearly 50 years, Chinatrust has prided itself on being a responsible corporate citizen. We aim to ensure the sustainability of our business and in terms of employee care in 2015 we will continue to hire one hundred new recruits, employing over one thousand elite talents in order to invigorate the organization with new blood. In addition we offer competitive remuneration and employee welfare in the hope of bringing together outstanding professional talent to work with us. At the same time we are executing a talent development plan that utilizes diverse training courses to assist employees at all levels to grow their skill sets. Furthermore, in order to realize our commitment to creating a happy workplace, apart from continuing to run Happiness Seminars of 2015, we are going to build a central operational headquarters in Taichung City in order to provide central Taiwan employees with a higher quality work environment. Not only do we aim to become a "100-year enterprise", but we are also determined to become Taiwan's top brand and a leading brand in Asia, as well as taking aim at the global Chinese market, to become the top Chinese financial institution worldwide. Going forwards, CTBC will continue to pursue this vision by focusing on three strategies: being strong domestically, and pursuing cross-sector and cross-border opportunities. In terms of being strong domestically CTBC is already a leader in Taiwan's financial markets, maintaining this



position through constant innovation. With regards to cross-sector operations, previously CTBC acquired the Taiwan branches of the U.S. company Metlife, and the U.K.'s Manulife, and Truswell Securities Investment Trust, enabling it to enter the insurance and trusts markets. We will continue to seek opportunities for cross-sector investment in order to expand our operational scope outside of pure banking. In terms of cross-border strategies in 2014 we successfully acquired Tokyo Star Bank. Going forwards in addition to expansion of our current overseas business network we will also be seeking out M&A investment opportunities in order to speed up our cross-border development. At the same time CTBC also takes into account our corporate social responsibilities to build a transparent, harmonious and sustainable business for stakeholders, and to create a better tomorrow for society as a whole.

Corporate Social Responsibility

- 《Asiamoney》
- 《Corporate Governance Asia》
- 《FinanceAsia》
- 《CommonWealth Magazine》
- 《Global View Magazine》
- 《TAISE》

Best Private Bank

- 《Euromoney》
- 《FinanceAsia》
- 《The Asian Banker》
- 《The Asset》
- 《The Banker & PWM》
- 《Global View Magazine》
- 《Business Today》

Best Bank in Taiwan

- 《Asiamoney》
- 《FinanceAsia》
- 《Global Finance》
- 《The Asset》

Best Corporate Governance

- 《Asiamoney》
- 《Corporate Governance Asia》
- 《FinanceAsia》
- 《The Asset》

Best Cash Management Bank

- 《Asiamoney》
- 《The Asset》



122
Award CTBC

CTBC's business performance in 2014 was again outstanding, we received a total of 122 domestic and international awards.

INDEPENDENT ASSURANCE OPINION STATEMENT

2014 CTBC Financial Holding Co., Ltd. Corporate Social Responsibility Report

The British Standards Institution is independent to CTBC Financial Holding Co., Ltd. (hereafter referred to as CTBC in this statement) and has no financial interest in the operation of CTBC other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of CTBC only for the purposes of verifying its statements relating to its sustainability, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by CTBC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to CTBC only.

Scope

The scope of engagement agreed upon with CTBC includes the followings:

1. The assurance covers the whole report and focus on systems and activities during the 2014 calendar year on the CTBC headquarter including their nine subsidiaries and relevant operations.
2. The evaluation of the nature and extent of the CTBC's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2014 CTBC Corporation Social Responsibility (CSR) Report Review provides a fair view of the CTBC programmes and performances during 2014. We believe that the 2014 economic, social and environmental performance indicators are fairly represented.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that CTBC's description of their approach to AA1000 Assurance Standard and their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- review of issues raised by external parties that could be relevant to CTBC's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers and staffs on CTBC's approach to stakeholder engagement. However, we had no direct contact with external stakeholders
- 16 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the findings of internal audits
- review of supporting evidence for claims made in the reports
- an assessment of the company's reporting and management processes concerning this reporting against the principles of inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008)

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness as well as the GRI G4 guidelines is set out below:

Inclusivity

In this report, it reflects that CTBC has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CTBC's inclusivity issues.

Materiality

The CTBC has established relative procedure in company level, as the issues which were identified by all departments have been prioritized according to the extent of impact and applicable criterion for sustainable development of company. Therefore, material issues were completely analyzed and the relative information of sustainable development was disclosed to enable its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the CTBC's material issues.

Responsiveness

CTBC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the CTBC is developed and provides the opportunity to further enhance the CTBC's responsiveness to stakeholder concerns. In our professional opinion the report covers the CTBC's responsiveness issues; however, the future report should be further enhanced by the following areas:

- Encouraging work towards a Type 2 of AA1000AS (2008) engagement with a view to providing the reliability of sustainability performance information that stakeholder concerns.

GRI-reporting

CTBC provided us with their self declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option (at least one Indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development performance indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self declaration covers the CTBC's social and sustainability issues; however, the future report will be improved by the following areas:

- Base on transparency principle, encouraging disclosure 'in accordance' with the GRI G4.0 Guidelines: Comprehensive option in order to strengthen stakeholder's confidence.
- Encouraging disclose more information on management approach and performance indicators of environmental and social aspects in the agreement or trading range of financial goods or services.

Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the CTBC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in Engineering sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
14 April, 2015

Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

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APPENDIX

GRI 4	Description	Chapter	Page
Standard Disclosure : Profile Disclosures			
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Letter to Stakeholders	8-9
G4-2	Provide a description of key impacts, risks, and opportunities.	Letter to Stakeholders	8-9
Organization Profile			
G4-3	Report the name of the organization.	About CTBC	2-6
G4-4	Report the primary brands, products, and services.	About CTBC	2-6
G4-5	Report the location of the organization's headquarters.	About CTBC	2-6

○ Full △ Partial ● Not Disclosure NA Not Applicable

GRI 4	Description	Chapter	Page
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	About CTBC	2-6
G4-7	Report the nature of ownership and legal form.	About CTBC	2-6
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	About CTBC	2-6
G4-9	Scale of the reporting organization.	About CTBC	2-6
G4-10	<ul style="list-style-type: none"> a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries). 	CSR Performance	90-93
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	CSR Material Issues-Employee Welfare	95
G4-12	Describe the organization's supply chain.	CSR Implement CSR Material Issues-Operating Performance	15 28-29
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> · Changes in the location of, or changes in, operations, including facility openings, closings, and expansions · Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) · Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	About CTBC CSR Material Issues-Operating Performance	2-6 27
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	CSR Material Issues-Risk Management	72-77
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	CSR Performance	104-105
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> · Holds a position on the governance body · Participates in projects or committees · Provides substantive funding beyond routine membership dues · Views membership as strategic 	CSR Material Issues-Operating Performance	28-29

GRI 4	Description	Chapter	Page
Identified Material Aspects and Boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	○ CSR Implement CSR Material Issues-Operating Performance	10-16 28-29
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	○ Appendix	132
G4-19	List all the material Aspects identified in the process for defining report content.	○ CSR Implement CSR Material Issues	10-16 18-89
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: · Report whether the Aspect is material within the organization If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: · The list of entities or groups of entities included in G4-17 for which the Aspect is not material or The list of entities or groups of entities included in G4-17 for which the Aspects is material · Report any specific limitation regarding the Aspect Boundary within the organization	○ CSR Implement	10-16
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: · Report whether the Aspect is material outside of the organization · If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified · Report any specific limitation regarding the Aspect Boundary outside the organization	○ CSR Implement	10-16
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	○ No restatements of information provided in previous reports.	-
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	○ Appendix	132
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.	○ CSR Implement	10-16
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	○ CSR Implement	10-16
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	○ CSR Implement	10-16
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	○ CSR Implement	10-16

GRI 4	Description	Chapter	Page
Report Overview			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	○ Appendix	132
G4-29	Date of most recent previous report (if any).	○ Last year's report was issued in 2014.06	-
G4-30	Reporting cycle (such as annual, biennial).	○ Appendix	132
G4-31	Provide the contact point for questions regarding the report or its contents.	○ Appendix	132
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	○ Appendix	132
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	○ About CTBC Appendix	2-6 132
Corporate Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	○ CSR Material Issues-Corporate Governance	60-64
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	○ CSR Implement	10-16
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	○ CSR Implement	10-16
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	○ CSR Implement CSR Material Issues-Corporate Governance, Information Disclosure	10-16 62-64 80-81
G4-38	Report the composition of the highest governance body and its committees by: · Executive or non-executive · Independence · Tenure on the governance body · Number of each individual's other significant positions and commitments, and the nature of the commitments · Gender · Membership of under-represented social groups · Competences relating to economic, environmental and social impacts · Stakeholder representation	△ CSR Material Issues-Corporate Governance The terms of the nine positions on the CTBC board of directors are three years in length. The positions include one outside director, up to three independent directors, the independence and specialization of which lead the industry. To ensure diversity within the board of directors, two of independent directors are from subsidiaries CTBC Securities and CTBC Life and women sit as directors/ supervisors on the boards of the Taiwan Lottery and CTBC Insurance Brokers.	60-71

GRI 4	Description	Chapter	Page
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	CSR Material Issues-Corporate Governance The chairman of the board does not also serve as the CEO. CTBC has drawn up the "Standards for Dividing the Powers and Responsibilities of the Board of Directors, Chairman, and CEO" to realize layered powers and responsibilities as well as internal graduated lines of authority.	62-64
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: · Whether and how diversity is considered · Whether and how independence is considered · Whether and how expertise and experience relating to economic, environmental and social topics are considered · Whether and how stakeholders (including shareholders) are involved	CSR Material Issues-Corporate Governance The CTBC board of directors draws up the guidelines for the director selection process as well as assigning directors and supervisors of subsidiaries to ensure that the selection process is independent and professional	62-67
G4-41	a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: · Cross-board membership · Cross-shareholding with suppliers and other stakeholders · Existence of controlling shareholder · Related party disclosures	CSR Material Issues-Corporate Governance In accordance with the rules of procedures for the board of directors, in the event that the interests of a director or other representative designated by a legal person could conflict with the interests of the company or if a director takes it upon himself to do so, the individual in question is to take it upon himself to remove himself when discussions about and votes on related issues are being held and is not to exercise the voting rights of other directors on their behalves.	62-63 67-70
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	CSR Implement	10-16
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	CSR Material Issues-Corporate Governance Arranging of courses and lectures for directors and supervisors.	66-67
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	CSR Implement CSR Material Issues-Corporate Governance	10-16 62-64
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	CSR Implement CSR Material Issues-Corporate Governance, Risk Management	10-16 64-67 74-77
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	CSR Material Issues-Risk Management	74-77

GRI 4	Description	Chapter	Page
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	○	CTBC convenes regular meetings of the board of directors and functional committees. In 2013, the board of directors convened 19 times, the auditing committee 19 times, the risk management committee 11 times, and the pay and remuneration committee 12 times.
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	○	CSR Implement
G4-49	Report the process for communicating critical concerns to the highest governance body.	○	CSR Implement
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	○	CSR Implement
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: · Fixed pay and variable pay: -Performance-based pay -Equity-based pay -Bonuses -Deferred or vested shares · Sign-on bonuses or recruitment incentive payments · Termination payments · Clawbacks · Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	△	CSR Material Issues-Corporate Governance CTBC's pay and remuneration committee consists of independent directors. CTBC drew up the "Organizational Rules for the Pay and Remuneration Committee" and the "Director and Supervisor Pay an Remuneration Guidelines" for pay, remuneration, bonuses, penalties, and dividend sharing. After passage of the resolution with the pay and remuneration committee, it is to be submitted to the board of directors for resolution.
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	△	CSR Material Issues-Corporate Governance
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	◎	-
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	◎	-
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	◎	-
Ethics And Integrity			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	○	About CTBC CSR Material Issues-Regulatory Compliance
			2-6 34

GRI 4	Description	Chapter	Page
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	CSR Performance	95
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	CSR Material Issues-Regulatory Compliance CSR Performance	35 95
Disclosure On Management Approach			
G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: · The mechanisms for evaluating the effectiveness of the management approach · The results of the evaluation of the management approach · Any related adjustments to the management approach	CSR Implement	10-16
DMA-EC	Disclosure on Management Approach "Economic Performance"	CSR Material Issues-Operating Performance	24-29
DMA-EC	Disclosure on Management Approach "Indirect Economic Impacts"	CSR Material Issues-Service Quality, Corporate Governance, Risk Management, Information Disclosure	40-49 60-71 72-77 78-81
DMA-SO	Disclosure on Management Approach "Anti-corruption"	CSR Material Issues-Regulatory Compliance	30-39
DMA-SO	Disclosure on Management Approach "Compliance"	CSR Material Issues-Regulatory Compliance	30-39
DMA-PR	Disclosure on Management Approach "Customer Privacy"	CSR Material Issues-Customer Privacy, Regulatory Compliance	20-23 30-39
DMA-PR	Disclosure on Management Approach "Product and Service Labeling"	CSR Material Issues-Product Risks	50-54
Specific Standard Disclosures			
Economic			
G4-EC1	Direct economic value generated and distributed.	CSR Material Issues-Operating Performance, Shareholder's Equity	26-29 58-59
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	CSR Performance	109-111
G4-EC3	Coverage of the organization's defined benefit plan obligations.	CSR Material Issues-Employee Welfare	84-89
G4-EC4	Financial assistance received from government.	CSR Material Issues-Shareholder's Equity	58-59
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	CSR Material Issues-Employee Welfare	84-89
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	CSR Performance	90-97
G4-EC7	Development and impact of infrastructure investments and services provided.	CSR Performance	109-111

GRI 4	Description	Chapter	Page
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	CSR Material Issues-Customer Privacy, Operating Performance, Regulatory Compliance, Service Quality, Product risks, Shareholder's Equity, Corporate Governance, Risk Management, Information Disclosure, Employee Welfare	20-89
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	CSR Material Issues-Operating Performance	27
Environment			
G4-EN1	Materials used by weight or volume.	NA	CTBC is engaged in the financial services industry, not the manufacturing industry, so this index is not applicable.
G4-EN2	Percentage of materials used that are recycled input materials.	NA	CTBC is engaged in the financial services industry, not the manufacturing industry, so this index is not applicable.
G4-EN3	Energy consumption within the organization.	○	CSR Performance
G4-EN4	Energy consumption outside of the organization.	◎	-
G4-EN5	Energy intensity	◎	-
G4-EN6	Reduction of energy consumption	○	CSR Performance
G4-EN7	Reductions in energy requirements of products and services	◎	-
G4-EN8	Total water withdrawal by source.	○	CSR Performance
G4-EN9	Water sources significantly affected by withdrawal of water.	○	CSR Performance
G4-EN10	Percentage and total volume of water recycled and reused.	○	CTBC does not employ water recovery or reuse.
G4-EN11	Operation sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	○	CSR Performance
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	○	CSR Performance
G4-EN13	Habitats protected or restored.	○	CSR Performance
G4-EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	○	The habitats that CTBC's operational activities might affect do not have any IUCN red list species or nationally protected organisms.
G4-EN15	Direct greenhouse gas (GHG) emission (Scope 1)	○	CSR Performance
G4-EN16	Energy indirect greenhouse gas (GHG) emission (Scope 2)	○	CSR Performance
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	○	No measurements have been carried out quantifying greenhouse gas emissions resulting from commuting employees, business travel, or the transportation of waste.

GRI 4	Description	Chapter	Page
G4-EN18	Greenhouse gas emissions intensity	-	-
G4-EN19	Reduction of greenhouse gas (GHG) emissions	CSR Performance	103-111
G4-EN20	Emissions of ozone-depleting substances (ODS).	NA CTBC is not in the manufacturing industry. As such, it does not emit substances that would damage the ozone layer.	NA
G4-EN21	NOx, SOx, and other significant air emissions.	NA CTBC is not in the manufacturing industry. As such, it does not emit substances that would damage the ozone layer.	NA
G4-EN22	Total water discharge by quality and destination.	CSR Performance	107
G4-EN23	Total weight of waste by type and disposal method.	CSR Performance	107
G4-EN24	Total number and volume of significant spills.	None	-
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	CSR Performance CTBC is engaged in the financial services industry. As such, it does not produce waste listed in the Basel Agreement.	-
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	CSR Performance CTBC is engaged in the financial services industry. As such, it does not produce waste listed in the Basel Agreement.	-
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	CSR Performance	110-111
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	CSR Performance Due to the industry in which it is engaged, the waste water and other wastes emitted by CTBC do not have a significant impact on biodiversity.	-
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	CSR Performance	107-108
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	CSR Performance CTBC is engaged in the financial services industry. As such, it does not engage in any behavior that would require that it recover or recycle any products or packaging.	-
G4-EN31	Total environmental protection expenditures and investments by type.	CSR Performance	107
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	-	-
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	-	-
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	None	-
Labor Practices and Decent Work			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	CSR Performance	90-93

GRI 4	Description	Chapter	Page
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	CSR Material Issues-Employee Welfare	84-89
G4-LA3	Return to work and retention rates after parental leave, by gender.	CSR Performance	94
G4-LA4	Minimum notice periods regarding operational changes, including whether there are specified in collective agreements.	CSR Performance	95
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	CSR Performance	105
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender.	CSR Performance	96
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	CSR Performance CTBC is engaged in the financial services industry. As such, it does not engage in any production behavior that would cause expose employees an inordinately high risk of certain illnesses or have employees engaged in behavior risky to their health.	-
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	CSR Performance CTBC has not set up a union.	-
G4-LA9	Average hours of training per year per employee by gender and by employee category.	CSR Material Issues-Employee Welfare	85
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	CSR Material Issues-Employee Welfare	84-89
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category.	CSR Material Issues-Employee Welfare	84-89
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	CSR Performance	90-97
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	CSR Material Issues-Employee Welfare	84-89
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	-	-
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	-	-
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	CSR Performance	90-97
Social Human Rights			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	-	-

GRI 4		Description	Chapter	Page
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	○	CSR Material Issues-Employee Welfare	84-89
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	○	CSR Performance	94
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	○	CSR Performance	94-96
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	○	CSR Performance	94-95
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	○	CSR Performance	94-95
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	◎	-	-
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	○	All of CTBC operations and activities are carried out in accordance with the law and has evaluated whether they meet with local human rights standards.	-
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	○	All of CTBC operations and activities are carried out in accordance with the law and has evaluated whether they meet with local human rights standards.	-
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	◎	-	-
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	◎	-	-
G4-HR12	Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms.	○	CSR Performance	95
Social Society				
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	○	CSR Performance	98-99
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	○	CTBC's points of operation are primarily offices in nature. As such, their activities do not have any significant impact on local areas.	-
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	○	CSR Material Issues,Risk Management	74-77
G4-SO4	Communication and training on anti-corruption policies and procedures	○	CSR Material Issues-Regulatory Compliance	33-39
G4-SO5	Confirmed incidents of corruption and actions taken	○	None	-
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	○	None	-

GRI 4		Description	Chapter	Page
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	○	None	-
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	○	CSR Material Issues-Regulatory Compliance	35-39
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	◎	-	-
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	◎	-	-
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	○	None	-
Social Product Responsibility				
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	NA	Due to the industry in which CTBC is engages, this item is not applicable.	NA
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	NA	Due to the industry in which CTBC is engages, this item is not applicable.	NA
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	○	CTBC engages in the practice of 100% disclosure of financial services, including wealth management and insurance, that it provides to customers.	-
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	○	CSR Material Issues-Regulatory Compliance	32-39
G4-PR5	Results of surveys measuring customer satisfaction.	○	CSR Material Issues-Service Quality	43
G4-PR6	Sale of banned or disputed products.	○	CTBC is not engaged in the sale of any banned or controversial products.	-
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	○	CSR Material Issues-Regulatory Compliance	32-39
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	○	There were 33 instances of customers lodging complaints with external authorities regarding privacy infringements and leaked personal information.	-
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	○	CSR Material Issues-Regulatory Compliance	35-39

Financial Service Sector Supplement

GRI 4	Description	Chapter	Page
FS1	Policies with specific environmental and social components applied to business lines.	About CTBC	2-6
FS2	Procedures for assessing and screening environmental and social risks in business lines.	CSR Performance	110-111
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	CSR Performance	110-111
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	CSR Implement	10-16
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	CSR Implement CSR Performance	10-16 97-101 110-111
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	CSR Material Issues-Operating Performance	28
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	CSR Material Issues-Service Quality	45-49
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	CSR Performance	110-111
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	CSR Material Issues-Risk Management	74-77
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	CSR Implement	10-16
FS11	Percentage of assets subject to positive and negative environmental or social screening.	CTBC has not yet implemented environmental and social asset screening. These items are planned for the future.	-
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	This currently does not apply to CTBC, but CTBC has plans for it in the future.	-
FS13	Access points in low-populated or economically disadvantaged areas by type.	CSR Material Issues-Service Quality	47-48
FS14	Initiatives to improve access to financial services for isadvantaged people.	CSR Material Issues-Service Quality	48
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United Nation Global Compact Comparison Table

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	Make sure that they are not complicit in human rights abuses	CSR Performance	90-97
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	CSR Performance	90-97
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Environment	Businesses should support a precautionary approach to environmental challenges;	CSR Performance	103-111
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REPORT OVERVIEW

Report Scope and Boundaries

This report is a statement of the economic, social, and environmental performance of CTBC and its subsidiaries in 2014 (January 1, 2014 to December 31, 2014) and any significant changes in the aspect boundaries. Related statistical data is calculated based on common international indicators. All financial figures in the report are calculated in New Taiwan Dollars and are verified by CPAs.

Report Compilation Principles

This report was written in accordance with the guidelines and structure set forth in the Global Reporting Initiative (GRI) G4 guidelines (hereinafter referred to as GRI G4), and includes GRI comparison tables. The contents of this report include major indices and relevant indicators as well as our performance in aspects of finance, corporate governance, customer care, employee care, environmental protection and social participation. This report was first issued in 2007 and will continue to be issued annually. Relevant content will be placed on CTBC's website and CSR items can be downloaded to be read as required.

Report Certification

This report was created by the CTBC CSR Taskforce Committee with the participation of senior members of upper management and was certified by a third-party institution. The British Standards Institution (BSI) verified the materiality, inclusivity, and responsiveness of this report based on AA1000 guaranteed standards and GRI G4. For the BSI inspection report statement, please consult the appendix.



CTBC HOLDING
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Corporate Social Responsibility Report 2014

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GRI (Global Reporting Initiative) GRI 4 Index

G4-18:

- Explain the process for defining the report content and the Aspect Boundaries.
- Explain how the organization has implemented the Reporting Principles for Defining Report Content.

G4-23: Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.

G4-28 : Reporting period (such as fiscal or calendar year) for information provided.

G4-30: Reporting cycle (such as annual, biennial).

G4-32:

- Report the 'in accordance' option the organization has chosen.
- Report the GRI Content Index for the chosen option (see tables below).
- Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.

G4-33:

- Report the organization's policy and current practice with regard to seeking external assurance for the report.
- If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.
- Report the relationship between the organization and the assurance providers.
- Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.

G4-31 : Provide the contact point for questions regarding the report or its contents.





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