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Report Overview



Long before Corporate Social Responsibility became part of Taiwan's business culture, CTBC Holdings (hereinafter CTBC) made it our mission to fulfill our Corporate Social Responsibility by being "caring, professional, and trustworthy." Through open and transparent reporting on our CSR, we hope to make the public and stakeholders realize CTBC's beliefs and actions and gradually improve our business systems, enabling CTBC to become better corporate citizens.

Report Scope and Boundaries

This report is a statement of the economic, social, and environmental performance of CTBC and its subsidiaries to show the ways in which the scope of our company has changed in 2013 (1/1/2013 through 12/31/2013). Relevant statistics for our calculations are based upon common international indicators. The units for all financial figures in this report are New Taiwan Dollars and have been verified by CPAs.

Report Compilation Principles

This report was written in accordance with the guidelines and structure set forth in the Global Reporting Initiative's (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 finance, corporate governance, customer care, employee care, environmental protection and social participation. Reports were issued in 2007 and will continue to be issued regularly every year, relevant content will be placed on CTBC Holding's website and CSR items can be downloaded to be read at your own leisure.

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.

Letter to Stakeholders



Charles Dickens once said: "It was the best of times; it was the worst of times." In 2013, the Euro debt crisis restricted global economic development, Japanese Prime Minister Shinzō Abe presented his "three arrows" plan to end the Japanese economy's two lost decades, and the US scaled back on its Quantitative Easing (QE) policy, thus increasing economic uncertainty. The domestic economy was affected by weak global economic growth and did not recover as expected. Taiwan's Directorate General of Budget, Accounting and Statistics (DGBAS) continued to revise economic growth rate forecasts downward and interest rates have remained low, resulting in a challenging operating environment in the financial sector.

Facing this complex environment, CTBC remained strong. Despite the economic slump, CTBC posted record revenues and profits thanks to the concerted effort of all of our employees. In 2013, the performance of CTBC's subsidiaries CTBC Bank and CTBC Life Insurance continued to improve. Overall profits hit a record high with after-tax profits of NT\$21.5 billion and after-tax earnings per share (EPS) of NT\$1.5. We won 100 awards from domestic and foreign professional assessment agencies, marking the second consecutive year with more than 100 awards, making us the pride of Taiwan's financial industry once again.

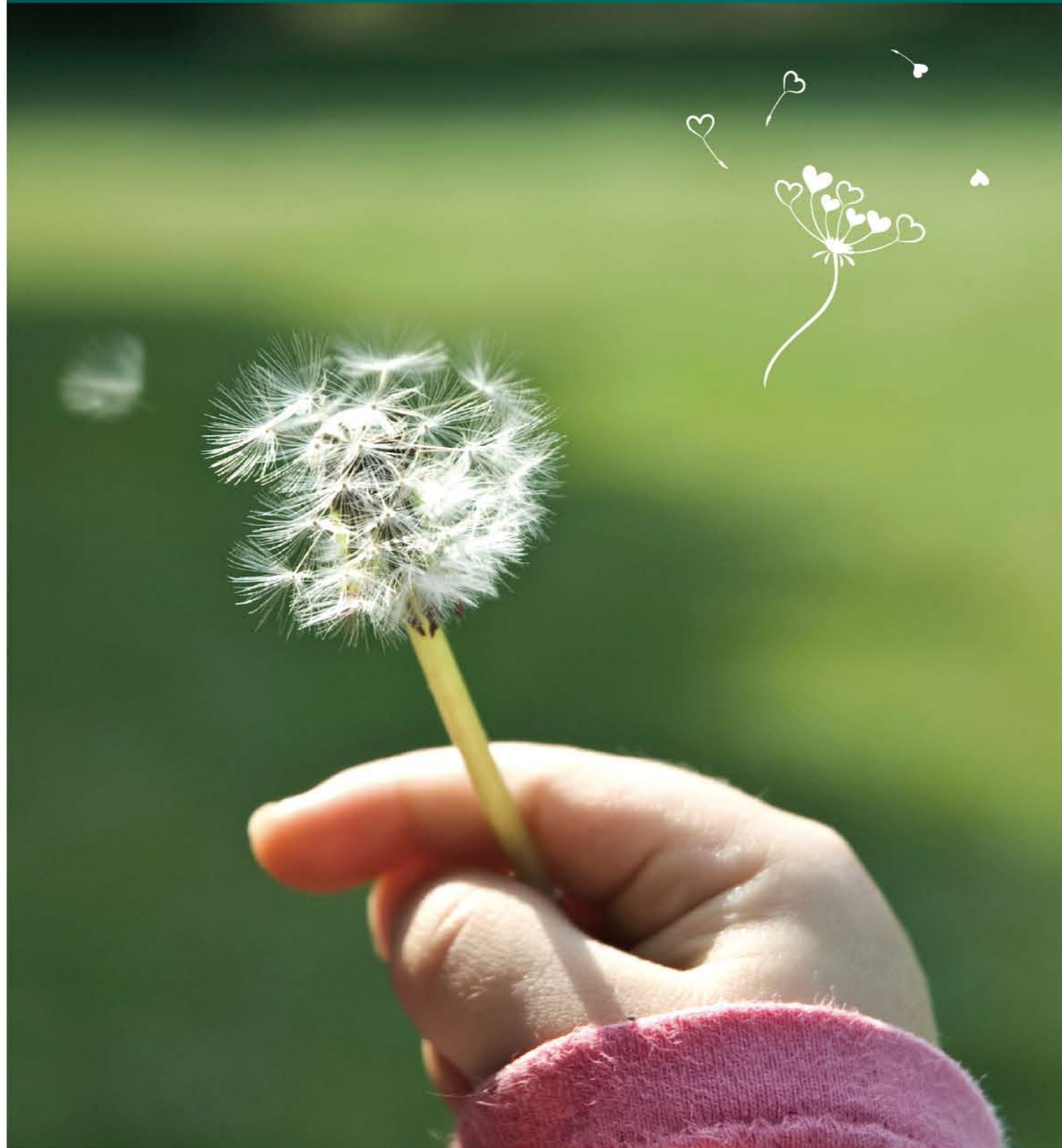
In 2013, CTBC continued to expand our territory. We put down roots in the Southeast Asian market and expanded our presence in Japan, the main market in Northeast Asia, consolidating our presence in the Asian markets. In 2013, CTBC signed a Memorandum of Understanding with 10 regional banks in Japan. This was the first time that CTBC cooperated with Japanese banks, making us the first Taiwanese bank to provide professional services in the Japanese financial system and marking a milestone in the Northeast Asian financial market. CTBC is also actively expanding into the mainland Chinese market. In combination with our overseas locations in Northeast Asia, Southeast Asia, and the United States, this creates a tight-

knit international network for providing global financial services. As it pursues excellence, CTBC has never forgotten our corporate social responsibility. Over the past 30 years, CTBC has constantly raised its standards, surpassing all expectations in charity, athletics, the arts, and environmental protection. We continuously strive to help the disadvantaged out of poverty and into self-reliance using our innovative public assistance programs, such as the "Light Up a Life" fundraiser and "Poverty Alleviation Program." We promote the development of athletics nationwide through our continued support of the CTBC professional baseball team and golfers. We also try to broaden people's artistic horizons through our support of the arts in hopes of bringing our customers' attention to Taiwan's world-class talent. With all 147 of our branches in Taiwan having fully implemented greenhouse gas inventory and the green building design of CTBC Financial Park, we have fully implemented ISO 50001 energy management systems, showing our concern for the planet.

The worst of times can actually create remarkable value. As one of Taiwan's leading financial brands, we believe that businesses should pursue sustainable development, rather than short-term profit and that committing to CSR will raise our image in the eyes of society. While remaining firmly rooted in Taiwan, we will continue pursuing stable growth, actively expanding our overseas markets, acquiring new markets, and looking for new development opportunities to expand our presence in Asia and internationally, allowing us to complete our international platform and provide better financial services, dedicated to building a business of which employees, shareholders, and customers can be proud as we strive toward becoming the number one bank in Taiwan, a leading brand in Asia, and the top financial institute for Chinese in the world.

Wen Long Yen
Chairman

CSR Philosophy



As management master Michael Porter has said: "If a company wants to be more competitive, it needs to make CSR an integral part of its operational strategy. Businesses and society need each other, so CSR should be viewed as the opportunity that it is, rather than an unwanted burden." It is clear that CSR is a fundamental aspect of business and that only by taking the nature of business and management seriously can we face the next wave of change.

CTBC considers CSR to be one of the key links in business strategy. Even after undergoing organizational change, our goals are upholding CSR and sustainable management, interdependence with the community, and active international integration. We know that only through watching out for and taking advantage of opportunities can we develop an appropriate CSR strategy and corporate culture and that full implementation will bring the greatest benefit and allow us to live up to the expectations of society and our customers.

In 2011, we established a CSR Unit and implemented a strategic policy that places relevant operations in the hands of dedicated CSR personnel. In 2012, we established the interdepartmental CSR Taskforce Committee, which coordinates all of CTBC's internal units and ensures the overall implementation of CSR policies. In 2013, we developed a comprehensive CSR policy drawing upon our many years of experience implementing CSR and consulting international organizations' activities and trends. Over these past six years, our gradual approach to CSR implementation has enabled us to build the strong foundation necessary to becoming the best corporate citizen in the eyes of the public.

CTBC Corporate Social Responsibility Policies

- Corporate Governance: integrity, honest management, worthy of our stakeholders' trust
- Customer Relations: professional leadership, friendly service, protect and build client wealth
- Employee Care: workplace equality, learning and growth, care for overall employee health
- Environmental Protection: sustainable development, environmental protection, implementing energy-saving and eco-friendly practices to help our Earth
- Community Involvement: dedicated care, contributing to society, creating a better world



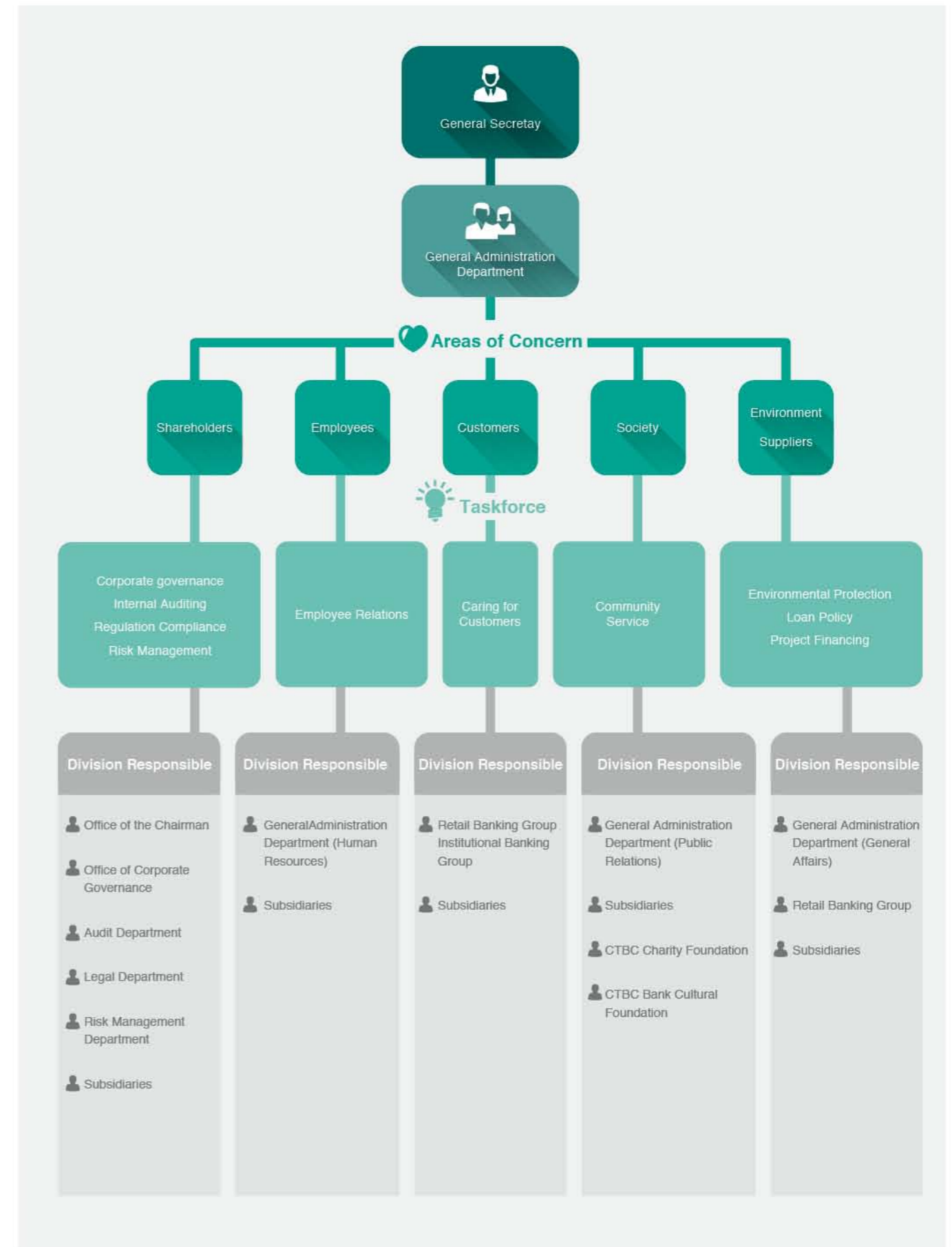
Establishing Interdepartmental, Intercompany CSR Taskforce Committee

In order to achieve better results in our CSR efforts, in 2012, CTBC established the interdepartmental CSR Taskforce Committee headed up by the General Secretary to approach CSR from a corporate governance perspective. The General Administration Department serves as coordinator, integrating a variety of operational departments and offices, including human resources, corporate governance, legal, auditing, general affairs, risk management, and retail and institutional finance, plus our nine subsidiaries. The department identifies and coordinates with units that come in contact with or could potentially impact stakeholders. The CSR Taskforce Committee divides up CSR work, such as corporate governance, customer care, employee care, environmental protection, and community involvement, to ensure that each area is implemented top-down within the organization and implemented more efficiently and thoroughly.

The CSR team responsible for formulating and implementing the company-wide CSR strategy has five full-time employees and 49 who focus on CSR as part of their duties (17 corporate governance employees, 4 employee relations employees, 7 customer care employees, 5 community involvement employees, 4 environmental protection employees, and 12 employees representing our subsidiaries). At the highest level, the CSR Division reports to the Chief Administrative Officer, while important issues are reported directly to the Board of Directors for resolution. We hope that in the future, the CSR Taskforce Committee will be convened by the Chairman of CTBC Holding, that each subsidiary's CEO will join, and that the CSR Taskforce Committee will be upgraded to a function committee. Through careful and comprehensive CSR implementation, we will become the best corporate citizen in the eyes of the public.



CTBC CSR Taskforce Committee



CSR Taskforce Committee Operation Mechanism



The CSR Taskforce Committee collates all information pertaining to CSR from company management and presents it during their quarterly working meeting. Issues are discussed by committee members and then brought to the General Secretary for review and implementation. Any key issues to be submitted to CTBC Holding's Executive Committee for discussion, submitted to the Board of Directors for vote, or formulated into policy (or which require policies be amended) are to be brought before the Board of Directors for vote, promulgation, and implementation.

CTBC Holding's Corporate Governance Policies and Performance

In 2013, to more thoroughly implement our CSR policies and ensure that the pay system for directors and supervisors fully reflects individual and corporate performance, CTBC encouraged all of our subsidiaries to amend their "Non-Independent Director Remuneration Package," "Independent Director Remuneration Package" or "Director and Supervisors Remuneration Package," specifying that a reasonable correlation between individual performance, company performance, and future risks should be a consideration in the pay of directors and supervisors. Furthermore, in 2014 we laid out the Division of Authority and Responsibilities for the Board of Directors, Chairman, and CEOs delegating authority to different levels and clearly designating responsibilities and authority CTBC Bank subsidiaries also amend their Subsidiary Administrative Measures to increase their operational independence on the condition that said amendments did not conflict with any corporate governance regulations stipulated by governing authorities in their host countries., CTBC underwent the Corporate Governance System CG 6008 Advanced Assessment, inviting an impartial third party, the Taiwan Corporate Governance Association, onsite to inspect our directors and high-level management team and examine the implementation and effectiveness of our corporate governance, so as to safeguard shareholder interests.

On December 27, 2013, CTBC Life passed the CG 6008 Life Insurance Company Corporate Governance System Assessment and on January 3, 2014, CTBC Holding, CTBC Bank, and CTBC Securities received Corporate Governance System CG 6008 Advanced Certification.

CTBC Holding's CSR Code of Practice

In order to educate our staff on the importance of CSR and ensure we implement it thoroughly in our work, CTBC felt it was necessary to codify our CSR policy. Only then could we realize CSR-a core value of CTBC-and devote ourselves to achieving sustainable operations. In February 2012, the Board of Directors passed the CTBC Holding CSR Code of Practice, which outlines our CSR policy and serves as a compass for both CTBC and our subsidiaries to follow. The Code is divided into the following sections:

- Employee Care: providing equal rights, preventing discrimination and harassment, and ensure a safe, healthy work environment.
- Customer Care: safeguarding clients' interests, focusing on customer privacy, and providing fair, timely, and effective channels for complaints.
- Commitment to Shareholders: ensuring shareholders' right to know, protecting shareholders' rights, and treating all shareholders fairly.
- Maintaining Social Welfare: promoting community activities, contributing to community development, and encouraging staff to participate in volunteer activities.
- Developing Sustainability: organizing environmental education, implementing energy-conservation and carbon reduction operations, and focusing on climate change issues.

Since its enactment, we have used the CTBC Holding CSR Code of Practice to promote CSR internally and disseminate CSR-related information among the CSR Taskforce Committee. In 2013, we held four meetings attended by CSR-promoting units, with topics including:

- Drafting the annual CSR plan and CSR policy direction.
- Setting project and activity plans, such as confirming channels of communication for stakeholders and evaluating important issues.
- Assessment and review of plan implementation effectiveness and progress tracking.
- Sharing and review of CSR awards won.
- Presentation topics by external CSR experts: Energy Management Systems, The Financial Sector and CSR, GRI G4, and talks on green consumerism.
- Discussing CSR promotion practices of foreign financial institutions.

CTBC Holding Credit Risk Management Policy

In December 2012, the Board of Directors passed the amended CTBC Credit Risk Management Policy, which adjusted CTBC's credit policy to support green energy and calls on CTBC to work with environmental protection-related enterprises. CTBC can expand business while also implementing our CSR Philosophy.

Konosuke Matsushita, known in Japan as "the god of management," has said, "The purpose of business is not to make money, but to respond to society's needs. If this is not your mission, you will not be able to do business." In 2012, we implemented comprehensive CSR policies to protect our shareholders, customers, employees, the environment, and society. CSR is not just one of the core values of CTBC's operational strategy, it is also an indispensable part of the company's DNA as we pass along our business culture and brand spirit. Through our continued efforts, we hope to contribute to Taiwan's economic, social, and environmental development.

Stakeholder Engagement



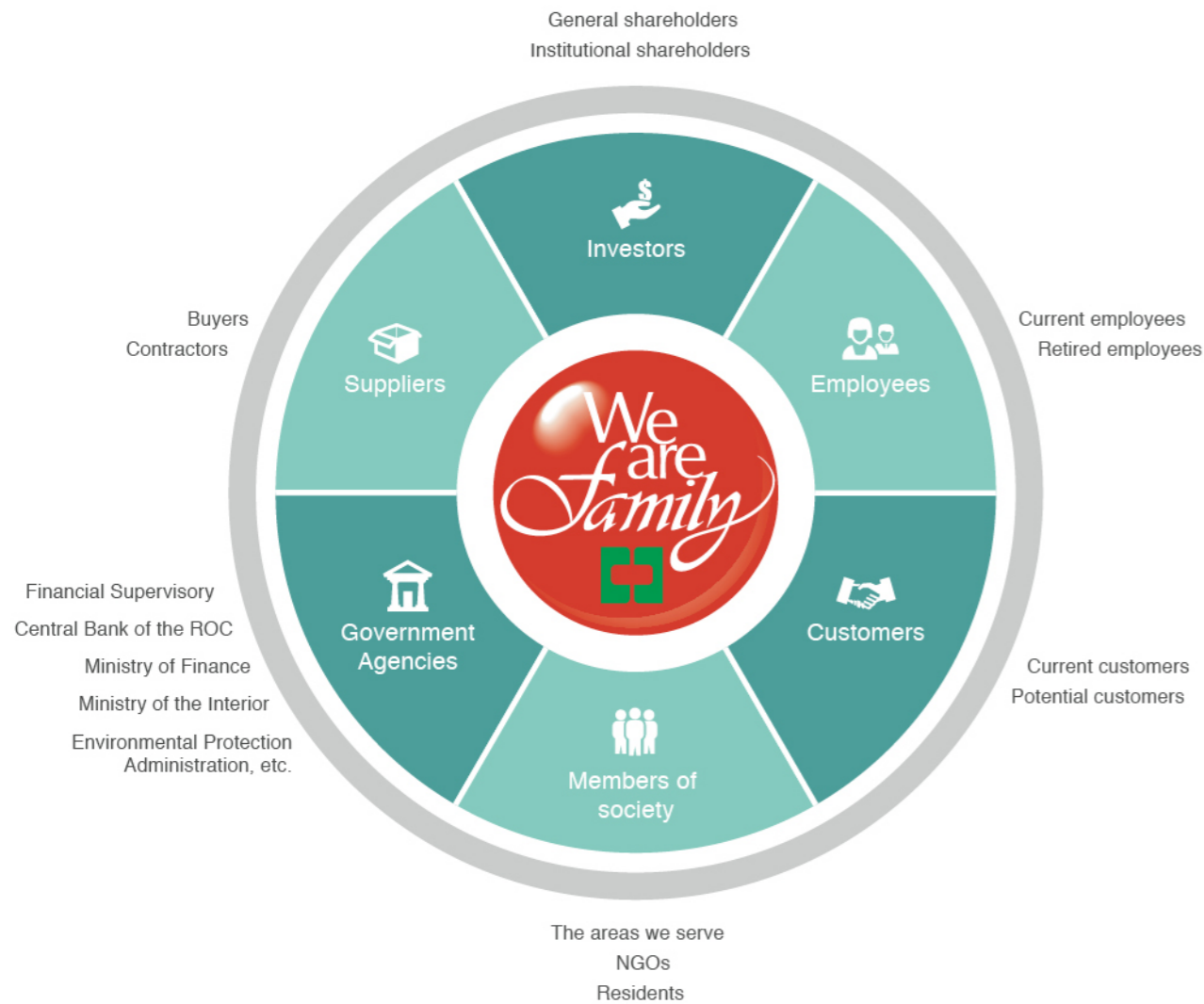
As economist R. Edward Freeman said, "If a company is aiming for sustainability, its managers need to establish strategies that meet the needs of all stakeholders."

For example, Walmart originated as a regional discount retail store in the southern United States, but it became one of the largest companies in the world due to its low prices and non-urban placement strategy, even opening stores in China and throughout Asia. However, increasing conflict over store placement and employee treatment has presented the biggest challenge it has had to face since its founding.

To minimize controversy, Walmart's upper management gradually adopted a new outlook and began to improve communication between the company and its stakeholders. They also came to realize that scrutiny by the media and community activists was actually good for the company because it shows them where they need improve.

CTBC realizes the importance of our stakeholders, so in the pursuit of sustainable development, we insist on transparent, effective channels of communication with our stakeholders. We adhere to AA1000 accountability principles and have convened the CSR Taskforce Committee to identify stakeholders. Each chapter of the report will address CSR topics relevant to our stakeholders.





In Taiwan, the financial services industry is taking on an ever more diverse role. As financial products and services have become more varied, CTBC has increased frequent contact with members of the public. CTBC strives to create the greatest value for our stakeholders by maintaining open and varied communication channels, unearthing problems, and responding appropriately so that we can take on more responsibilities and challenges and set a foundation for national growth.

Identifying Stakeholders

We have divided CTBC's stakeholders into six groups, which include investors, customers, employees, members of society, government agencies, and suppliers.

Stakeholder Communication Channels

The above six groups were identified and approved by the CSR Taskforce Committee and the committee then

outlined each group's specific concerns and CTBC's various channels of communication with each group. Each group was also incorporated into our daily CSR tasks and the yearly CSR plan. These policies were then adjusted or revised as the need arose. The next step was to identify and rank various key issues. The CSR Taskforce Committee first gathered information regarding stakeholders and passed these along to various departments and subsidiaries for ranking. Their findings were then reported to the executive meetings of each unit for resolution. Finally, CTBC executives confirmed the rankings of each key topic, which were then compiled into the Major Issue Matrix Diagram to further identify major considerations, analyze their impact both internally and externally, and choose appropriate responses.

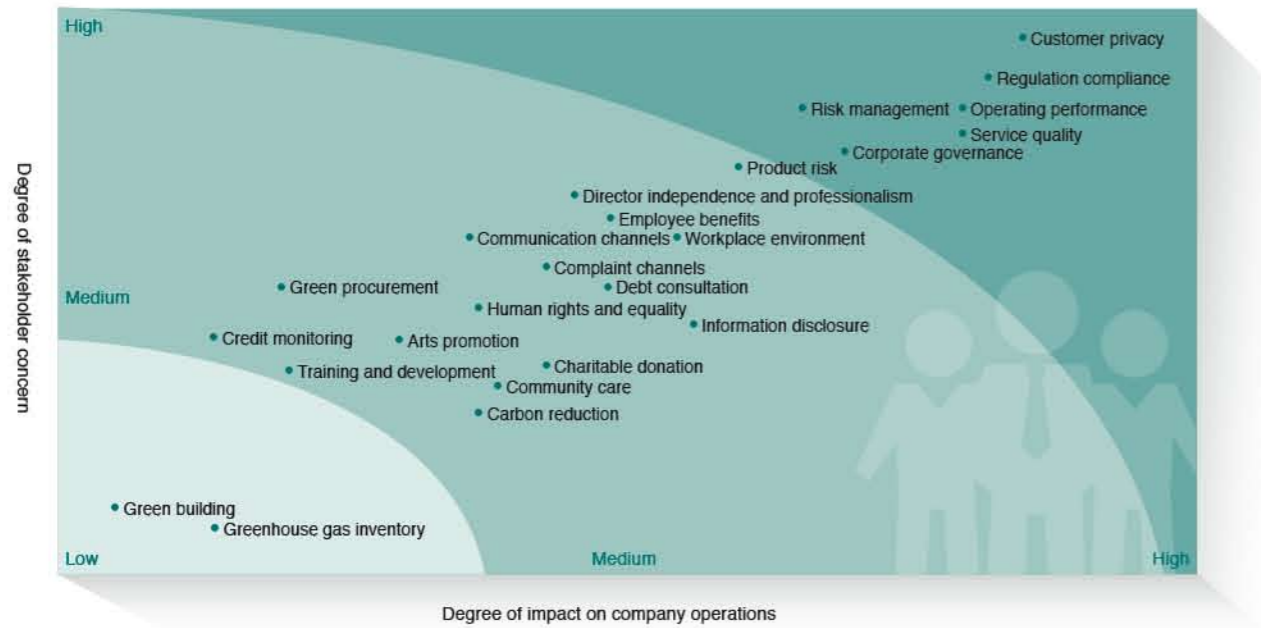
In order to meet stakeholder expectations, CTBC used the same methodology to hold conversations with our various

stakeholders through a range of communication channels. In 2012, CTBC added a survey to the CSR section of our corporate website and invited stakeholders to advise us the issues that are most important to them. By opening this communication channel, we can better understand

stakeholders' needs and expectations. Their responses will serve as reference for future business development, product design, and adjustments to our CSR policy and development of related projects.

Stakeholder	Primary Responsibilities	Methods and channels of communication	Key Issues
Investors	Information disclosure and transparency	<ol style="list-style-type: none"> 1. Release financial information on our website 2. The dedicated investment information section of our website that provides a communication window for spokespersons and acting spokespersons, while providing information for institutional investor relations, stock information, and a way for investors to contact CTBC. 3. The annual shareholders meeting 4. Monthly operational performance announcements 5. Quarterly investor conferences to promote communication with investors. 	<ul style="list-style-type: none"> Operating performance Risk management Corporate governance Regulation compliance Director Independence and professionalism Information disclosure Shareholder equity
Employees	Respect for human rights, fair treatment, promoting employee health	<ol style="list-style-type: none"> 1. Quarterly staff meetings are held to communicate company policies, performance, and vision with employees. 2. Issuing an e-newsletter internally with the newly added "Company Matters" column in which top-level managers discuss the company's direction, management philosophy, workplace environment, and interpersonal communication. 3. Establishing employee communication channels and complaint channels. 4. Holding employee health lectures. 5. Carrying out anonymous Employee Satisfaction Surveys and Organization Climate Surveys. 	<ul style="list-style-type: none"> Employee benefits Training and development Performance evaluations Workplace environment Human rights and equality Communication channels
Customers	Providing convenient products and exceptional services	<ol style="list-style-type: none"> 1. Setting up a Voice of Customer (VOC) platform to compile suggestions from customers via branch offices, extension organizations, and customer service centers. 2. Setting up a free 24-hour customer service hotline, web calling, and a customer service internet mailbox. 3. Publishing monthly e-newsletters. 4. Carrying out customer satisfaction surveys annually or quarterly according to business attributes. 5. Holding annual wealth management briefings and health lectures. 6. Developing online and mobile banking platforms. 	<ul style="list-style-type: none"> Product risk Service quality Debt consultation Customer privacy Appeals channels Credit monitoring mechanisms
Members of society	Respect for local cultures Taking part in local philanthropic activities	<ol style="list-style-type: none"> 1. Taking part in seminars 2. Holding press conferences 3. Sponsoring cultural, artistic, sporting, academic, and environmental events 4. Holding philanthropic activities 	<ul style="list-style-type: none"> Helping the community Charitable donations Promotion of culture and the Arts Green building
Government Agencies	Following regulations and paying taxes Helping to publicize and implement new regulations	<ol style="list-style-type: none"> 1. Cooperating with authorities' oversight and auditing by providing relevant information. 2. Adhering to the policies of authorities, taking part in relevant meetings, providing suggestions, and promoting financial knowledge and education. 	<ul style="list-style-type: none"> Energy use and carbon emissions reduction Greenhouse gas inventory
Suppliers	Fair procurement	<ol style="list-style-type: none"> 1. Holding business briefings and price negotiations. 2. Carrying out on-site audits and promoting occupational safety and health. 	<ul style="list-style-type: none"> Green procurement

2013 Major Issues Matrix Diagram



Supplier CSR Advocacy Policy

CTBC has dealings with 298 suppliers, with 85.2% of them in northern Taiwan and 7.4% each in central and southern Taiwan. They can be divided into the following nine categories: security/insurance, business equipment, information, advertising media, printing, gifts/travel, property maintenance, construction and repair, and other.

Because CTBC works closely with our suppliers, in 2012 we drafted the Supplier CSR Advocacy Policy. Focused on transactions worth over NT\$1 million, we require suppliers to first sign a contract promising they will commit to meeting certain standards of business ethics, employee rights and welfare, and environmental protection. 100% of our suppliers signed in 2013, and CTBC expects to include CSR issues as a topic at our 2014 supplier conference.

If during our cooperation, we discover that the supplier has not lived up to their promise, we will immediately advise them of the necessary corrective measures and request that they implement these measures.

The Supplier CSR Advocacy Policy is discussed in more detail below:

Business Ethics

- Suppliers must act in an honest, ethical manner in their business operations. Employees should avoid conflicts

of interest, which include offering bribes, perpetuating fraud, or any other violation of business integrity.

- When in the course of performing their jobs, should suppliers require CTBC trade secrets, they must protect that information and use it in a proper manner to prevent company secrets or personal privacy from being compromised.
- Suppliers promise to respect our intellectual property rights and comply with related laws and regulations.

Employee Rights and Assistance

- Suppliers must protect the rights and interests of their entire workforce and treat employees with respect. Suppliers may not use forced or involuntary labor or child labor of any kind.
- Suppliers pledge that their remuneration policy meets relevant legal standards. Employee wages may not be lower than minimum wage. They must receive the benefits stipulated by law, reasonable break times, and appropriate overtime pay.
- Suppliers should provide a humane working environment and abstain from physical or verbal harassment, verbal abuse, corporal punishment, mental or physical coercion, or threats.
- Suppliers should provide employees with a safe and healthy work environment and comply with all occupational safety and health laws in order to prevent occupational accidents and reduce dangers or potential hazards in the workplace.

- Supplier hiring, promotion, training, and rewards may not discriminate on the basis of race, nationality, skin color, gender, religion, age, health, political views, marital status, or pregnancy.
- Suppliers should respect employee rights as protected by local law, including freedom of association and the freedom to join or not join a union, seek representation, or join a labor committee.

Environmental Protection

- In the exercise of their operations, suppliers, as a rule, should utilize materials that are environmentally friendly. Priority should be placed on purchasing recycled or reusable material, as long as such goods are of sufficient quality, in order to reduce any negative impacts on the environment. Suppliers should avoid

using environmentally-hazardous materials.

- Suppliers must identify and manage hazardous materials that may be released into the environment, then properly manage said materials during the process of production, storage, and disposal.
- Suppliers should perform a greenhouse gas inventory and develop carbon management measures to reduce environmental impact.

As the financial services industry has launched a variety of convenient products and services, CTBC's relationship with the public has grown closer day by day. In our position as Taiwan's best banking brand, we have always been committed to achieving sustainable development. CTBC strives to create the greatest value for our stakeholders while endeavoring to improve the society we serve.

SIGNIFICANT ISSUES

Key issues	Major concerns	Organizational impacts		Corresponding chapter	Corresponding page(s)
		Within the organization	Outside the organization		
Customer privacy	Customer privacy	V	V	A total of 28 customer complaints were made to external parties regarding violation of privacy and information leakage	63-64
	Compliance	V	V		Corporate governance
Regulatory compliance	Compliance	V	V	Corporate governance	53-56
		V	V	Corporate governance	53-56
Operating performance	Economic performance	V	V	About CTBC	30-31
	Indirect economic impacts	V	V	Government institutions, Investors, Customers	58-73
Service quality	Product and service labeling	V	V	Corporate governance	53-57
Corporate governance	Anti-bribery			Corporate governance	53-56
	Compliance	V	V	Corporate governance	53-56
	Indirect economic impacts			Customer Care	58-73
Risk management	Economic performance	V	V	About CTBC	30-31
	Indirect economic impacts	V	V	Customer Care	58-73

CSR Performance

Economic

 NET PROFIT AFTER TAX
NT\$21.5 billion

- As at the end of 2013, CTBC Holdings had generated NT\$1.272 trillion in net revenues and NT\$ 21.5 billion in after-tax profit, both of which were historical highs.
- Asset size grew by NT\$ 311.2 billion over the previous year to NT\$ 2,424.7 billion.

- Wealth management services have steadily grown in terms of both assets under management and customer count. The amount of assets under management has exceeded the NT\$ 1 trillion mark since 2010.
 - Between 2010 and 2013, the size of assets under management grew by 26%.
 - Between 2010 and 2013, number of wealth management customers grew by 14%.

 CREDIT CARDS
No.1

- As at the end of 2013, CTBC Holdings had the highest number of credit cards outstanding, with a market share of 15.7%.
- As at the end of 2013, CTBC Holdings had the highest amount of credit card purchases, with a market share of 17%.


 AFTER-TAX RETURN ON ORDINARY SHARE EQUITY REACHED

11.93%

 **100** awards


- In 2013, CTBC Holdings won a total of 100 awards from local and abroad. It was named "Best Bank in Taiwan" by "Euromoney," "The Asset," "FinanceAsia" and "Global Finance," which was an achievement unmatched by any peer in Taiwan, and made 2013 the second consecutive year in which CTBC Holdings had won more than 100 major awards.

Society



CUSTOMER SATISFACTION
84%

- In 2013, CTBC Bank surveyed retail customers' satisfactions toward nearly 50 aspects of the bank's services, such as branch, Internet banking, mobile banking, customer service, wealth management, product applications etc. Approximately 100,000 valid responses were recovered, which the bank scored an average satisfaction of 84%, exceeding the 81% target set for 2013.



EMPLOYEE BENEFIT EXPENDITURES
NT\$558.4 million

- In 2013, CTBC Holdings spent a total of NT\$558,448,000 on employee welfare, which accounted for 0.44% of revenues and 2.59% of pre-tax profit.



COMMUNITY INVOLVEMENT EXPENDITURES
NT\$230.04 million

- In 2013, CTBC committed a total of NT\$ 230,044,837 into charity, arts, culture, sports and academic development.



NUMBER OF VOLUNTEERS
1,808 people

- In 2013, a total of 1,808 CTBC volunteers involved themselves in 1,324 voluntary events organized by the CTBC Charity Foundation; they committed in 142,962 hours of voluntary service and helped 46,340 children of disadvantaged families.



EMPLOYEE RETENTION RATE
91.2%

- In 2013, the permanent employee retention rate had increased by 0.8% over the previous year to 91.2%.

• Exceptional results from lottery operations: Over a 7-year period, the 3rd lottery series created more than 37,000 jobs for the socially disadvantaged and continually encouraged lottery winners to donate part of their winnings. The amount of donations received via the lottery scheme had accumulated to NT\$ 2.922 billion in 2013, which helped more than 215 charity groups and 3.38 million people of the socially disadvantaged.

Environment



EMISSIONS REDUCED

794.29 ton-CO₂

• With regards to energy management, total power usage in 2013 was down 7.78% or 1,493,967 kilowatt-hours compared to the base year (the 2010-2011 average), which equaled 794.79 tons of CO₂ reduction a year).



GREEN ENERGY AND ENVIRONMENTAL PROTECTION INDUSTRIES

NT\$ 10,517.8 million

• CTBC has launched a series of lending schemes to companies involved in the energy-saving business, such as air-conditioning, refrigeration, lighting, ESCO, solar power generation, wind power and solar power component suppliers, renewable metal suppliers etc. As at the end of 2013, CTBC Bank had made five loans totaling NT\$ 10,517,800,000 to green energy and environmental protection industries. This amount was NT\$ 2,037,800,000 higher than 2012. Meanwhile, loans to companies involved in energy-efficient lighting, air-conditioning and refrigeration amounted to NT\$ 86,100,000.



GREEN PROCUREMENTS

NT\$ 395.85 million

• In 2013, CTBC Holdings made green procurements totaling NT\$ 395,859,165, which was NT\$ 294,390,059 or 290% higher than the NT\$ 101,469,106 recorded in 2012.



ZERO-CARBON EMISSIONS

42,695.29 kg

• CTBC Financial Park is designed to generate zero-carbon emissions. The HQ features 695 square meters of solar panels atop the roof and along the south bridge. These solar panels are estimated to generate 80,254.3 kilowatt-hours of electricity per year, which saves 42,695.29 kilograms of CO₂ emissions.



ENVIRONMENTAL PROTECTION EXPENDITURES

NT\$ 395.96 million

• Overall, CTBC Holdings spent a total of NT\$ 395,966,559 on "environmental" issues in 2013.

About CTBC



As a leading brand in Taiwan's financial services industry, CTBC Holding has demonstrated our ambition to excel through many years of outstanding operations management and results. By holding fast to our mission to "protect and build" value while being "caring, professional, and trustworthy," becoming the number one bank in Taiwan and a leading brand in Asia. We strive to be the financial institution most worthy of client trust.

Company Profile

- Date of establishment: May 17, 2002
- Headquarters address: No. 3, Sung Shou Road, Taipei, Taiwan, R.O.C.
- Total capital: NT\$147.29billion
- Total assets: NT\$2.42trillion
- Number of employees: 12,454
- Industry: Finance and insurance
- Stock code: 2891

Business Philosophy

- Brand Value: 'We are family'
- Brand Spirit: Caring, professional, trustworthy
- Our Mission: To protect and build value for our employees, customers, shareholders, and community, so that they can become financially successful and build wonderful futures.
- Our Vision: Become the number one bank in Taiwan, a leading brand in Asia, and the top financial institute for Chinese in the world.



CTBC Financial Holding Co., Ltd.

CTBC Holding Co., Ltd. was founded on May 17, 2002. Headquartered in Taipei, Taiwan, CTBC Holding boasts over 10,000 employees worldwide. Subsidiaries operating under CTBC Holding include CTBC Bank, CTBC Securities Co. (CTBC Securities), CTBC Insurance Brokers Co., Ltd. (CTBC Insurance Brokers), CTBC Venture Capital Co., Ltd. (CTBC Capital), CTBC Asset Management Co., Ltd. (CTBC AMC), CTBC Security Co., Ltd. (CTBC Security), Taiwan Lottery Co., Ltd. (Taiwan Lottery), CTBC Life Insurance Co., Ltd. (CTBC Life), and CTBC Securities Investment Trust Co., Ltd. (CTBC Investment), in addition to nine other subsidiaries.

At present, CTBC principal subsidiary is CTBC Bank in Taiwan, which is comprised of 147 domestic branches and 99 overseas branches. There are a total of 11 overseas branches located in the United States, Canada, Japan, India, Indonesia, the Philippines, Thailand, Vietnam, Hong Kong, Singapore and China, thus making us Taiwan's most international financial institution.

Looking to the future, CTBC will continue to uphold our 'We are family' motto, to stay true to our 'protect and build' corporate mission, and continue our commitment to providing the caring, professional, and trustworthy service we are known for. We will also provide customers with more convenient service channels and a more diverse range of financial services in order to achieve our vision of becoming the number one bank in Taiwan and a leading brand in Asia, and ultimately one of the world's best financial institutions—such that in our customers' eyes, our name will be synonymous with trust.

CTBC Bank Co., Ltd. (CTBC Bank)

CTBC Bank, formerly known as China Securities and Investment Corporation, was founded in 1966. Business operations include deposits, loans, guarantees, foreign exchange, offshore banking units (OBU), trusts, credit cards, cash cards, securities, bonds, proprietary futures, derivative financial products, factoring, safety deposit boxes, electronic banking services and serving as an agent for the Taiwan Lottery.

To maximize operational scope, CTBC Bank merged with Grand Commercial Bank in December 2003, acquired the



Fengshan Credit Cooperative in July 2004 and was successful in its bid to purchase Enterprise Bank of Hualien in May 2007. To make our team more effective, CTBC formally merged with the Chinatrust Bills Finance Corporation on April 26, 2008. The acquisition of The Tokyo Star Bank Ltd. was approved on December 20, 2013 at CTBC Holding's extraordinary shareholder meeting. The transfer of 100% shares was completed on June 5, 2014. CTBC Bank is officially the sole shareholder of The Tokyo Star Bank. CTBC Bank had a total of 147 branches in Taiwan and 99 oversea outlets and a total of 5,184 ATMs located across the island. CTBC Bank boasts NT\$1.73 trillion in deposits and NT\$2.16 trillion in total assets — the most of any privately-operated bank in Taiwan.

CTBC Securities Co., Ltd. (CTBC Securities)

CTBC Securities, formerly known as Pou Chen Securities, was founded in 1989. It was originally the largest professional brokerage in Kaohsiung with an initial capital investment of NT\$200 million. In 2000, its name was changed to Chinatrust Securities Corporation and its capital had increased to NT\$3.5 billion. In 2003 it was renamed Chinatrust Securities Co., Ltd. (CTBC Securities) and had increased capital to NT\$5 billion. In 2009, to increase our operational capital, BIS ratio, and EPS,

we issued private equity, increasing our capital to NT\$5.36 billion. CTBC assists with corporate financing in the capital market and strives to improve our securities and futures, all for the purpose of providing customers with a more diversified spectrum of trading services.

Aside from assisting with corporate financing in capital markets, CTBC Securities also offers services related to securities and futures, thereby providing customers with a full range of securities services. Currently, in addition to the CTBC Securities headquarters, other branches include: Zhongxiao, Kaohsiung, Sanchong, Yongkang, Wenxin, Hsinchu, Taoyuan, Songjiang, Chiayi, Yonghe, and Zhonghe, which provide customers with publicly-traded securities and investment opportunities in emerging stocks and futures trading.

In the future under CTBC Holding, CTBC Securities will provide online ordering, app orders, telephone orders, and ordering compatible with the iPhone and Android smartphones in addition to financial management software to meet our customers' one-stop shopping demands. With the rapid development of technology, growth of per capita income, and improvements in education, local investors are more accepting

of a variety of financial products and demand has increased accordingly. High-quality product planning and financial services have become important factors for investors, which has spurred CTBC Securities to expand operations.

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

CTBC Insurance Brokers Co., Ltd. (CTBC Insurance Brokers) became a CTBC subsidiary in February 1996 and merged with CTBC Holding in 2002. The CTBC Insurance Brokers' sales network is comprised of telemarketing and sales personnel and its products are divided into property and casualty and life insurance. Property and casualty insurance products include compulsory and voluntary motor vehicle insurance, residential fire insurance, engineering/construction insurance and fidelity bond insurance. Life insurance products include life insurance, medical insurance, savings insurance, and investment-linked insurance.

In response to financial liberalization and the trend of internationalization, CTBC Insurance Brokers is committed to actively enhancing its professional capabilities. Moreover, through a full range of risk management and

insurance product platforms, CTBC Insurance Brokers provides customers with new knowledge regarding insurance and financial management, in addition to consultation services, in order to fulfill its wealth management responsibilities to customers.

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

CTBC Venture Capital Company (CTBC Capital), which was CTBC's first foray into the venture capital market, was founded in March 2003. It invests mainly in information technology, communications, biotechnology, medical/healthcare, cultural/creative, and alternative energy industries, as well as in companies in traditional industries that have performed well and show great future growth potential. Leveraging CTBC's vast pool of resources, its top-notch management professionals are well positioned to help enterprises develop and CTBC Capital is certain to become their most valued partner.

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

CTBC Asset Management Co. (CTBC AMC) was founded in May 2003, mainly for the purpose of taking advantage of the large quantities of non-performing assets arising from Taiwan's domestic financial reform. A team of professionals was assembled to seek out potential business opportunities and to help companies improve their finances. CTBC AMC manages debt trading for financial institutions and for the leasing investment industry.

Since its inception, CTBC AMC has been continually increasing investments and collaborating with reputable foreign partners to manage non-performing loans (NPLs) and related businesses, in addition to performing the same tasks for CTBC. In response to globalization and financial internationalization, it is set to broaden its horizons internationally in pursuit of business opportunities on a global scale. In the future, it will actively bid for NPLs at financial institutions, both domestic and overseas, and will strive to better its understanding of foreign NPL processing and other related professional experience, while operating in accordance with financial reform policy.

In response to the increasingly competitive financial environment, CTBC Asset Management Co. manages

increasing investments in leasing businesses. CTBC AMC established a leasing investment company in Hong Kong with the primary purpose of investing in the leasing industry in China. In mainland China, there are few barriers to establishing a financial leasing company and the business potential is large. After establishment, a company can directly begin dealing with CNY and immediately begin increasing their presence. Future integration with financial holdings companies will be enhance the effectiveness of asset disposal, bringing into play the synergy between CTBC and CTBC AMC to enhance investment profits and expand the scope of our asset management business.

CTBC Security Co., Ltd. (CTBC Security)

Founded in 1995, CTBC Security Company (CTBC Security) became a subsidiary of CTBC in December 2005. CTBC Security is principally engaged in assisting corporate entities protect their property and personnel. Chosen through a meticulous screening process, its highly-trained workforce of over 303 employees stands out as one of the finest in the industry.

CTBC Security's business scope includes planning and design for fire safety and disaster prevention, security systems consulting, security courier services, stationed guards and personnel protection. Financial institutions constitute the majority of its clientele. CTBC Security is committed to a security-based, service-oriented business philosophy to ensure customer satisfaction with its security services.

Taiwan Lottery Corporation (Taiwan Lottery)

Taiwan Lottery Corporation (Taiwan Lottery) was officially registered in July 2006 as a CTBC Holding subsidiary. From January 1, 2007 to December 31, 2013, it was primarily entrusted with the distribution, sales, marketing, operations and management of the lottery and with handling the prize money. CTBC Holding has now obtained the lottery distribution rights for the fourth time, the duration of which will be from January 1, 2014 to December 31, 2023.

CTBC sought the right to run Taiwan's Public Welfare Lottery largely because it believes in and supports the values the Lottery upholds, such as enhancing employment opportunities for disadvantaged groups and helping these individuals

provide for themselves. Moreover, it serves to create a larger public welfare surplus, which improves the society as a whole and supports core values. For CTBC, operating the lottery is a way of giving back to the community. In addition to the annual surplus of NT\$20 billion which is raised for government public welfare, an additional NT\$2.0868 billion is allocated to various social welfare programs. We have given more back to society than any other company in the world over the past seven years. In the future, by means of the Lottery, CTBC will continue to demonstrate effective and concrete actions which contribute positively to society and allow us to uphold our philosophy of giving back to the community and implementing corporate social responsibility.

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

In order to provide customers with a broader range of diversified financial services, CTBC expanded into the insurance business. In March 2011, CTBC tendered an offer to acquire 100% interest in MetLife Taiwan Insurance Co., Ltd., a subsidiary of the MetLife Group in the United States. In January 2012, its name was changed to CTBC Life Insurance Co., Ltd. (CTBC Life), thereby officially marking the beginning of CTBC's expansion into the insurance business. In July 2013, we announced a merger with Manulife Taiwan. The merger closed on January 1, 2014, and will increase the scope and depth of our customer service. At an ad-hoc joint shareholders' meeting in December 2013, CTBC passed a decision to acquire Taiwan Life Insurance Co., solidifying CTBC's presence in the insurance business. This deal will go into effect upon approval by the relevant authorities.

CTBC Life, a subsidiary of CTBC Holding, offers personal insurance(including life insurance, accident insurance, health insurance and annuity insurance), group insurance (including life insurance, accident insurance and health insurance). CTBC Life primarily utilizes telemarketing, bancassurance and broker-based channels. CTBC Life's call centers provide professional insurance planning services, while the bancassurance and broker channels allow for more customization for family financial security plans and comprehensive risk management systems. Employing a number of channels, including sales teams, telephone marketing, bank insurance, and agents, CTBC Life provides the community personal, family, and business financial

security plans. The long-term objective of CTBC Life, which is working to build an integral risk planning system for society, is to become one of Taiwan's top five insurance companies.

CTBC Life strives to "protect and build" value for our customers, employees, shareholders, and community so that we can create a great future and become the best insurance company in the Chinese-speaking world. In addition, to further safeguard stockholders and customers, on 27 December 2013, CTBC Life passed the CG6008 Life Insurance Corporate Governance Evaluation System to meet the corporate governance and supervisory requirements of competent authorities on public companies and financial institutions and to bolster the effectiveness of its corporate governance.

CTBC Investments Co., Ltd. (CTBC Investments)

In order to expand operations, CTBC Holding obtained a 98.6% stake in Trustwell Securities Investment Trust Co. in November 2012. In January 2013 its name was officially changed to CTBC Investments Co., Ltd. (CTBC Investments), and in June obtained the remaining 1.4%, becoming the sole stakeholder with a 100% stake. CTBC Investments principal responsibilities include securities investment trust, discretionary investment services, and engaging in other government-sanctioned business.

Operational Performance

Fierce competition in the financial services industry coupled with the ever-changing global economy means we are faced with enormous operational challenges. In 2013, the global economy was greatly impacted by the European debt crisis, the "tapering" of qualitative easing in the U.S., and Japan's "Abenomics." Domestically, the development cross-strait economic and trade cooperation has remained stable. Although the challenges presented by the market haven't decreased, CTBC's vast experience in the financial services industry stands it in good stead and operational performance continues to be solid. In 2013, CTBC Holding's net income was NT\$21.5 billion, a 1% growth over 2012, while return after-tax on common shareholders' equity reached 11.93%. These figures put CTBC Holding at the top of the list of Taiwan's publicly-traded financial holding companies.

MOU Signed With Local Japanese Banks

Since Taiwan and China signed ECFA in September 2010, Japanese businesses have been increasingly relying on financial services provided by Taiwan. Taiwan has become a platform from which Japanese businesses can begin investing in China and the ASEAN countries. Now that the outlook of Japan's financial market has improved, CTBC is taking advantage of the opportunity to cooperate with Japanese financial institutions. In 2013, we signed a memorandum of understanding with 10 local banks in Shikoku, including Iyo Bank, Hyakujushi Bank, Shizuoka Bank, New Bank Tokyo, Bank of Kyoto, and Miyazaki Bank. In the future, we hope to provide business information exchanges and financial services to satisfy the need for business consulting and fund procurement on both sides.

Strategic Cooperation Framework Signed with AFCA

CTBC Bank signed a strategic cooperation framework agreement with the Asia Financial Cooperation Association (AFCA) in 2013, making us the first and only financial institution in Taiwan to become an official member. We were also elected vice-chairman of the Association. In recent years, with a branch in Shanghai and a representative office in Beijing, CTBC has considered mainland China to be our second main market. Signing this agreement will spur on our expansion in the mainland China market and help improve cross-strait financial and business cooperation and information exchange.

Expand Insurance Business

In July 2013, CTBC and our subsidiary CTBC Life Insurance announced a merger with Manulife Taiwan. The merger closed on January 1, 2014, and will increase the scope and depth of our customer service. At an ad-hoc joint shareholders' meeting in December 2013, CTBC passed a decision to acquire Taiwan Life Insurance Co., solidifying CTBC's presence in the insurance business. This deal will go into effect upon approval by the relevant authorities. CTBC focuses on covering Taiwan with an eye on the international scene in hopes of providing our customers with convenient financial services worldwide.

CTBC is moving forward with a positive, steady pace and continues to work diligently in all areas, including financial, insurance, and investment trust. In 2013, CTBC's principle base of operations was Taiwan. Local partner procurement firms are at the forefront of our considerations (unless we are

limited by product technology or stability considerations) and this policy has contributed greatly to their earnings growth. In 2013, purchases from local firms made up 96% of all CTBC Holding's procurement expenditures. For more information, please refer to CTBC Holding's annual report, which can be found on our website: www.ctbcholding.com

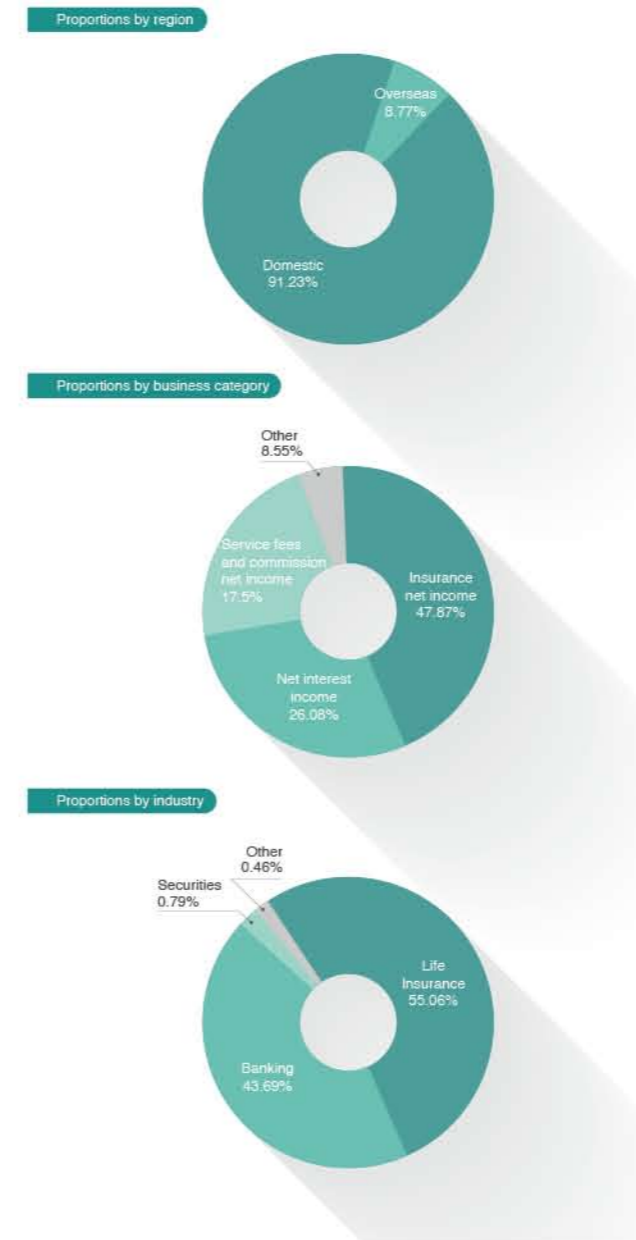
Viability & Profitability

Category / Year	2013	2012
Net Revenue (thousand dollars)	127,166,619	94,072,715
Total assets (thousand dollars)	2,424,720,079	2,113,515,574
Shareholder equity (thousand dollars)	192,846,329	168,917,055
Net profit after tax (thousand dollars)	21,510,240	21,297,775
Average revenue per employee (thousand dollars)	10,211	9,151
Average revenue per employee (after tax) (thousand dollars)	1,727	2,071
Earnings per share (dollars)	1.50	1.55
Return on assets (%)	0.95%	1.03%
Return on equity (%)	11.93%	13.21%
Market capitalization	299,408,655	212,951,999

Notes:

- In 2012-2013, CTBC's consolidated financial report and the financial information therein was prepared in accordance with International Financial Reporting Standards (IFRS) guidelines approved by the FSC. In 2010-2011, they were prepared in accordance with FAS specifications.
- The earnings per share, return on assets, and after-tax return on equity in 2013 are as follows:
 - The reduction in EPS was mainly due to the weighted average number of ordinary shares outstanding, because in 2013 there was an increase of 1,333,400 thousand shares in the cash issuance of common stock.
 - The decrease in ROA was mainly due to an increase in average assets caused by continuous growth in credit assets since 2011.
 - The decrease in after-tax ROE was mainly caused by the increase in average net value of NT\$20 billion in 2013 and NT\$11.7 billion in 2012.

Business categories & proportions



Dividend Distribution

Unit: NT\$

Year	2013	2012
Cash dividends per share	0.38	0.40
Stock dividends per share	0.37	0.88
Total	0.75	1.28

Amount of Tax Paid

Unit: NT\$

Year	2013	2012
Income tax	2,779,063,028	3,098,443,846
Business tax	1,743,086,702	1,712,879,837
Stamp tax	142,327,302	138,149,321
Investment tax credits	1,954,298	17,894,119

Donations

Unit: NT\$

Category	2013	2012
Art & culture	117,015,250	106,811,200
Trade & economic development	17,210,000	14,699,950
Charities	45,990,807	46,730,000
Educational support	882,780	1,000,000
Athletic sponsorships	14,926,000	14,250,000
Disaster relief	34,020,000	-
Total	230,044,837	183,491,150

Shareholder Structure

Unit: NT\$

Shareholder structure	Government Agencies	Financial institutions	Other companies	Foreign institutions & individuals	Individuals	Treasury stock	Total
Quantity							
Number of people	11	133	688	1,198	307,692	-	309,722
No. of shares held	14,598	2,057,707,682	2,208,877,251	5,025,557,592	4,458,269,044	-	13,750,426,167
Ownership ratio(%)	-	14.96%	16.06%	36.56%	32.42%	-	100.00%

Community Organizations and External Communications

- Asia Financial Cooperation Association:** CTBC Bank signed a strategic cooperation framework agreement with the Asia Financial Cooperation Association (AFCA) in 2013, making us the first and only financial institution in Taiwan to become an official member of AFCA. We were also elected vice-chairman of the Association. CTBC Bank is the most international financial institution in Taiwan, and joining AFCA and being elected vice-chairman will spur on our expansion in mainland China, realize AFCA's strategy for external expansion, and increase cross-strait financial information exchange and business cooperation.
 - The Taiwan Business Council for Sustainable Development:** In January 2012, CTBC Holding became a member of and supervisor for the Taiwan Business Council for Sustainable Development (TBCSD) and is dedicated to actively supporting and participating in the Council's various CSR activities. To lead Taiwan in placing importance on ore management and environmental change, through various channels and knowledge integration, we put NT\$30,000 into assisting TBCSD in jointly convening the 2013 Taiwan CDP Conference to encourage more businesses to join the ranks of CDP and work together in sustainably protecting the Earth.
- Additionally, for the annual "Light up Society" event held in 2012 and 2013 by the association, to rally Taiwanese businesses to show their concern for their communities, CTBC put NT\$117,000 into community public lectures and community service teams. We hope that Taiwanese businesses will lead society to a brighter future.
- Taiwan Corporate Governance Director and Supervision Association:** CTBC's Taiwan Corporate Governance Director and Supervision Association members (Roger Gao, Albert Hu, Yongjin Chen, Joseph Yen) exchanged corporate governance experience with the fellowship and other alliance members.

- Taiwan Green Productivity Foundation:** In 2012, in conjunction with the Ministry of Economic Affairs Bureau of Energy, CTBC Holding began promoting energy-efficient policies, such as the establishment of an internal overall energy management system, which includes organizational structure, policy development, and energy conservation norms.
- Taiwan Institute for Sustainable Energy Research Foundation & Foundation of Taiwan Industry Service:** In order to gain a more complete understanding of the latest CSR information and knowledge of the most recent CSR policy implementation, CTBC Holding participated in CSR-related seminars and workshops to promote the exchange and sharing of CSR experience.
- Foundation Of Taiwan Industry Service:** In coordination with the CSR promotion work seminar held by the association and to assist in providing relevant information, information is carried in "CSR in Taiwan-A Review of Reports Publication Status and Best Practices", a publication compiled by the association.
- Dow Jones Sustainability Indexes (DJSI):** In 2013 CTBC Holding was invited to participate in the Dow Jones Sustainability Index (DJSI) Sustainability Assessment Questionnaire consecutively. The DJSI promotes corporate social responsibility within companies by using various factors to assess corporate performance and make recommendations. We made the recommended improvements after receiving the results of our assessment, which will serve as a reference in the future.
- Carbon Disclosure Project (CDP):** In 2003, the Carbon Disclosure Project, initiated by the Climate Change Program, began to invite thousands of businesses worldwide to disclose their carbon management-related data, risks, and opportunities annually. Institutional investors who have signed their support for the project have increased by nearly 20 times to 767. Since 2010, CTBC has enjoyed four consecutive years of active participation in the CDP survey and in 2013 was again invited to become a CDP signatory business, becoming

one of the Taiwanese financial institutions to support the organization and take practical action.

- Social Enterprise Foundation Convention:** With President & CEO Daniel Wu serving as a board member, CTBC Holding showed its support by attending the seventh annual Social Enterprise Convention, which covered the following five topics: compassion (caring for the disadvantaged), being green (caring for the Earth), being healthy (humanitarian emphasis), being happy (community integrity) and growth (continuous improvement). By upholding basic fundamental business and social values and by respecting the relationship between humans and the environment, we hope Taiwan can truly usher in an era of a green business.

- Academy of Promoting Economic Legislation (APEL):** To promote improvements in the financial industry and accelerate balanced development, CTBC was invited to serve as a contributing director to the Academy of Promoting Economic Legislation where our first priority will be to work towards the implementation of forward-looking legislation. In order to assist with successful implementation of the Personal Information Protection Act, CTBC provided suggestions to supervisory authorities regarding regulatory implementation and is involved in public policy formulation and development. We sponsored the 2013 Financial Legislation Summit 2013 with NT\$500,000 to promote economic development in Taiwan through establishing an exchange platform.

Credit Rating

Rating categories	Rating agency	Credit Rating		Outlook	Other	Effective date
		Long-term	Short-term			
International Rating	Moody's	-	-	Rating(s) Under Review	Issuer Rating:A3	2013.11.07
	Standard & Poor's	BBB+	A-2	Negative	-	2014.01.24
	Fitch	A	F1	Negative	Viability Rating: a	2014.01.09
Domestic Ratings	Taiwan Rating	twAA-	twA-1+	Negative	-	2014.01.24
	Fitch	AA+ (tw)	F1+ (tw)	Negative	Viability Rating: a	2014.01.09

100 Awards

For over ten years, CTBC has had roots in the financial services industry and its sound business practices have won it the love and admiration of both customers and the community. CTBC has always been committed to giving back to the community, to practicing sustainable corporate development, and to supporting green industries in Taiwan. For these reasons, over the years we have been continually recognized both domestically and internationally by the government and numerous institutions. In 2013, we set a new personal record we won 100 awards at home and abroad, including awards for outstanding performance in the areas of corporate governance, wealth management, foreign exchange transactions, consumer and corporate finance, and corporate social responsibility.



Corporate Social Responsibility

- Corporate Governance Asia
- FinanceAsia
- CommonWealth Magazine
- Global View Magazine
- TAISE



Best Private Bank

- Euromoney
- Excellence Magazine
- Private Banker International
- The Asian Banker
- The Asset
- Global View Magazine
- Wealth Magazine



Best Bank in Taiwan

- Euromoney
- FinanceAsia
- Global Finance
- The Asset
- Wealth Magazine



Best Corporate Governance

- Asiamoney
- Corporate Governance Asia
- Euromoney
- FinanceAsia
- The Asset



Best Cash Management Bank

- Asiamoney
- The Asset
- The Asian Banker

Corporate Governance



2013 Taiwan Corporate Sustainability Awards 台灣企業永續獎



CTBC won the "Taiwan's Top 50 Financial Institutes in its 2013 Corporate Sustainability Report" award from Taiwan Institute for Sustainable Energy.

The Japanese entrepreneur Konosuke Matsushita once said that the success of a company is contingent on the adoption of a robust management system that assigns proper responsibilities and authorities to all people involved.

He illustrated this truism with an example from the Sengoku (Warring States) Period in Japan. When a man by the name of Toyotomi Hideyoshi was serving under the command of Nobunaga Oda, a huge section of the rampart that surrounded his garrison collapsed and remained unrepaired for more than 20 days. Worried that an attack was imminent, Nobunaga sent Hideyoshi to help the construction officer complete the job. Hideyoshi found that the repair work was in an appalling state of disarray. First, he reorganized the various tasks for repairing the rampart by dividing the collapsed wall into 10 sections, teamed up workers into 10 groups, and then assigned 1 person to lead each group. He assigned each of the 10 groups of workers separate responsibilities and offered incentives to compete with the other groups. Within just 3 days, the rampart was fully restored. By taking advantage of specialization and clear delegation of responsibility, Toyotomi Hideyoshi effectively realized a ten-fold increase in work efficiency.

Konosuke Matsushita believed that Hideyoshi's methods should also be applied in the area of business management when delegating different tasks to different departments. If too many people are assigned to work on a single task, there will be too many opinions and personal differences that hinder the job from being done properly—and in the end no one can be held responsible. What managers should do is break down large tasks into several smaller jobs and assign personnel to supervise and be held accountable for each job. In this way, tasks can be completed in a much shorter time.

"The abilities of a single business leader are extremely limited. This makes job specialization even more important, as it compensates the leader's weaknesses. Moreover, it is the most scientific way of improving work efficiency. There have been many successful examples whereby a large corporation is divided into and individually run by multiple subsidiaries, which are a testament to the importance of job specialization."

CTBC Holding values teamwork as an integral part of its corporate governance—just as Konosuke Matsushita envisioned. We adopt a robust management system and assign suitable responsibilities to the most capable employees, enabling us to grow day after day and embrace new challenges one after another.

For nearly half a century, CTBC has withstood many changes, and we remain as committed as ever to implementing a robust and comprehensive system of corporate governance. We are amongst the most active banks that seek to explore outside of the boundary of our island, and become the number one bank in Taiwan and a leading brand in Asia to deliver the best value for customers, employees, shareholders, and the society as a whole.

Our Commitment to Improving Corporate Governance Underscores Our Dedication to Protecting the Interests of Our Shareholders.

Due to the licensed nature of the financial business, every decision the company must make concerns the interests of our stakeholders and can have a profound impact on many different aspects of the company. As one of the leading providers of financial services in the industry,

CTBC understands the expectations society has placed upon us—and we are proud to answer the call by taking on greater social responsibilities.

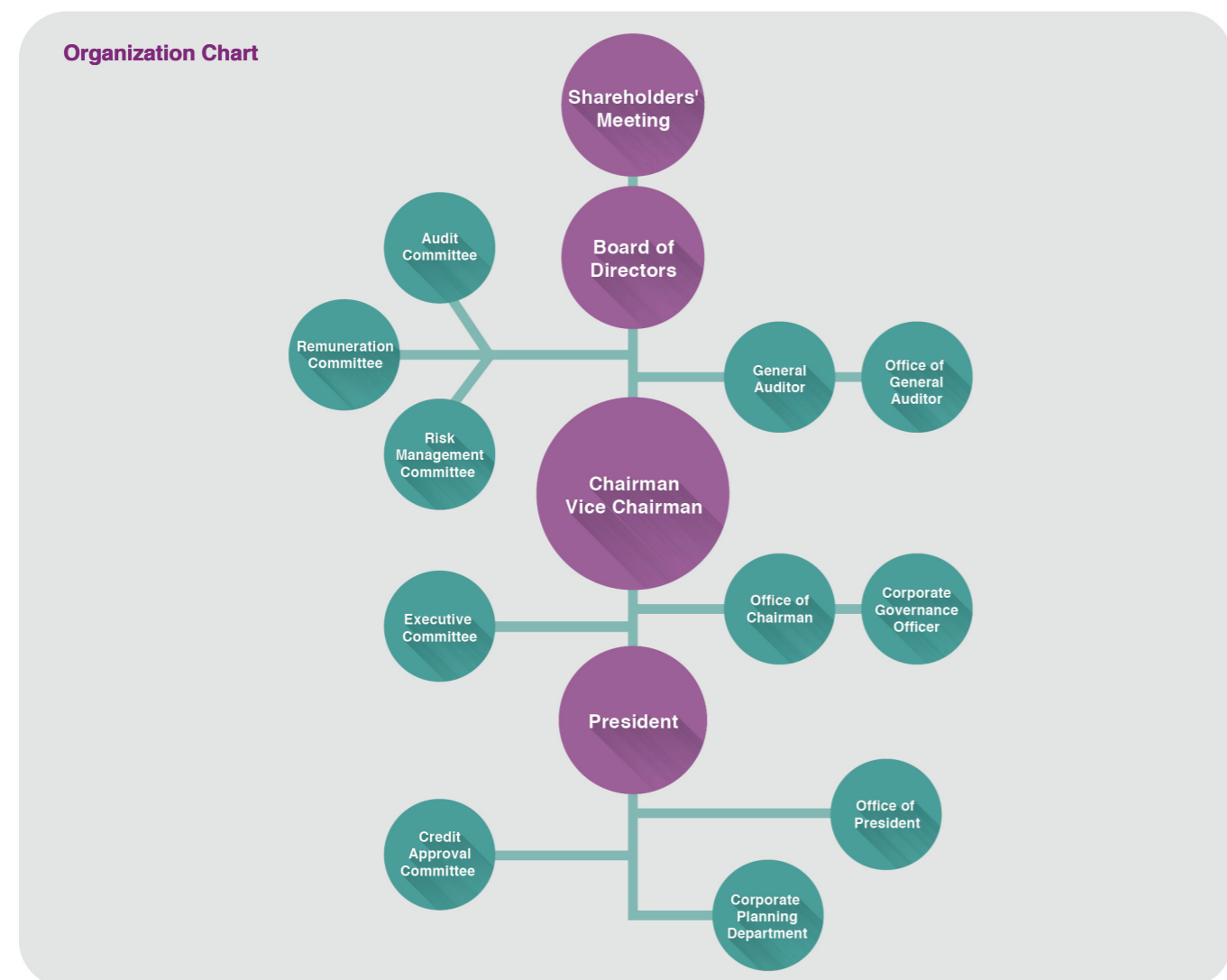
To develop a corporate governance framework that facilitates long-term growth and sustainability, CTBC assembled a number of functional committees directly under the Board of Directors, including the “Audit Committee,” the “Remuneration Committee,” and the “Risk Management Committee,” between 2009 and 2011. These committees were created with the purpose of supporting the Board of Directors in their professional and independent supervision of the company and ultimately protect the interests of shareholders. In 2013, the company underwent a “CG6008 Advanced Corporate Governance” assessment consisting of an on-site inspection conducted by an independent third party (the Taiwan Corporate

Governance Association) to determine how well directors and management run the company and help determine whether the company’s corporate governance practices are adequate to protect shareholders’ interests. In 2014, the company received a formal certification from the TCGA. Furthermore, CTBC Holding implemented a “Responsibilities and Authorities of the Board of Directors, Chairman and President” standard in 2014 for the purpose of clearly delineating levels of authority, including specific duties, within the company.

Establishment of A Corporate Governance Unit That Delivers Results

In an effort to develop a proper board of directors system that enables shareholders’ and the government’s

supervisions, the company implemented a series of reforms to its corporate governance system beginning in 2007, including the introduction of independent directors, professional management, and allowing independent directors to account for one-third of board members to enable greater transparency in board decisions. Furthermore, the company appointed legal, financial, and management expertise from outside the company to serve as directors; meanwhile, a “Corporate Governance Officer” position was created directly under the Chairman of CTBC Holding to assist the Board of Directors implement sound corporate governance practices throughout the financial holding company and its subsidiaries. Below are some of our key actions taken in recent years:



Year	Corporate governance initiatives implemented
2014	<ul style="list-style-type: none"> In 2013, the company underwent a “CG6008 Advanced Corporate Governance” assessment consisting of an on-site inspection conducted by an independent third party (the Taiwan Corporate Governance Association) to determine how well directors and management run the company and help determine whether the company’s corporate governance practices are adequate to protect shareholders’ interests. On December 27, 2013, CTBC Life Insurance became the first subsidiary to pass “CG6008 Corporate Governance for Life Insurance Companies”; shortly thereafter, on January 3, 2014, CTBC Holding, CTBC Bank, and CTBC Securities were simultaneously awarded “CG6008 Advanced Corporate Governance” certification. CTBC Holding also formulated the “Responsibilities and Authorities of the Board of Directors, Chairman, and President” standard for the purpose of clearly delineating levels of authority, including specific duties, within the company. The banking subsidiary amended its “Policy for Subsidiary Governance,” giving it more independence over its decision-making process provided that it does not violate corporate governance regulations imposed by the local authority. In an effort to introduce greater gender diversity on the board, another new female director was appointed to the Taiwan Lottery Co., Ltd. board.
2013	<ul style="list-style-type: none"> The company conducted a full-scale review over its own internal policies to identify any discrepancies with external regulations, and therefore avoid operational risks and violations. The company made further amendments to the “Non-independent Directors Remuneration Policy,” the “Independent Directors Remuneration Policy,” and the “Directors and Supervisors Remuneration Policy” throughout the group, which linked directors’ remuneration to individual contributions, corporate performance and the risks exposed. Formulated “Capital Expenditure Approval Authority” guidelines to ensure more efficient decision-making in the area of capital expenditures.
2012	<ul style="list-style-type: none"> Continual reinforcement of corporate governance initiatives, extension of this to our subsidiaries, including setting the “Corporate Social Responsibility Best Practice Principles” and “credit risk management policies”. CTBC Insurance Brokers Co., Ltd. (CTBC Insurance Brokers) and Taiwan Lottery Co., Ltd. each had one female director onboard.
2011	<ul style="list-style-type: none"> Held new elections for all directors, ensuring that no company manager serves concurrently on the board, so that managers are responsible for operations, while board members are responsible for overseeing the management team. Stipulated the Ethical Best Practice Principles, Corporate Governance Best Practice Principles, Guidelines for the Selection of Subsidiary Directors and Supervisors, and Performance Evaluation Methods for Subsidiary Directors and Supervisors, for CTBC Holding Company and our subsidiaries. Of the Board of Directors’ nine members, one is an external director and three are independent directors, making us an industry leader in terms of the independence and specialization of our Board. Established the Risk Management Committee.
2010	<ul style="list-style-type: none"> Selected professionals in the fields of law, finance, and management to serve as external directors. Established the position of Corporate Governance Officer under the Office of the Chairman.
2009	<ul style="list-style-type: none"> Established the Audit and Remuneration Committees. Increased the proportion of independent directors to one-third of the entire Board. Actively participated in investor forums in Taiwan and abroad and fully disclosed business and financial information.
2008	<ul style="list-style-type: none"> Appointed independent directors. Continued to implement a specialized management system.

Comprehensive Implementation of Business Strategies at Every Step of The Way

On an annual basis, CTBC will review the course of actions over the previous year and devise more complete internal regulations and policies for the new fiscal year, in the interest of pursuing more stable and sustainable growth. In 2013, the company continued to refine its corporate governance from strategic planning to the implementation of guidelines and policies, and from CTBC on down to its subsidiaries.

- **Corporate Social Responsibility Best Practice Principles:** CTBC considers corporate social responsibility (CSR) to be one of its core values, and CSR includes promoting balance between the economic, social, and environmental issues. In 2012, we enacted our “Corporate Social Responsibility Best Practice Principles” and subsequently imparted these principles from CTBC to our subsidiaries.
- **Corporate Governance Best Practice Principles:** These were issued and carried out in 2011 for CTBC and its bank and Securities subsidiaries, in 2012 for the Taiwan Lottery and in 2013 for other subsidiaries. This is done to enhance corporate governance and operational robustness by strengthening the role of the Board of Directors over the committees.
- **Ethical Corporate Management Best Practice Principles:** In 2011, CTBC and its bank subsidiaries issued the principle, and other subsidiaries i.e. life insurance and securities, asset management, venture capital, insurance brokers, security, and the Taiwan Lottery completed these tasks in 2012.
- **“Capital Expenditure Approval Authority”:** This policy was especially established in 2013 for the purpose of ensuring more efficient decision-making in the area of capital expenditures. The policy serves as the basis for all capital expenditure decisions throughout the group, and was implemented in various subsidiaries of CTBC based on the nature and scope of business of each subsidiary along with the backgrounds of personnel receiving authorization.

Implementing Standardized Procedures to Improve Corporate Governance

Currently, CTBC has 9 subsidiaries, including CTBC Bank,

CTBC Life Insurance, CTBC Securities, CTBC Insurance Brokers, CTBC Venture Capital, CTBC Asset Management, CTBC Investments, CTBC Security, and Taiwan Lottery.

In addition to promulgating “Policy for the Subsidiary Governance,” we implement organizational, strategic, and operational concepts of the parent company in the subsidiaries to better facilitate their management.

- **“Responsibilities and Authorities of the Board of Directors, Chairman and President”**
In order to implement levels of approval authority in 2014 the company implemented “Responsibilities and Authorities of the Board of Directors, Chairman and President” that clearly delineate areas of responsibility and authority for various aspects of the company's operation, including board of directors, organizational management, delegation of authorities, human resource, strategic management, operational management, risk management, finance and accounting, investment management, internal audit, internal control, regulatory compliance, and corporate governance. Later on, subsidiaries were mobilized to revise their levels of approval authority and to serve as guidance for future business operations.
- **“Directors and Supervisors Remuneration Policy”:** 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 group-wide amendments to directors' and supervisors' remuneration policies which linked directors' remuneration to individual contributions, corporate performance and the risks exposed.
- **Policy for Subsidiary Governance:** A “Policy for Subsidiary Governance” was enacted to safeguard the sound operation of subsidiaries in addition to ensuring the parent company is implementing suitable and effective policies as appropriate. 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 the Head Office's need to manage various business segments (i.e. retail banking, institutional banking, and back-end supports) and the branches' need to operate independently without violating corporate governance requirements of the local authorities.

- **Guidelines for Selecting Subsidiary Directors and Supervisor Representatives:** CTBC actively promotes external directors to the Board of Directors, and board members are made up of non-managers. This is meant to encourage independence and professionalism in the Board. By adopting this principle here and in the subsidiaries, as appropriate to their type of industry, we strictly evaluate and appropriately allocate the professional abilities of the board members to the subsidiaries, in order to fully implement the principles of separation of operations and supervision, and reinforce the supervising roles of the directors and supervisor representatives.
- **Guidelines for Assessing Performance of Directors and Supervisors of Subsidiary of CTBC:** In order to ensure that the appointed directors and supervisor representatives take full responsibility for their roles, CTBC adopted “Guidelines for Assessing Performance of Directors and Supervisors of Subsidiary of CTBC” in 2011. The appraisal categories include: board meeting attendance, participation and contribution, and whether professional knowledge and abilities of the directors and supervisor representatives are continuously reinforced. We then take the appraisal results as important basis for competence and remuneration, to boost the operational efficiency of the subsidiaries. Reviews were planned for 2014 as well as revisions to the performance assessment policy.

Strengthening the Board's Management System and Enhancing the Efficiency of Governance

The Board is the key to implementing important corporate policies. In order to help them better understand the diversity of CTBC's business transactions, make correct judgments, and facilitate the overall corporate managerial development, CTBC arranged for various initiatives for the Board members, including regular research and overseas

observation. This has allowed them to better understand the domestic and international trends in the financial industry, and introduced the electronic proposal operating system, thus reinforcing the Board's management system. The details are as follows:

- **Selecting Independent and Professional Directorship**
To ensure clear separation of managerial and supervisory roles, CTBC has implemented a group-wide policy that a manager may not concurrently serve as the director or supervisor of the respective company. During the latest board election held in June 2011, no manager was elected as a director. To further enhance the independence and professional capabilities of the board, expertise from outside the company was also introduced to the board; they were chosen not only for the knowledge, skills, and character required of a board member, but also for how their field of expertise complements the board as a whole. In 2013, the company made the revision to its Articles of Incorporation to introduce a candidate nominee system for all director elections from 2014 onwards. The company has a Remuneration Committee in place to manage remuneration between the board of directors and the senior executives. This committee consists entirely of independent directors, whose main purpose is to assist the board in assessing and supervising remuneration throughout the company, and determining the level of remuneration paid to directors and senior executives. Through the creation of functional committees and corporate governance units under the board, the company hopes to implement robust practices that work for the best interests of its shareholders.
- **Reinforce the Management of Efficiency of Overseas Subsidiaries:** In order to reinforce supervisory and management efficiency in overseas subsidiaries, in 2012 we specially arranged for the CTBC board members to visit overseas subsidiaries, their local competent authorities and subsidiary directors and upper level managers. Board members are thus in a better position to make appropriate decisions and be more effective in carrying out tasks.
- **Regular Reporting on Integrity Management:** Report the status of integrity management to the board, and

conduct seminars on "Regular reporting by subsidiaries to the Board on carrying out integrity management" so that each subsidiary can be in compliance.

- Arranging of Courses and Lectures for Directors and Supervisors:** 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 prepping them ready for local and global trends. Some of these events included CTBC Investments Chairman Thomas K.S. Chen's participation in the "2013 Board of Directors Best Compliance and Practice Seminar" held by Corporate Organization Association, and CTBC Bank Director Paul T.C. Liang's participation in "2013 Insider Trading Compliance Seminar for Public Companies" held by the Securities and Futures Institute. In 2013, CTBC held a total of 51 training hours for the board members with an overall attendance rate of 94.74%.
- Planning and Introducing the Electric Proposal Operating System:** In order to enhance the Board's management system, in 2012 CTBC migrated the entire pre-operating workflow into the electric proposal operating system. This cuts down on human labor, makes for easier management and control, and reduces paper consumption.

Proposals Involving Board of Director Conflicts of Interest

Directors' avoidance of involvement in agendas with conflicting interests; detail the name of the director, the independent, the agenda, the nature of conflicting interests, and their involvements in the voting:

Date	Content of the proposal	Name(s)	Nature of dispute	Vote result
2013.1.29 29th meeting of the 4th Board of Directors	Proposal to offer a reasonable salary package for Mr. Wen-Long Yen's role as the company's Chairman in accordance with Article 4 of "CTBC Holding Non-independent Directors Remuneration Policy," given his career background and duties. Approved by the 19th meeting of the 2nd remuneration committee.	Wen-Long Yen	Chairman of the Company	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.
	Proposal to offer a reasonable salary package for Mr. H. Steve Hsieh's role as the company's Vice Chairman in accordance with Article 4 of "CTBC Holding Non-independent Directors Remuneration Policy," given his career background and duties. Approved by the 19th meeting of the 2nd remuneration committee.	H. Steve Hsieh	Vice Chairman of the Company	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.
	2012 year-end bonus for the company's independent directors.	Chung-Yu Wang Wen-Chih Lee Jie-Haun Lee	Director of the Company	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.

According to CTBC rules governing the Board of Directors, directors or their representatives must avoid any conflicts of interest when such interests could bring harm to the company. In such cases it is appropriate for the director to excuse himself or herself, and must abstain from all discussion and votes on the matter at hand (refer to the table below). This policy is executed in accordance with Article 206 of the Company Act. Under Article 8 of CTBC's Board of Directors Rules and Procedures, other issues related to environmental and social risk management that are determined to be key issues by company executives are submitted to the Board for discussion.

Board Member Age

Age range	Number of directors
Below 30	0
30 to 50 years old	1
Over 50	8
Total	9

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

2013.3.27 31st meeting of the 4th Board of Directors	Proposal to increase shareholding in the subsidiary CTBC Investments to 100%, while acquiring no more than 420,000 shares at no higher than NTD15.75 per share for a total of no more than NTD6,615,000. [Approved by the 2nd Audit Committee during its 27th meeting]	Thomas K.S. Chen	Chairman of the Subsidiary	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.
2013.4.26 33rd meeting of the 4th Board of Directors	Removal of restrictions against involvement in competing businesses for 2 of the company's directors, to be proposed during the 2013 annual general meeting.	Thomas K.S. Chen Yen-Pao Chen	Chairman/ Director of the Subsidiary	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.
2013.6.28 36th meeting of the 4th Board of Directors	Proposal to distribute directors' remuneration totaling NTD180, 220,856 from 2012 earnings according to the percentages outlined in the company's "Non-independent Directors Remuneration Policy." [Approved by the 2nd Remuneration Committee during its 23rd meeting]	Wen-Long Yen H. Steve Hsieh Chao-Chin Tung Thomas K.S. Chen Song-Chi Chien Yen-Pao Chen	Non-Independent Director of the Company	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.
2013.9.30 40th meeting of the 4th Board of Directors	Proposal to reduce paid-up capital of CTBC Investment Co., Ltd. totaling NTD38, 000,000 (3,800,000 shares) against accumulated losses, followed by a cash issue of ordinary shares amounting to no more than NTD200, 000,000, for the purpose of strengthening capital structure while complying with the statutory requirement that net worth per share must be maintained above face value, and to provide cash capital for future operations. [Approved by the 2nd Audit Committee during its 36th meeting]	Thomas K.S. Chen	Chairman of the Subsidiary	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.
	Proposal to issue new ordinary shares of CTBC Life Insurance Co., Ltd. against cash, totaling no more than NTD15 billion, for the purpose of strengthening capital structure and to provide cash capital for future operations. [Approved by the 2nd Audit Committee during its 36th meeting]	Song-Chi Chien	Chairman of the Subsidiary	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.
2013.11.27 44th meeting of the 4th Board of Directors	Proposal to fully subscribe in cash the NTD15-billion private placement of ordinary shares by CTBC Life Insurance Co., Ltd., in order to strengthen the subsidiary's capital structure so that it meets the RBC requirements, and to provide cash capital for future operations. The proposed subscription was temporarily set at NTD23.82 per share for a total of 629,722,921 shares. [Approved by the 2nd Audit Committee during its 36th meeting]	Song-Chi Chien	Chairman of the Subsidiary	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.
	Proposal to amend "CTBC Holding Non-independent Directors Remuneration Policy." [Approved by the 2nd Remuneration Committee during its 29th meeting]	Wen-Long Yen H. Steve Hsieh Chao-Chin Tung Thomas K.S. Chen Song-Chi Chien Yen-Pao Chen	Non-Independent Director of the Company	The party in question did not participate in the discussion or voting; the agenda was passed unanimously by all other attending board members.

Directors' (and independent directors') background

Reference date: April 25, 2014

Title	Name(s)	Date first elected	Date of Assignment (Appointment) Date	Office term (Note 2)	Shares Owned upon Assignment		Presently Owned Shares		Shares Owned by the Shareholders, Spouse and Children under the Legal Ages		Total shares held in the names of others		Major career (academic) achievements	Concurrent duties in the company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
					Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name(s)	Relationship
Chairman	Wen-Long Yen (Note 3)	2001.6.29	2012.12.26	3 years	52,953,312	0.53%	75,345,082	0.51%	75,374,732	0.51%	-	-	Chairman of Kainan University Department of Economics, Soochow University, Taiwan	Director of CTBC Bank Co., Ltd. Director of Wei Guo Construction Co., Ltd. Director of He Wei Investment Co., Ltd. Director of Feng Lu Investment Co., Ltd. Director of Wei Fu Investment Co., Ltd. Managing Director of United Real Estate Management Co., Ltd. Director of Long Ri Construction Co., Ltd. Director of Song Hong Investment Co., Ltd. Director of Song Long Investment Co., Ltd. Director of United Asset Management Co., Ltd. Director of Wei Zhong Industrial Co., Ltd. Director of Wei Hong Investment Co., Ltd. Supervisor of United Construction Co., Ltd.	-	-	-
Vice Chairman	H. Steve Hsieh Representative of Yi Kao Investment Co., Ltd.	2011.6.10	2012.12.26	3 years	15,934,654	0.16%	461,942,089	3.14%	-	-	-	-	Secretary General, Executive Yuan Ph.D. in Biochemical Nutrition, University of Wisconsin, U.S.A	Director of CTBC Bank Co., Ltd. Chairman of Taiwan Lottery Co., Ltd. Director of CTBC Cultural Foundation Director of Taiwan Institute of Economic Research Director of ROC-USA Business Council	-	-	-
Director	Thomas K.S. Chen Representative of Yi Kao Investment Co., Ltd.	2011.6.10	2012.12.26	3 years	15,934,654	0.16%	461,942,089	3.14%	1,645,038	0.01%	-	-	Chairman of CTBC Bank (USA) Bachelor of Public Finance, National Chengchi University, Taiwan	Vice Chairman of CTBC Bank Co., Ltd. Chairman of CTBC Investment Co., Ltd. Director of Taipei Financial Center Corporation Director of Overseas Investment and Development Corp. Director of He Yeh Investment Co., Ltd. Vice Chairman of CTBC Charity Foundation	-	-	-
Director	Song-Chi Chien Representative of Yi Kao Investment Co., Ltd.	2011.6.10	2011.6.10	3 years	15,934,654	0.16%	461,942,089	3.14%	-	-	-	-	CPA, Zheng Xing United Accountants Deputy Director, Department of Finance, Ministry of Finance Insurance Commissioner, Ministry of Finance Director Chairman of Singfor Life Insurance Co., Ltd. Master of Public Finance, National Chengchi University, Taiwan	Chairman of CTBC Life Insurance Co., Ltd. Supervisor of Tuntex Petrochemicals Inc. Supervisor of Wellpool Co., Ltd. Managing Director of Financial Executives Institute of Taiwan Director of WeShare Education and Charity Fund	-	-	-
Director	Chao-Chin Tung Representative of Chang Chi Investment Ltd. (Note 6)	2011.6.10	2011.6.10	3 years	1,000,000	0.01%	1,422,857	0.01%	228,624	0.00%	-	-	Chairman of CTBC Venture Capital Chairman of CTBC AMC M.S. in Material Science, University of Rochester, U.S.A.	Chairman of CTBC Bank Co., Ltd. Chairman of Showa Denko HD TRACE Corp. Chairman of CTBC Capital Corp. Chairman of CTBC Bank (USA) Director of Straits Exchange Foundation	-	-	-
Director	Yen-Pao Chen Representative of Chung Cheng Investment Co., Ltd. (Note 7)	2011.6.10	2012.12.26	3 years	8,921,296	0.09%	11,133,234	0.08%	-	-	-	-	CEO of International Finance Center, Soochow University Accounting professor of Soochow University Ph.D. of Management Finance, George Washington University, U.S.A.	Director of CTBC Securities	-	-	-
Independent Director	Chung-Yu Wang	2001.6.29	2011.9.29	3 years	-	-	-	-	-	-	-	-	Chairman of Tong Lung Metal Industry Co., Ltd. Chairman of China Steel Corporation Chairman of Kaohsiung Rapid Transit Corporation Honorary Ph. D, Chung Yuan Christian University, Taiwan	Independent Director of CTBC Bank Co., Ltd. Independent Director of Chunghwa Telecom Co., Ltd. Director of CX Technology Corp. Director of Xu Zhi Consultant Co., Ltd. Director of General Biologicals Corporation Director of Curie Co., Ltd. Chairman of Chinese International Economic Cooperation Association	-	-	-
Independent Director	Wen-Chih Lee	2009.6.26	2011.6.10	3 years	-	-	-	-	-	-	-	-	Professor at Department of Wealth and Taxation Management, National Kaohsiung University of Applied Sciences Ph.D. National Taiwan University Graduate Institute of Commerce, Taiwan	Independent Director of CTBC Bank Co., Ltd.	-	-	-
Independent Director	Jie-Haun Lee	2011.6.10	2011.6.10	3 years	-	-	-	-	1,250	0.00%	-	-	Professor at Department of Finance, National Chengchi University Ph.D. in Finance, Louisiana State University, U.S.A.	Independent Director of CTBC Bank Co., Ltd. Director of Taiwan Finance Association	-	-	-

Note 1: The share information above only refers to ordinary shares and excludes preferred shares.

Note 2: The 4th board of directors serves from June 10, 2011 to June 9, 2014; "Audit Committee" was assembled on June 26, 2009, to replace supervisors.

Note 3: Appointed Chairman since December 26, 2012.

Note 4: Appointed Vice Chairman since December 26, 2012.

Note 5: Former representative Jeffrey L.S. Koo of the corporate director Yi Kao Investment Co., Ltd. passed away on December 6, 2012; Thomas K.S. Chen was

appointed to succeed Koo's role as representative from December 26, 2012, until June 9, 2014.

Note 6: Former representative Paul T.C. Liang of the corporate director Chang Chi Investment Ltd. resigned on December 26, 2012; Chao-Chin Tung was appointed to succeed Liang's role as representative from December 26, 2012, until June 9, 2014.

Note 7: Former representative Yen-Ching Tsai of the corporate director Chung Cheng Investment Co., Ltd. resigned on September 29, 2011; Yen-Pao Chen was appointed to succeed Tsai's role as representative from September 29, 2011, until June 9, 2014.

Remuneration Paid to Directors, Supervisors, The President, and Vice Presidents In 2013

1. Remuneration to Directors (including independent directors)

Unit: NTD, in thousands

Title	Name(s)	Directors' remuneration										Remuneration as an employee										The sum of A, B, C, D, E, F and G as a percentage of after-tax profit	Remuneration from invested businesses other than the subsidiaries						
		Remuneration (A)		Pension (B)		Remuneration from earnings appropriation (C)		Fees for services rendered (D)		The sum of A, B, C, and D as a percentage of after-tax profit		Salaries, bonuses, special allowances etc. (E)		Pension (F)		Share of profit as an employee (G)				Total shares exercisable through employee warrants				Amount of restricted shares acquired as an employee					
		The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company		All companies included in the consolidated statements				The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements
																		Cash bonus value	Stock bonus value	Cash bonus value	Stock bonus value								
Chairman	Wen-Long Yen	41,861	41,901	-	-	44,312	44,312	1,925	2,109	0.41%	0.41%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.41%	0.41%	-	
Vice Chairman	Yi Kao Investment Co., Ltd.	-	-	-	-	22,156	22,156	-	-	0.10%	0.10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10%	0.10%	-	
	Representative-H. Steve Hsieh	26,371	30,314	108	108	-	-	1,325	1,557	0.13%	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.13%	0.15%	-	
Director	Yi Kao Investment Co., Ltd.	-	-	-	-	11,078	11,078	-	-	0.05%	0.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	0.05%	-	
	Representative-Thomas K.S. Chen	76	35,075	5	94	-	-	255	1,860	0.00%	0.17%	-	-	851	52,259	1,485	-	4,090	-	-	-	-	-	-	-	0.01%	0.43%	-	
Director	Yi Kao Investment Co., Ltd.	-	-	-	-	11,078	11,078	-	-	0.05%	0.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	0.05%	-	
	Representative-Song-Chi Chien	-	7,657	-	-	-	-	230	325	0.00%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.04%	-	
Director	Chang Chi Investment Ltd.	-	-	-	-	11,078	11,078	-	-	0.05%	0.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	0.05%	-	
	Representative-Chao-Chin Tung	-	40,430	-	7	-	-	210	1,405	0.00%	0.19%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.19%	-	
Director	Chung Cheng Investment Co., Ltd.	-	-	-	-	11,078	11,078	-	-	0.05%	0.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	0.05%	-	
	Representative-Yen-Pao Chen	-	274	-	-	-	-	290	355	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%	-	
Independent Director	Chung-Yu Wang	3,710	7,250	-	-	-	-	400	700	0.02%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	0.04%	-	
Independent Director	Wen-Chih Lee	3,710	7,290	-	-	-	-	460	795	0.02%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	0.04%	-	
Independent Director	Jie-Haun Lee	3,710	6,860	-	-	-	-	520	925	0.02%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02%	0.04%	-	

Note 1: The company paid NTD573,000 as drivers' remuneration, whereas the consolidated entity paid drivers a total of NTD1,428,000; neither amount is treated as remuneration.

Note 2: Vehicles used by the Chairman and the Vice Chairman were rented by the company. Rent and fuel expenses were included as part of "Fees for services rendered," which amounted to NTD2,820,000 for the company and NTD2,888,000 for the consolidated entity.

Note 3: The basis of remuneration disclosed above is different from the basis required by the Income Tax Act; hence the above table was prepared solely for the purpose of information disclosure, and not for tax purposes.

2. Remuneration to the President and Vice Presidents

Unit: NTD, in thousands

Title	Name(s)	Remuneration (A)		Pension (B)		Bonus and special allowances (C)		Share of profit as an employee (D)				and D as a percentage of		Employee warrants received		Employee warrants received
		The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company				The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	
								Cash bonus value	Stock bonus value	Cash bonus value	Stock bonus value					
President and CEO of Investment Businesses	Daniel Wu	37,606	84,311	1,761	60,485	34,193	179,150	4,099	-	4,099	-	0.36%	1.53%	-	-	-
CEO of Mainland Businesses	Charles Luo (Note 1)															
CEO of Insurance Businesses	Yin-Bao Ling															
Chief Secretary	Thomas K.S. Chen (Note 2)															
Chief Secretary	Roger Kao (Note 3)															
Chief Risk Officer	Jack Cheng															
Chief Auditor	Julie Chang															
Compliance Officer	Yu-Ching Yeh															
Head of Finance	Lorinda Yang (Note 4)															
Head of Accounting	Sting Yang															
Chief Administration Officer	Perry Chang (Note 5)															
Head of Finance	Rachael Kao (Note 6)															
CEO of Banking Businesses	James Chen (Note 7)															

Note 1: Duration of service in 2013: January 1 through August 5

Note 2: Duration of service in 2013: January 1 through January 28

Note 3: Duration of service in 2013: January 1 through December 31 (January 1 through January 28 as the Chief Administration Officer; January 29 through December 31 as the Chief Secretary)

Note 4: Duration of service in 2013: January 1 through April 30

Note 5: Duration of service in 2013: January 29 through June 27

Note 6: Duration of service in 2013: May 1 through December 31

Note 7: Duration of service in 2013: November 27 through December 31

Note 8: NTD 0 was paid as drivers' remuneration

Note 9: The basis of remuneration disclosed above differs from the basis required by the Income Tax Act; hence the above table was prepared solely for the purpose of information disclosure, and not for tax purposes.

3. Pay Grades at Which the Company's President and Vice Presidents Were Remunerated

Range of remuneration for President and Vice Presidents	President and Vice Presidents head count	
	Sum of first 4 instances of remuneration (A+B+C+D)	
	The company	All companies included in the consolidated statements
Below NT\$ 2,000,000	Charles Luo, Yin-Bao Ling, Roger Kao, Lorinda Yang, Sting Yang, Perry Chang, James Chen	
NT\$ 2,000,000 (inclusive) to 5,000,000	Thomas K.S. Chen, Jack Cheng, Rachael Kao	Sting Yang
NT\$ 5,000,000 (inclusive) to NT\$ 10,000,000	Yu-Ching Yeh	Yu-Ching Yeh, Lorinda Yang, Rachael Kao, James Chen
NT\$ 10,000,000 (inclusive) to NT\$ 15,000,000	Julie Chang	
NT\$ 15,000,000 (inclusive) to NT\$ 30,000,000		Yin-Bao Ling, Roger Kao, Jack Cheng, Julie Chang, Perry Chang
NT\$ 30,000,000 (inclusive) to NT\$ 50,000,000	Daniel Wu	Charles Luo
NT\$ 50,000,000 (inclusive) to NT\$ 100,000,000		Daniel Wu, Thomas K.S. Chen
NT\$ 100,000,000 and above		
Total	13	13

Note: The basis of remuneration disclosed above is different from the basis required by the Income Tax Act; hence the above table was prepared solely for the purpose of information disclosure, and not for tax purposes.

Unit: shares, in thousands; NTD, in thousands

Baseline date: December 31, 2013

4. Managers Receiving Employees' Bonuses and Details of Such Disbursements

Title	Name(s)	Stock bonus	Cash bonus	Total	As a percentage of after-tax profit (%)
President and CEO of Investment Businesses	Daniel Wu	-	4,099	4,099	0.02%
CEO of Mainland Businesses	Charles Luo (Note 1)				
CEO of Insurance Businesses	Yin-Bao Ling				
Chief Secretary (Note 1)	Thomas K.S. Chen (Note 2)				
Chief Secretary (Note 2)	Roger Kao (Note 3)				
Chief Risk Officer	Jack Cheng				
Chief Auditor	Julie Chang				
Compliance Officer	Yu-Ching Yeh				
Head of Finance	Lorinda Yang (Note 4)				
Head of Accounting	Sting Yang				
Chief Administration Officer	Perry Chang (Note 5)				
Head of Finance	Rachael Kao (Note 6)				
CEO of Banking Businesses	James Chen (Note 7)				

Note 1: Duration of service in 2013: January 1 through August 5

Note 2: Duration of service in 2013: January 1 through January 28

Note 3: Duration of service in 2013: January 1 through December 31 (January 1 through January 28 as the Chief Administration Officer; January 29 through December 31 as the Chief Secretary)

Note 4: Duration of service in 2013: January 1 through April 30

Note 5: Duration of service in 2013: January 29 through June 27

Note 6: Duration of service in 2013: May 1 through December 31

Note 7: Duration of service in 2013: November 27 through December 31

Note 8: The names of managers entitled to receive employee bonuses are based on board-approved lists.

Unit: shares, in thousands; NTD, in thousands
Baseline date: December 31, 2013

5. Top-ten employees with the highest bonus

Title	Name(s)	Total employee bonus received	
		Cash	Shares
President and CEO of Investment Businesses	Daniel Wu	5,539	-
CEO of Banking Businesses	James Chen		
Chief Secretary	Roger Kao		
Chief Risk Officer	Jack Cheng		
CEO of Mainland Businesses	Cliff Chen		
Chief Administration Officer	Yong-Jin Chen		
Head of Finance	Rachael Kao		

Note: The names of employees entitled to receive employee bonuses are based on board-approved lists.

Analysis of 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 NTD626, 115,000 to directors, Presidents and Vice Presidents of the CTBC group in 2013 (representing 2.91% of 2013 consolidated after-tax profit).

Although the amount of remuneration paid in 2013 was 11.71% lesser than the NTD709,126,000 paid in 2012, CTBC was able to deliver consolidated after-tax profits that were NTD21,510,240,000 or 0.99% higher than 2012. The reduced remuneration was largely attributed lesser distributions from 2013 earnings, and reappointment of directors, Presidents and Vice Presidents during the year.

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 at levels that are competitive in the market, 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 do basic salaries. Incentives were designed in such a way that prompts managers to focus on the company's long-term goals and to delivery a three-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.

Establishing a Risk Management System to Ensure Sustainable Operations

The financial markets are inextricably tied to changes in global affairs, and financial service providers are finding that they must comply with increasingly stringent financial supervisory requirements around the world. CTBC understands the importance of risk management, which is why the company, in addition to complying with regulatory requirements, is committed to constantly revising its business targets, executing board-approved risk strategies, monitoring business risk concentration, and adopting proper risk management procedures and qualitative and quantitative risk assessments. These practices were introduced to support the company's risk-based decisions, and to confine risk exposure within a tolerable range so that customers' interests are protected and the company's businesses remain sustainable over the long term.

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 the group include credit risks, financial market risks, liquidity risks, operational risks, and country risks.

CTBC's relevant policies from recent years are as follows:

- **Enhance "Risk Information Disclosure and Integration"**: In order to meet the demand of international financial supervision indices and financial reports, we have enhanced all categories of risk information disclosure and integration. For example, in order to meet the International Financial Reporting Standards (IFRS), we introduced post-financial reporting and 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.
- **Revise the "Credit Risk Management Policy"**: In December 2012, this policy was revised. CTBC Bank's credit extension policy cooperates with and supports green energy and related environmental industries, in order to promote business and to practice the principles of corporate social responsibility.
- **Enact the "Risk Management Core Strategy"**: In November 2011, this policy was set as the structure for organizing risk management, responsibility, implementation analysis, metrics, supervisory management, information disclosure, and reports, as the highest-level guidelines for risk management procedures.
- **Establish the "Risk Management Committee"**: Officially established in June 2011 under the Board of Directors to reinforce the board's communications, reports and recommendations regarding risk management.

CTBC Insurance Brokers, for instance, implemented a new internal control system in December 2012 that facilitated risk management over seven 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.

Internal Control and Audit Systems That Increase Operational Efficiency

- **Full-Scale Internal Policy Review**: The company conducted a full-scale review over its own internal policies to identify any discrepancies with external regulations, and therefore avoid operational risks and violations.
- **Implement and Execute the Internal Control System**: In order to actualize the internal control of management procedure, CTBC requested all units to coordinate their self-assessments. CTBC also evaluated culture of managerial supervision at various levels, risk analysis control, control activities, role distributions, information communication, supervision activities, and corrective measures, including whether to set appropriate internal control policy, and supervision of its effectiveness and appropriateness, whether it can effectively detect possible occurrence of major risks, whether a complete control structure and enactment of internal procedures for all levels are established, and whether appropriate role distribution, effective communication channels are established.
- **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 provides recommendations for improvement to best maintain CTBC's internal control system. These include the establishment and promotion of a Corporate Social Responsibility Best Practice Principles, and sustaining effective implementation, thereby contributing to the achievement of sustainability. 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 compliance functions at least semiannually. Major audit activities include:

- Establishing risk-based auditing by planning and conducting the audits based on the risk assessment results of CTBC Holding and its subsidiaries.
- Overseeing implementation of self inspection system.
- Following up on the improvement of internal audit findings and external examination issues continuously.
- Reporting to the Board of Directors and Audit Committee periodically regarding the audit activities.
- Establishment of two-way communication between internal audit, regulatory compliance and risk management units that facilitate discussions over compliance and risk management weaknesses.

CTBC continues to implement the three lines of defense as part of its internal control. The first (self-audit), second (regulatory compliance and risk management) and third (internal audit) lines of defense not only ensure the effectiveness of the company's internal control, but also promote stronger awareness towards risk management, regulatory compliance, and a self-disciplined culture that secures customers' interests and minimizes reputation risks.

Implement Measures to Prevent Fraud And Corruption and Set A Good Example for the Financial Industry

CTBC has been committed to its values of "Business and Service Integrity" since the day it was established. The company is dedicated to satisfying customer needs for financial products and services while simultaneously implementing rigorous training to ensure business integrity. We have strong countermeasures in place to prevent fraud, bribery, and corruption, and our pro-longed efforts have enabled CTBC to be recognized both as a role model in the financial industry as well as a strong, trustworthy brand among the public for many years.



- **Employee Code of Conduct:** The CTBC employee Code of Conduct clearly indicates the basic principles for employees to observe, including 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 conflict of interests, and the protection of corporate capital and reputation.
- **Personal Data Protection:** In order to comply with the Personal Data Protection law, in 2012 we enacted and implemented Personal Data Management Policy. We also engaged professional consultant to assist to plan and execute personal data protection measures to ensure the legality of the collection and use of personal data of employees and clients.
- **Intellectual Property Rights:** To ensure that the legality of the use of intellectual property rights, every six months we request all units to inspect the licenses of all kinds of computer software. In addition, we request all units to ensure that their reference citations of articles or use of software of others are legally licensed to prevent any infringement of intellectual property rights.
- **Insider Trading Prevention:** In 2010, we enacted and implemented "Insider Trading Prevention Policy". We requested board members, managers, and employees who actually know any information that will have a

material impact on the price of the securities not to trade in related securities within the statutory time period to prevent conflicts of interests, to prevent any violation of fiduciary duty, to minimize ethical risks, to ensure the soundness of corporate decisions and the legitimacy of the use of information property.

- **Anti-Money Laundering and Counter Terrorism Policies:** in 2010, the "KYC and Anti-money Laundering Policy" was implemented throughout the company and its subsidiaries and branches worldwide; in 2014, the policy was further amended to conform to subsidiaries' current business practices and prevailing regulations. The purpose of this policy is to remind all directors, 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. In 2012, CTBC Bank was the first to implement the "Global Anti-Money Laundering & Countering the Financing of Terrorism Policy" and extend to overseas branches and subsidiaries to combat criminals, and ensure the safety of clients' funds. In addition, other subsidiaries of CTBC, including CTBC Life Insurance, CTBC Securities, CTBC Investments, and CTBC Insurance Brokers, have established its own money laundering prevention guidelines and procedures in accordance with Money Laundering Control Act and related laws and regulations, and keep reporting suspect financial transactions and block trades, to assist in preventing money laundering.
- **Legal Compliance Policy:** In 2010, the Compliance Officer System of CTBC was organized to establish good legal compliance system as Guidelines for subsidiaries. Legal compliance unit timely provides update information of laws and regulations for all units, conducts regulatory training to employees, holds seminars and invites professionals and scholars to discuss on material issues.
- **Establishment of Rotation and Report Mechanisms:** In order to prevent fraud, we adopted a rotation system for positions that have a high risk of corruption. 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.

Crisis Management Systems

In order for CTBC to quickly utilize human and material resources to immediately judge and analyze trends, and adopt effective countermeasures, and eliminate crisis situations or minimize the damages to us and the subsidiaries, we established the crisis management team, and handle crises according to the "CTBC Holding crisis management policy."

After the secretary general of the crisis management team confirms the occurrence of a major crisis, he/she reports the situation to the Convener. The Convener decides whether to assemble the team members. In the event of an emergency, the Deputy Convener may assemble team members before reporting to the Convener. After the crisis team members receive their summons, they are to meet at the designated time and location, and discuss and decide effective countermeasures, and complete all adaptive plans and preparations as soon as possible.

Legal Compliance

For a long period of time, CTBC has paid close attention to trends in domestic and overseas industrial development and changes in financial policies, laws and regulations. When we actively develop and expand our business, we also strictly abide by applicable laws and regulations. In addition, for the implement of the legal compliance policy, we keep reviewing and updating internal rules to reflect all newly enacted and changed laws and regulations. Each unit of CTBC shall conduct self-evaluations every six months to ensure that all business transactions are in compliance with the regulations. The Compliance Department will regularly hold educational training and provide guidance in the renewal and revision of the laws, so that all units can immediately follow the latest regulations. Regarding the execution of legal compliance system, the Chief Compliance Officer regularly reports to the Audit Committee and the Board of Directors to assist the board and related top level managers can become familiar of the status of the legal compliance affairs, and make appropriate decisions.

Penalties Imposed By the Competent Authority and Corrective Measures Taken Between January 1, 2013, And March 31, 2014

1	<p>During FSC's general audit, CTBC Holding was found to have passed on information of CTBC Bank's customers, who explicitly disagreed against using their non-basic information for marketing purposes, to CTBC Insurance Brokers for its cross-selling efforts. This conduct was found to have violated Article 42, Paragraph 1 of the Financial Holding Company Act, for which the FSC administered a NTD 2 million fine according to Article 60, Clause 12 of the act. <Letter No. Financial-Supervisory-Banking-Holding-10200306331 dated December 31, 2013></p> <p>Improvement measures: After the above process was raised as audit finding during FSC's 2012 audit, the company made the following adjustments to its workflow on February 1, 2013:</p> <p>(1) CTBC Holding has changed the way its businesses were run under a unified database. Now, only customers who consented to cross-selling may have their information passed on to subsidiaries. Subsidiaries are no longer given customers' information in advance for KYC (Know Your Customer) filtering.</p> <p>(2) After CTBC Insurance Brokers stopped KYC filtering, it further revised and implemented its new "Insurance Needs and Suitability Evaluation Form" since June 1, 2013, in order to facilitate suitability analyses during telemarketing, and in the meantime comply with Insurance Soliciting and Underwriting Best Practices.</p> <p>(3) The above improvements were completed and reported to the FSC.</p>
2	<p>CTBC Venture Capital, a subsidiary of CTBC Holding, held a board of directors meeting on March 22, 2013, during which the board resolved not to distribute dividends. This information was subject to reporting under Article 2, Paragraph 1, Clause 14 of TWSE's "Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities," but CTBC Holding did not input this material information into the Market Observation Post System until 18:59, March 28, 2013. This latency was considered a violation to the abovementioned procedures, for which TWSE imposed a penalty totaling NTD30,000 and issued a letter to CTBC Holding demanding future improvements.<Letter No. Taiwan-Securities-Listed-I-1021801321 dated April 3, 2013></p> <p>Improvement measures: (1) CTBC Holding paid the penalty and made disclosure of the information onto Market Observation Post System on March 28, 2013, on behalf of CTBC Venture Capital. (2) CTBC Holding issued internal correspondences to convey TWSE's policies to all departments and subsidiaries; furthermore, it completed relevant trainings on May 17, 2013, to avoid similar occurrences.</p>
3	<p>CTBC Securities, a subsidiary of CTBC Holding, was commissioned by Hua Yu Lien Development Co., Ltd. to underwrite and provide an evaluation report for the company's initial issuance of domestic convertible bonds. The arrangement was ruled to be covered by Article 25, Clauses 4 and 5 of the Regulations Governing Securities Firms, for which the FSC made correction (equivalent to 4 penalty points) and issued an official letter to CTBC Securities demanding immediate attention and rectification.<Letter No. Financial-Supervisory-Securities-Development-1020039563 dated October 17, 2013></p> <p>Improvement measures: (1) The company will enhance the functionality of its business discussion meetings, and require meeting participants to fully discuss any legal risks relating to the disputed issues, and proceed to the final step of decision-making only after opinions have been thoroughly expressed. Any doubts discovered in a subsequent audit shall be discussed immediately in meetings, during which the meeting participants will decide whether to continue with the transaction. (2) Any doubts regarding the legitimacy of a transaction shall be clarified through e-mail or a written inquiry to the competent authority. All relevant details shall be maintained on file to aid in the promotion of securities regulations.</p>
4	<p>CTBC Insurance Brokers, a subsidiary of CTBC Holding, was found to have changed policy details without the policy holder signing on the Policy Amendment Request Form. This was considered a violation against Article 27, Paragraph 1 of Regulations Governing Insurance Brokers, a law created under Article 163, Paragraph 4 of the Insurance Act, for which the FSC demanded correction and administered a fine of NTD600,000 according to Article 167-2 of the Insurance Act. <Letter No. Financial-Supervisory-Insurance-General-10102572621 dated January 11, 2013></p> <p>Improvement measures: CTBC Insurance Brokers has revised its insurance service procedures to require valid signatures for any changes to life insurance policies. Furthermore, employees were requested to exercise more stringent checking so as to comply with regulations.</p>
5	<p>During FSC's general audit, CTBC Insurance Brokers was found to have made the following violations against Article 39, Clauses 5 and 28 (which used to be Clause 24 at the time of conduct) of Regulations Governing Insurance Brokers, a law created under Article 163, Paragraph 4 of the Insurance Act, during telemarketing:</p> <p>(1) No consent was sought from customers for the voice recording, which did not comply with Article 9, Paragraph 1 of "Notes on Telemarketing for Insurance Companies." (2) There were sales people who promoted investment-linked policies from the perspective of fund investment, instead of emphasizing customers' insurance needs. There were also several attempts to compare returns on insurance policies with returns on time deposits, without explaining the risk-return trade-off. According to Article 30 of Regulations Governing Insurance Brokers, a law created under Article 163, Paragraph 4 of the Insurance Act, CTBC Insurance Brokers was held responsible for the lack of supervision and violation of Article 39, Clause 5 of the regulation.</p> <p>The FSC demanded rectification and administered a fine of NTD600,000 in accordance with Article 167-2 of the Insurance Act.<Letter No. Financial-Supervisory-Insurance-General-10202575121 dated December 9, 2013></p> <p>Improvement measures: CTBC Insurance Brokers has always followed "Notes on Telemarketing for Insurance Companies" when selling insurance services through telemarketing. With regard to the flaws found during this audit (i.e. obtaining customers' consent for full voice recording, emphasizing principal protection for investment-linked policies, and full risk disclosure for investment-linked policies), the company made immediate enhancements to telemarketers' training programs, and made them part of the company's key focuses during the quarterly trainings dated 2012 4th quarter and 2013 1st quarter.</p>
6	<p>Taipei City Government found CTBC Security in violation against Article 32, Paragraph 2 of the Labor Standards Act, and administered a fine of NTD80,000 according to Article 79, Paragraph 1, Clause 1 and Paragraph 3 of the act. <Taipei City Government Letter No. Labor-10233940301 dated July 10, 2013></p> <p>Improvement measures: CTBC Security had previously issued written notices that prohibited consecutive shifts. Another practice has since been adopted to check employees' shift records and overtime reports on a monthly basis in order to prevent consecutive shifts being arranged by mistake.</p>

7	<p>The "Chinatrust Life Interest Sensitive Endowment Policy," numbered 0008282943, was sold by CTBC Life Insurance since June 20, 2012. The insurance policy required the insured to submit a "Declaration of Hepatitis" where one of the terms read: "I hereby declare the above answers to be true, and acknowledge that this declaration comprises part of the insurance agreement, as do all other notes pertaining to the policy." This declaration involved a change to the Notes to Applicants contained in the application form, but was not submitted for FSC's approval, and was therefore considered a violation against Article 20 of Regulations Governing Pre-sale Procedures for Insurance Products, a law created under Article 144, Paragraph 1 of the Insurance Act, for which the FSC administered an NTD600,000 fine according to Article 171 of the Insurance Act. <Letter No. Financial-Supervisory-Insurance-Life-10202545452 dated June 24, 2013></p> <p>Improvement measures: CTBC Life Insurance revised the wording of the disputed term to: "I hereby declare the above answers to be true, and agree to have them used by the company to underwrite my insurance policy or to change or reinstate my existing policy."</p>
8	<p>This latency was considered a violation against Article 102-1, Paragraph 1 of the Income Tax Act., and the National Taxation Bureau of Taipei Songshan Branch imposed a fine of NTD15,000 according to Article 114-3, Paragraph 1 of the Income Tax Act. <Decision Letter No. A1115102100733 issued by National Taxation Bureau of Taipei Songshan Branch, Ministry of Finance, on April 22, 2013></p> <p>Improvement measures: CTBC Life Insurance paid the NTD15,000 fines, and included this task as part of its regular work activities.</p>
9	<p>CTBC Investments traded shares of Ablere International in September 2010, but there were flaws in the investment reports that it used to arrive its trade decisions. Furthermore, the analysis reports that it used to sell its shares were not updated to reflect the current situation. Overall, the company failed to exercise due diligence while preparing its analysis reports, and was considered a violation against Article 17, Paragraph 1 of the Securities Investment Trust and Consulting Act and Article 4, Paragraph 1 of Regulations Governing Securities Investment Trust Funds, for which the competent authority assessed a fine of NTD 120,000. (This event occurred at a time before CTBC Holding acquired equity stake in CTBC Investments) <Letter No. Financial-Supervisory-Securities-Investment-10200024761 dated January 23, 2013></p> <p>Improvement measures: Since November 2012, CTBC Investments has hired 5 new analysts and 2 new fund managers. At present, CTBC Investment continues to actively recruit top talent that would enhance its research quality and improve fund performance. The company will continue to improve the quality of its investment analysis reports as required by law.</p>
10	<p>CTBC Bank made a mistake while providing Internet banking services which resulted in a leak of customers' personal information. The bank was found to have violated Article 45-1, Paragraph 1 of the Banking Act for lacking proper internal control and was fined NTD 4 million according to Article 129, Clause 7 of the act. <Letter No. Financial-Supervisory-Banking-Holding-10200181601 dated August 22, 2013></p> <p>Improvement measures: A series of enhancements were introduced to the system, including stronger procedural control, access control, information protection, and information security review. These enhancements were completed in June 2013, and outside experts were arranged to perform regular security inspections on the system.</p>
11	<p>CTBC Bank engaged in forward exchange transactions with stakeholders without the approval of at least three-quarters of attending directors present at a board meeting participated by more than two-thirds of board members. This was considered a violation against Article 45 of the Financial Holding Company Act, for which a fine of NTD 2 million was imposed according to Article 60, Clause 14 of the act. <Letter No. Financial-Supervisory-Banking-Holding-10260004221 dated November 4, 2013></p> <p>Improvement measures: (1) The company revised its transaction policies in December 2011 and formulated standardized procedures for reporting, filing, and updating stakeholders' information. The new procedures ensure that stakeholders' information is kept up to date. (2) The company has complied with the competent authority's requests by using case studies as a means of training, and promoted regulatory awareness among directors and managers. (3) A new function was added to the related party management system to control related party transactions.</p>
12	<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 NTD 10 million and all overseas branch establishments and investments will remain suspended until improvements are made to the FSC's satisfaction. <Letter No. Financial-Supervisory-Banking-Holding-10300026681 dated March 11, 2014></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 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 executes 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 it works with, and enhance the second line of defense.</p>
13	<p>An employee of CTBC Bank was unable to comply with relevant policies, and treated certain non-cash transactions as deposits and withdrawals. This conduct was identified as a weakness in the bank's operations. A demand for rectification was made according to Paragraph 1 of Article 61-1 of the Banking Act. <Letter No. Financial-Supervisory-Banking-Holding-10100407510 dated March 15, 2013></p> <p>Improvement measures: CTBC Bank has taken a number of steps such as revising its cash collection and disbursement procedures, introducing a remote monitoring tool, and enhancing controls over account opening activities, in order to ensure the correctness of its bookkeeping. According to an internal investigation, this conduct was found to be an isolated incident caused by a single individual. After the person in question was questioned by the Disciplinary Committee, the bank commissioned a legal adviser to take legal action against the employee, and the employee has since resigned.</p>

Financial Supervisory Commission discovered the following defects during its general audit over Manulife Taiwan (now merged into CTBC Life Insurance):

- (1) In a random inspection of telemarketing activities involving the sale of investment-linked insurance policies where the insured were 70 years old and above, Manulife Taiwan was found to have failed to investigate product risks and suitability. This constituted a violation of Note 11-2 of "Notes on Insurance Conducts for Banks, Insurance Companies, and Insurance Agencies or Brokers," for which a demand for rectification was issued according to Article 149, Paragraph 1 of the Insurance Act.
- (2) Manulife Taiwan was found to have failed to mention certain legal requirements in some of the agency agreements it has established with insurance agencies. This constituted a violation of Article 6, Paragraph 1, Clause 7 and article 17 of "Regulation Governing Insurance Solicitation, Underwriting and Claims," a law created in accordance with Article 148-3, Paragraph 2 of the Insurance Act, for which a demand for rectification was issued according to Article 149, Paragraph 1 of the Act.(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.
- (3) In one of the dividend-paying policies marketed by Manulife Taiwan's insurance agent over television, the advertisement was found to have failed to disclose mandatory information using visible fonts. This constituted a violation of Note 1, Paragraph 3 of "Supplementary Guidelines on Disclosure of Dividend and Non-dividend Paying Life Insurance Policies", and Note 8, Clause 1 of "Notes on Insurance TV Marketing," for which a demand for rectification was issued according to Article 149, Paragraph 1 of the Insurance Act.
- (4) Manulife Taiwan had yet to establish guidelines on transactions with stakeholders or implement transaction policies to prevent conflict of interest or other problems as of July 31, 2012. This constituted a violation of Article 5, Paragraph 1 of "Regulations Governing Internal Control and Audit for Insurance Companies," a law created under Article 148-3, Paragraph 1 of the Insurance Act, for which a fine of NTD600,000 was imposed according to Article 171-1, Paragraph 4 of the Act.

(This violation and fine had both occurred at a time before CTBC Life Insurance acquired its controlling interest over Manulife Taiwan) <Letter No. Financial-Supervisory-Insurance-Life-10202543531 dated June 19, 2013>

Rectification Measures:

- (1) Manulife Taiwan had revised its telemarketing guidelines and operating procedures in November 2012, and included the defect as part of its regulatory compliance self-assessment conducted in December 2012. In addition, during the monthly "Investment-linked Insurance Policy Self-audit" conducted in December 2012, telemarketing had been included as part of the audit focus.
- (2) A supplementary agreement had been signed, whereas the brokerage department had introduced additional procedures and self-audit focuses to ensure compliance. The bank's Channel Management Division has designed a checklist to ensure that each contract contains all items required by law.
- (3) The TV marketing campaign mentioned in the decision letter did undergo all the necessary checks before broadcasting, and the relevant procedures were indeed in place. However, the program producer did not fully convey its ideas with Manulife Taiwan, an action which resulted in the airing of content considered non-compliant. After reviewing the produced content, the Legal and Compliance Division gave its opinions and suggested that broadcasting of the advertisement be suspended. After reviewing the amount of resources invested and the yields expected, the company finally decided to terminate this project. The company will ensure that any future TV marketing campaigns are carried out according to the relevant procedures, and will maintain close communications with the parties involved to avoid similar occurrences from happening again.
- (4) Manulife Taiwan had later established operating guidelines to govern transactions with stakeholders, which have already been approved by the President (at the time Manulife Taiwan was merged into CTBC Life Insurance, it became subject to the stakeholder transaction policy of CTBC Life Insurance).

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Information Disclosure

As a publicly listed corporation, CTBC is actively committed to information transparency. We regularly hold corporate seminars and attend domestic and international investment forums (such as roadshows) held by foreign investment security brokers to explain our operational status, financial performance, corporate strategic development, and business operational guidelines to investors.

CTBC Life Insurance, 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.

- Regular Release of Financial Reports and Organization of Investor Seminars**
 The company held a total of 3 investor seminar sessions in 2013. In addition, the official CTBC website also provides 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.
- Our CSR Progress is Accessible Through Multiple Channels to Improve Intra-Industry Communication**
 CTBC has created a corporate governance section and a corporate social responsibility section on its website where CSR-related information is disclosed, and CSR reports dating from 2007 to 2012 are freely accessible to the public in PDF format. 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 its CSR experience in the BSI forum.

Corporate governance is the cornerstone to achieving a sustainable business. CTBC continues to refine its management system and series of controls in order to ensure that we remain a highly successful, profitable, and sustainable business in the years ahead. In the future, we look forward to devoting even more effort to transforming CTBC into a world-class institution and fine-tuning our

system of corporate governance to support our future operations. In the meantime, we will maintain an effective relationship and open channels of communication with CTBC stakeholders while honing our system of corporate governance in order to ensure that all concerns are properly addressed, thereby enabling us to meet—and ultimately exceed—the expectations placed on us by society.



CTBC Bank won the "Happy Enterprise 2013 Award" from Department of Labor, Taipei City Government.

CTBC won the "Exemplary Award for the 9th Corporate Social Responsibility Award" from Global Views Magazine.



CTBC won the "2013 Corporate Citizen of the World Award" from Commonwealth Magazine.

Customer Care



Many people have a lot of contact with their bank in the course of their lives. In order to ensure that customers have a pleasant and enjoyable experience when they visit one of our branches, Chinatrust, now CTBC, has been continuously offering new services that have pioneered the shift in the banking sector towards a more considerate, customer-centered approach to customer service. All of our services take customer perspective as their starting point and we do our best to stay one step ahead when planning for our customers' needs. That's why our customers often talk about the happy experiences they've had banking with us.

Lan Zhijiang, whose case is a good example of how our staff aim to please. She gets messages from shops that have lost and found credit cards every working day. Once, she got a phone call from Guoguang Bus Station in Keelung with details of a wallet they had found containing a CTBC credit card. Miss Lan quickly put security restrictions on the card, with the next step being to contact the cardholder. But when she typed in the details, she discovered that the cardholder was an 85-year man – a Mr. Guo – who lived in Shilin, Taipei. Miss Lan immediately became concerned that an 85-year old man might not be able to quickly return to the station and to pick up his belongings and that the stress from losing his ID and credit cards might adversely affect his health.

Miss Lan contacted Mr. Guo immediately but knew that the old gentleman was already on the bus to Taipei and had no plans to go back to Keelung in the coming days. Not being able to bear the thought of a pensioner having to run around, she immediately decided to use her own leisure time to collect Mr. Guo's wallet and deliver it to his home in Shilin. Miss Lan calmed Mr. Guo down while simultaneously talking with the bus company staff to verify the contents of Mr. Guo's wallet by the three-way calling, also arrange the time to collect it in the next day. Returning the lost item to its owner may cause much inconvenience for Miss Lan, but she was rewarded by the knowledge that her actions, typical for CTBC staff, had brought warmth to the home of an old man.

This kind of touching interaction is an everyday occurrence at CTBC, as our corporate mission is to "protect and create". In 2013, CTBC attained an overall customer satisfaction degree of 84% and we have won the Excellence in Corporate Social Responsibility Award 3 times. CTBC will continue to strive toward offering even higher quality service to satisfy our customers' needs.



The financial industry is developing in an increasing variety of ways and thus our interactions with our customers are becoming more frequent. For the last half century we have been protecting and creating sustainable value for our customers, shareholders, and society as a whole under our brand spirit of "We are family." Through consideration in meeting customer needs and expertise in pushing through innovation we have won their trust. We started bringing our operations up to ISO standard since 1988. Being accredited with ISO 9001 since 2002 has meant that our internal quality control mechanisms ensure that our customers' needs are being met. The scope of the certification includes individual banking and credit card payments. CTBC is determined to become the best bank in Taiwan and to achieve top spot in the Asia and Greater China regions. We are also working on becoming an innovative and outstanding bank in North America.

Items assessed	Before employing consultants	After employing consultants
IVR usage	46%	50%
Customer satisfaction	78%	80%

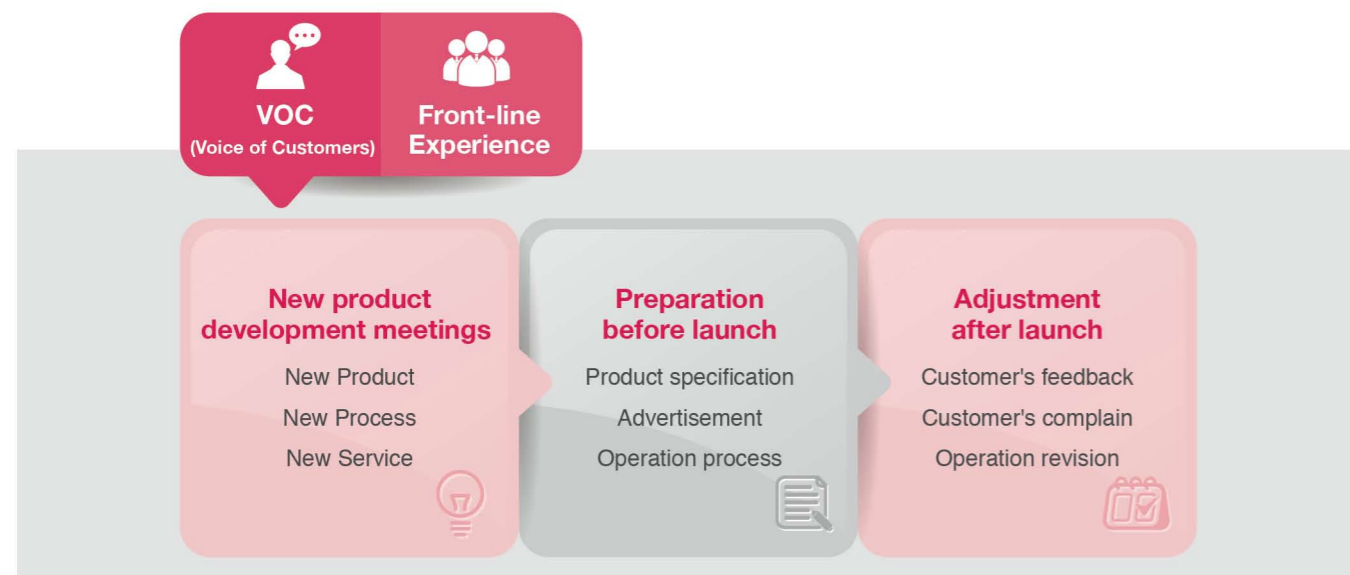
that will result in greater uptake of the IVR service and improved customer satisfaction.

Developing Event-Based Service

We asked ourselves how we could suitably adapt our services to meet our customers' requirements while still safeguarding their rights. CTBC has built Event-Based Service (EBS), an event based service system by analyzing and predicting customer need via information gathered from VOC and representative feedbacks on a daily basis.

- **Heartfelt Service:** Gives a warning to customers when

A Service Preparation Process that Takes the Perspective of the Customer as its Starting Point



Customers Come First

Improving Interactive Voice Response

CTBC has been conducting research into voice response technology with the Institute for Information Industry and utilizing feedback from experts. To date, we have formulated 10 Interactive Voice Response (IVR) design standards and 15 IVR design suggestions, and have conducted a complete review of our IVR system. We have decided to introduce improvements and modifications in two stages

they are close to their credit card limit and also provides one-off credit extensions so that customers do not suffer the embarrassment of having their credit card transaction refused.

- **Worry Free Reminder:** Reminds customers when the deadline for redeeming their bonus points is nearing, and provides them with ways of redeeming the points.
- **Relationship Maintenance:** For example, CTBC also proactively encourage customer to sign up road side

services with EDMs should customers have gasoline or vehicle-related purchases on cards.

Our Credit Card Department developed 12 EDMs in 2013 as part of the Event-Based Service, based upon our customers' experiences using their cards. Over the year 1.19 million EDMs were sent. In addition, our Customer Service Department held a series of Best Service Script activities in order to encourage our personnel to make the most of opportunities to create service experiences that our customers will remember fondly.

24 Hour Customer Service Hotline

Since 1992 we have been operating a 24-hour service hotline (0800-024-365), the first of its type for any financial institution Taiwan. The hotline allows our customers to call us from anywhere, anytime they have a problem with their banking. CTBC has established call centers in Taipei and Taichung that are staffed by 520 personnel, who deal with enquiries from CTBC's 7 million plus customers island-wide. The centers handle an average of 1.2 million calls monthly, 50% of which are answered by dedicated personnel. These centers provide a partially personalized service based upon whichever category (pensioner, new customer, first time caller, etc.) the caller falls into. All of the call center staff are trained in one stop service so that our customers can have all of their problems dealt with at the same time.

Establishing the Customer Care Committee to Listen to Customer Voices

Our customers are also like partners to us and their suggestions are part of what drives us forward. In 2007 CTBC set up its Voice of Customer (VOC) platform that collects suggestions given by our customers at points of contact (including in branches, through promotional activities, or from call centers). Following analysis and editing, the suggestions are fed back to the relevant units to help them with designing procedures and product development. In order to further improve the management of customer suggestions, in September of 2011 our Individual Finance Unit set up its Customer Care Committee which is chaired by the chief of the Individual Finance Unit. The committee meets monthly to review service standards and external complaints, and to consider suggestions from

colleagues and customers.

In 2013 around 700 suggestions were received through the VOC platform, of which about 400 - 57% - were deemed to be feasible. The ones that were not considered feasible were still useful as topics for discussion at departmental meetings. In addition, the in-house VOC digital newsletter is published every month so that all CTBC personnel can have the opportunity to hear what our customers are saying.

Establishing a Comprehensive Customer Complaints Resolution System

Setting Up the Transparent Complaints Procedure Platform

CTBC are always looking for ways to develop customer trust and put their minds at rest. To this end, in August 2013 we set up the Transparent Complaints Procedure Platform so that customers who have made complaints can go online at any time and see what progress has been made with their complaint without the need for calling in. Each complaint is assigned a unique number, and in 2013 the customer click through rate for online banking was 100%.

Dealing with Customer Complaints

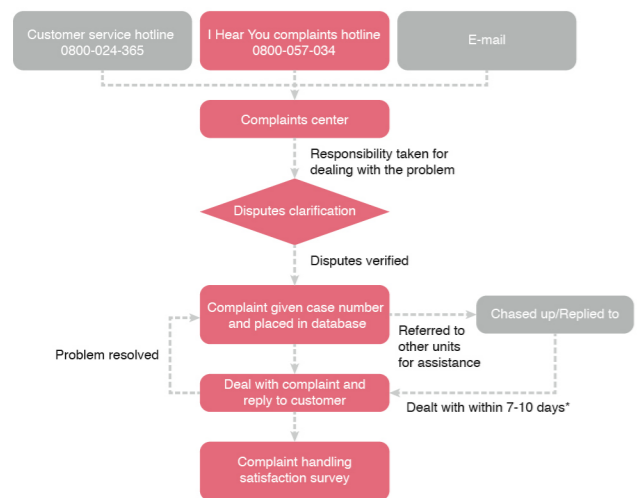
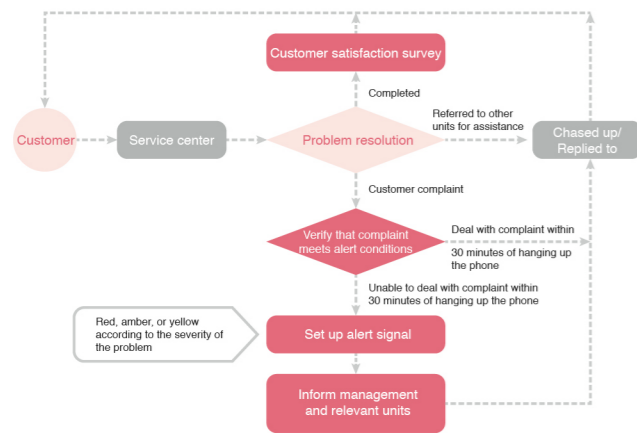
At CTBC we value our customers' opinions. If they have any problems regarding products promoted or marketed by us, or they need after-sales services, they have a number of fully-functional channels of communication that they can choose from. These include:

- A 24-hour customer service hotline.
- A dedicated email address for dealing with complaints.
- A hotline dedicated to dealing with complaints from individual customers (0800-057-034).
- A hotline manned by specialized staff dedicated to dealing with complaints from corporate customers (0800-017-888).

Customers are thus able to choose their method of sending in their valuable suggestions according to their requirements. In 2013, 100% of corporate finance complaints were dealt with within 7 days; 92.4% of personal finance complaints were dealt with within 7 days; and 98% of credit card complaints were dealt with within 7 days, all exceeding original targets. We also

conducted satisfaction surveys with these complainants to ensure that their problems had been satisfactorily resolved. The complaints were then systematically collated by our staff and periodically reviewed by the senior management before being sent on to the relevant product development departments so that they could be taken into account when products are being designed and developed.

Customer Complaint Handling Procedure



Improving Customer Complaint Handling

In addition to centralized CTBC Retail Banking Customer Call Center, each business units allocate dedicated staff to help follow up and resolve all types of complaints. This has shown that CTBC is devoted in listening to customers and satisfying customer needs committedly.

"Service Light Signal" Streamlines Customer Inquiry Resolution

CTBC strives to provide best and most efficient service possible at every "moment of truth" at all customer contact points. This is especially true to CTBC customer service call center where the most frequent customers contact takes place. In April 2012, CTBC initiated "Service Light Signal" project which helped service reps to identify different levels of customer inquiry within the shortest possible timeframe and to provide the best possible resolution while protecting customers' best interest.

Implementation of this policy has resulted in a significant decrease in complaints – both oral and written – that we receive from our customers. In 2013 the "warning light" system was activated approximately 1,000 times which enabled us to prevent 88% of customer complaints from snowballing. Our customer complaints totals have fallen over 30% for the past 2 years, which is well above the industry average.

Customer Satisfaction Surveys

CTBC strives for excellence in every area of its business. To better understand customer satisfaction with all the products and services, in 2013 CTBC contacted almost 100,000 customers to conduct 50 different customer satisfaction surveys. The results provided us with valuable reference material for making improvements. Included in the surveys were:

- Degree of satisfaction with our branches.
- Degree of satisfaction with our Internet banking service.
- Degree of satisfaction with customer service.
- Degree of satisfaction with credit card products and billing.
- Degree of satisfaction with applications for consumer finance products.
- Degree of satisfaction with debt management service.

The average degree of satisfaction was found to be 84%, which exceeded our target for 2012 of 81%. The comments recorded in the surveys were sent to the relevant departments to help them make the necessary improvements, and were also sent to our Customer Care Committee to be reviewed.

Monitoring Service Quality & Maintaining Customer Privacy and Information Security

For service to be of high quality, the staff must be of high quality. CTBC thus not only regularly gives its staff specialized training but has also set up a monitoring system to ensure that all of our service procedures maintain a certain standard. Furthermore, with regards to the security of customer banking transactions, CTBC offers customers advice on how to avoid being defrauded and has established an Information Security Committee to monitor and improve Internet security and to ensure that customer data is not hacked or leaked.

Reinforcement of Employee Professional Training

Finance personnel hired by CTBC immediately undergo a 3-week training course that is designed to teach them about the complex financial requirements and rights of our customers. Personnel first learn about the levels of service for customers in different asset grades. They also need to have specialized skills to help clients with more complex financial needs, and so regularly attend courses in diverse investment market trends, product knowledge, scope of business, and professional ethics. We also invite our top salespeople to come along and share their experience and knowledge with the new recruits to further enhance the quality of our financial services.

Quality Control and Improvement Mechanisms

"Mystery customer" visits

Dedicated departments are responsible for service quality planning and communication. Mystery customers call or visit branches on a regular basis to assess services qualities and ensure all the CTBC service guidelines are followed by all the counter representatives and financial advisory specialists.

Financial Certificate Qualifications

CTBC makes every effort to ensure that its financial advisory specialists can achieve high levels of professional expertise: According to our certification policy every wealth management officer must be licensed in all of the areas of professional expertise that is now standard in the financial services industry. They must also pass our in-house "Advisory" certification system to ensure that their wealth management

planning skills are up to standard. In this way we can protect our customers' interests and reduce the chance of disputes occurring.

Customer satisfaction-oriented incentives that lead to awards

So that every one of our financial advisory specialists can offer better service to our customers, CTBC has made customer satisfaction become one of the indicators by which the staff been annually assessed, with good performances leading to awards being given.

Security in Loan Transaction

There are frequent news reports about loan companies masquerading as banks in order to market their products, and there has been an increase in court cases involving consumers being defrauded by these companies, documents being falsified, and excessive fees being charged. CTBC has a number of financial education measures in place to help prevent our customers from becoming victims of fraud. These include:

- Setting up a loan advice hotline (0809-066-666) which allow consumers to easily obtain advice on loan application.
- Setting up a loan fraud hotline (0800-024-365 ext 8) and an independent unit monitoring and further investigating suspicious transaction.
- Printed materials to remind consumers to take necessary precautions. Written reminders and verbal advice from our employees are given before, during, and after the loan process to ensure that the consumer is not cheated by a loan brokerage.

Establishing an Information Security Committee

Online transactions are becoming more common by the day, and so protecting customer privacy and information security is something that CTBC takes very seriously. For the last 6 years running (from 2007) we have obtained Verizon Cybertrust SMP (Security Management Program) enterprise certification to enhance our information security and the prevention of data leaks. We have installed multiple layers of hacker prevention and virus prevention and regularly hire outside consultants to inspect and test our systems security. In 2014 we intend to obtain BS 10012 PIMS personal data management and ISO 27001 ISMS data security certification.

In 2012, CTBC Bank jointly announced personal information protection policies to enhance data protection. In 2013, CTBC conducted 20 personal data management and data protection training courses for seed personnel, as well as courses in online data security and personal data recognition that were attended by 1,076 of our staff. We also established a Personal Information Management Committee and a Corporate Information Security Committee to improve information security and management. We also hold regular briefings at all of our business locations at which we report on and analyze the latest domestic and foreign data security breaches, and every month a lesson on data security is sent to all our staff to heighten their awareness of data security. Our stated aim is to make our customer information systems 100% bulletproof.

■ **Measures to Improve Internet Security**

As for Internet security, CTBC has a system of double-

checking website content setting procedures and authorization, and regularly hires outside consultants to conduct information security evaluations and tests for potential weaknesses. The home page of CTBC's Internet banking website also carries a warning to the public not use illegal or unauthorized means to copy, quote, take screenshots, download, disseminate, or alter all or part of the website content. As for the oft-used online payment function - the "Payment Information" field - part of the data is displayed with hidden digits and customers are advised not to input personal data into the "nickname" field to prevent data loss.

■ **Taking the Customers' Perspective as the Starting Point for Creating New Friendly Services**

Conducting business with banks is common for many with growing economy, from fund transferring, credit card / utility bill payment, currency exchange, insurance and wealth management, banks have been playing an important role in

customers' daily life. Over the years, CTBC has employed many means and designed many systems to gain a better understanding of our customers' needs and create many new financial products and services. Our aim is to become a trusted partner for life for our customers.

■ **A New Version of Our Internet Banking**

We started our Internet banking service in 2000 and it has enjoyed double-digit growth in every year since. As of March 2013, we have over 2 million Internet banking customers and over 300,000 mobile banking customers. Observations of how our customers use Internet banking show that using Internet/mobile banking to transfer money between accounts has risen from 35% of customers in 2011 to 45% in 2013. And so to keep our customers happy we have constructed a brand new Internet banking interface, including upgrades to the homepage design, more intuitive selection procedures, and simplified transactions etc.

■ **Five Unique New Functions**

CTBC's all-new Internet banking has 5 unique new functions, including the personalized "My homepage" function; the 24-hour payment center; Facebook account transfer notices; a brand new fund platform and financial product price alerts; and a service that combines 3 major real and virtual platforms. This is our most user-friendly interface to date. CTBC's Internet banking also has a combined payment service for the 3 main methods of payment - Internet banking, Web ATM, and credit cards - for 9 major categories of payments (including utility and council bills, phone bills, tuition fees, insurance bills etc.). Our Internet banking system also allows customers to check their payment records for up to 6 months.

■ **A Unique OTP Code Recognition Technology that Makes Transfer Notices Even More Secure**

Transferring money between accounts is the most commonly used online banking function. CTBC has thus created and patented a unique one-time password (OTP) mechanism, along with a dynamic keyboard system that makes transfers even more secure and allows customers to automatically notify their friends and family of transfers via email or Facebook.

■ **Combining Wealth Management Information and Services**

We know that our customers need prompt information on funds and other forms of wealth management and so we have created a brand-new fund platform that ranks funds in terms of size and popularity, and also gives indications of how markets are moving through the use of data streaming and icons. The new platform provides price alerts and a price matching function for real-time prices, allowing customers to set their own price limits in real time via email or through automatic price matching for the 3 main investment markets: Funds, Foreign Exchange, and gold. As over 70% of our customers conduct transactions through Internet banking, mobile banking, and at branch counters the new platform offers connects all of these methods into an exciting new service.

■ **Upgrading Mobile Banking Functions**

The use of smart phones is becoming more and more widespread, and so in order to make life even more convenient for our customers in 2012 CTBC introduced a barcode payment method for water bills, gold trading using our gold bankbook, and payment by installments for credit card bills. We also increased the functionality of other services.

■ **Unique and patented account safeguard:** Our mobile banking and Internet banking are the same in that they both use our own patented One-Time Password, OTP, and dynamic keyboard security system that allows our customers to securely conduct transfers to designated and non-designated accounts and to set up scheduled transfers

■ **Innovative barcode scanning payment platform:** This platform allows our customers to quickly pay CTBC card charges, utility bills, tuition fees, cell phone bills etc. An innovative barcode scanning mechanism makes paying bills even more convenient.

■ **Real-time financial advisory and information service:** CTBC provides its customers with real-time pricing and information for major international stock markets and foreign exchange markets. We also provide daily financial management information and reports at the touch of a button that assist our customers in understanding which way the markets are moving.

■ **Branch queue tickets in advance:** CTBC customers can



now find the location of their nearest branch and get a counter queue number through their smart phones. CTBC is the first financial institution in Taiwan to offer this service.

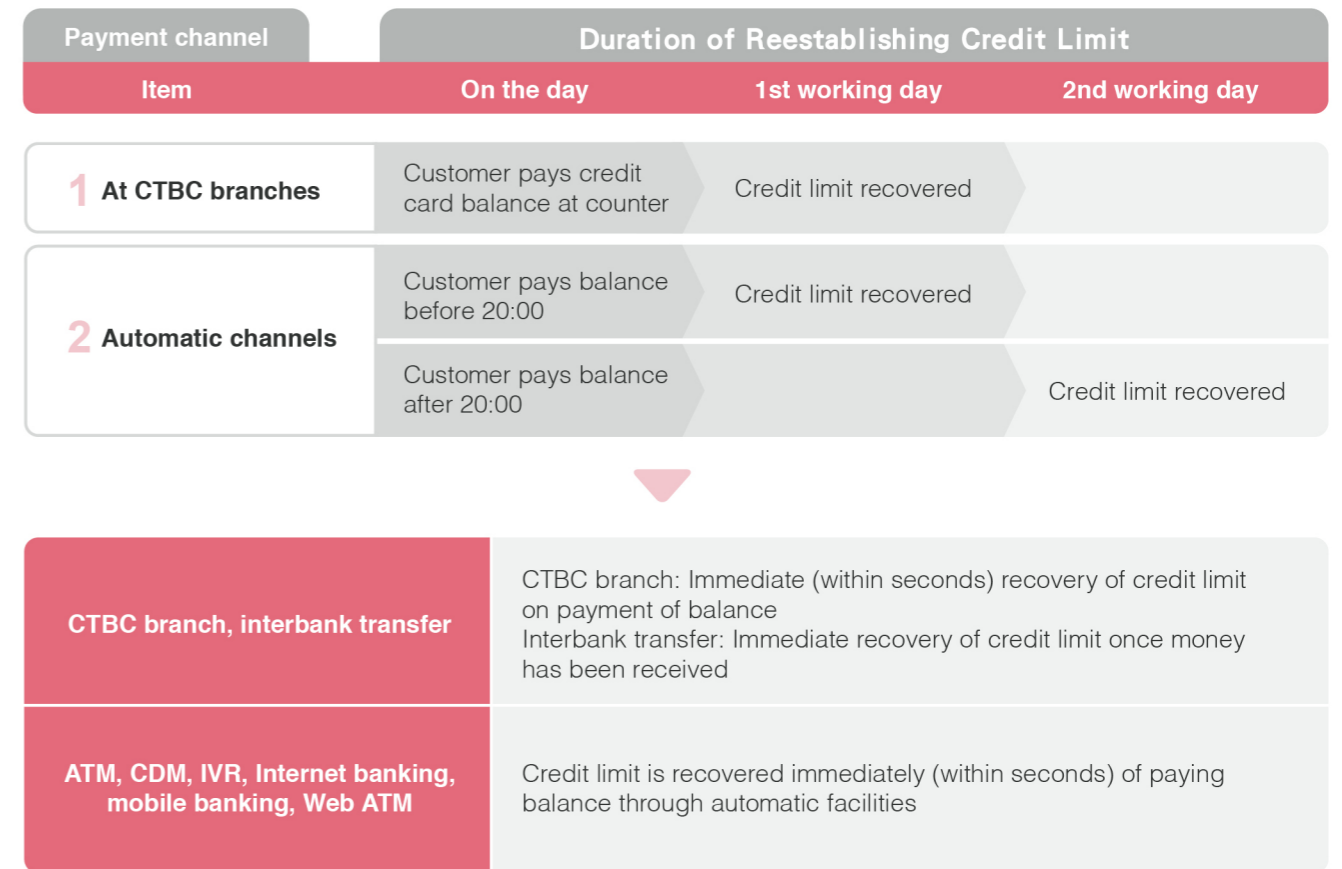
- **Credit card discounts app:** In July 2012, we rolled out our first app, which has already been downloaded by 230,000 customers. The app uses augmented reality technology to provide customers with a high interaction discount seeking function as well as discount coupon collection and discount deadline alert functions, so that our customers never miss out on a bargain.

Upgrades ATM Services

- **Upgrading Combined Deposit Withdrawal ATMs**
By the end of June 2013, CTBC had completed the replacement of its branch ATMs with new combined deposit withdrawal ATMs (RC ATM). By the end of December 2013, 50 of these RC-ATMs had been installed in 7-11 convenience stores around Taiwan, bringing the total of 4,650 CTBC ATMs in 7-11. Our customers are clearly satisfied with the added convenience of being able to quickly deposit or withdraw cash: In 2013, 90% of them expressed satisfaction with branch ATMs and 92% expressed satisfaction with 7-11 ATMs.
By the end of December 2013 CTBC had a total of 5,184 ATMs installed in locations all around the island, the most of any bank in Taiwan. Locations include popular tourist destinations such as Chingjing Farm, Alishan, Hualien, Taitung, and Pingtung. Our ATMs offer over 80 different services, which is also more than any other bank. In addition to banking services our customers can also use the ATMs to quickly and easily pay bills (phone, insurance etc.) or donate money to charity.
- **Obstacle-Free ATMs**
In order to offer a caring service to our disabled and visually impaired customers, we have been working hard at installing obstacle-free ATMs and creating obstacle-free environments to safeguard the rights of our customers. These obstacle-free ATMs that have been specifically designed with disabled people in mind. Our ATMs and environments for the visually impaired have also been designed on the same ease-of-use principle, and safeguard user privacy. At present there

are 3,801 ATMs for disabled people around Taiwan, and 3 for visually impaired customers (one each in our Hsinchuang, Banchiao, and Chengchung branches).

- **ATM Overseas Remittance Service for Foreign Workers**
There are increasing numbers of foreign workers coming to Taiwan, and financial services tailored to their needs – particularly a safe and convenient way to remit money overseas – have been lacking. It has long been the custom for foreign workers to use shadow banking channels to remit money home, which is not a safe method and can leave their rights compromised. With the support of Taiwan’s banking authorities, in 2013 CTBC became the first, and so far only, bank in Taiwan to offer ATM overseas remittances in foreign currencies (U Remit). U Remit is a fast, simple, and safe way to remit money to many locations overseas, and 24-hour back up service is also provided. U Remit represents a milestone in Taiwan’s banking industry.
- **Overseas Remittances Available at CTBC’s 7-11 ATMs Nationwide**
Foreign workers only need to fill out an application form and give details of their remittee - without the need to open an account - to be issued a dedicated remittance card. These cards can be used at over 4,600 7-11 ATMs nationwide, allowing holders to remitt foreign currency 24 hours a day. When the forex transaction is completed CTBC immediately sends an SMS message to the remitter with details of the transaction status to put their mind at ease. It is also worth mentioning that CTBC has designed multilingual ATM interfaces to make such transactions easier for our foreign customers so that they no longer have to struggle with difficult monolingual interfaces.
- **Successful Experience to Be Reproduced Overseas**
To give our customers more diverse and convenient financial services CTBC will continue to work hard at developing new and exciting services along the lines of U Remit. Looking to the future, we hope to expand the U Remit ATM user base to include Taiwan citizens and foreign residents and we hope to be able to reproduce the U Remit ATM success overseas in order to achieve our ultimate product goal of “diverse applications; total service”.



Dedicated and Innovative Services for Credit Card Customers

- **Integration and Customization of Bonus Points System**
When CTBC customers use their credit cards they automatically accumulate bonus points and when they use our wealth management services they get “wealth points”. To make it easier for customers to keep a tab on their points total in 2012 we modified our data systems to allow all customers to add the different types of points together when swapping them for gifts, and also increased the variety of gifts available to give our customers maximum value for their points. In September 2013 we also introduced an exciting new deal for credit card customers who spend over NT\$600,000 or collect over 100,000 bonus points annually: They are now able to exchange their bonus points for anything they like - without any product restrictions – at anytime and anywhere in the world just by giving us a call.
- **New App for Buying Cinema Tickets & QR Code Scanning for Taxi Fares**
In order to meet our customers’ needs and to continue offering interesting new credit card services, since

September 2013 CTBC has been providing an app that allows our customers to book and pay for Weixiu Cinema seats and use a QR code in place of printed tickets. Our customers only need to download the CTBC “discount” app and register for the “discount wall” and “cinema wall” services to enjoy the ability to choose a movie, choose and reserve their seats, pay, and then download the QR code. CTBC has also been working with Taiwan Taxi Co. on a pilot scheme that allows our credit card customers to use a QR code to pay for Taiwan Taxi fares and enjoy a discount in the process.

- **Reestablishing Credit Limit Immediately on Payment of Credit Card Bill**
Feedback left on our VOC platform has pointed to a difficulty many customers have with their banks: After paying their credit card bill it often takes 2-3 days before their credit limit is reestablished, meaning that during this period they may encounter some inconvenience when shopping. In 2012 we modified our systems so that our customers can regain their credit limit as soon as they pay their bill either in one of our branches,

through one of our automatic routes, or through ATM/ Internet banking of another bank. These payment are methods safe and convenient, and CTBC is the first credit card provider in Taiwan to offer this service.

New Investment Products Such as Foreign Currency and Bonds Now Available

In addition to considerate service we also offer a wide variety of investment products to meet the diverse wealth management needs of our different types of customer.

First Batch of Renminbi Structured Products Now Available

There has been an increase in renminbi-denominated business and thus a corresponding increase in the need for related wealth management tools. In 2013, CTBC gained authorization to start accepting deposits and remittances in renminbi, and was also authorized by the Central Bank to conduct renminbi structured products operations. Soon after, we began offering 100% capital guaranteed renminbi structured products, which immediately started selling well on the domestic market. As a result of the strong demand for renminbi-denominated investments CTBC will continue to roll out a greater variety of renminbi structured products to meet our customers' demands.

CTBC First Bank to Offer Gold Bankbook Price Matching for More Investment Agility

Gold is a hot commodity, and since July 2012 CTBC Internet banking and mobile banking units have been offering gold trading through CTBC's gold bankbook. In November 2012 we became the first bank in Taiwan to offer gold bankbook price matching transactions. Our customers can now use Internet/mobile banking or one of our 147 branches to set desired amounts and price limits for buying and selling gold. When the asking price meets their price limit our system will automatically complete the transaction for them, releasing them from the burden of having to constantly watch gold prices while also making their investment strategies more efficient. Since offering this gold bankbook price matching transaction function many of our customers have been using it to set buy orders for when gold prices reach band low points and sell orders for when prices reach band high points. CTBC is happy to be able to make investing easier and more agile for our customers.

A Gentle Debt and Wealth Management Service

Life is full of ups and downs, and some of our customers occasionally have problems making ends meet, or fail in business, or something happens at home. Such misfortunes often have an adverse effect on the family finances and so CTBC has set up a specialist unit to help customers handle their debts and get out of difficulty. This is a transformative service that CTBC decided to set up after the financial crisis of 2008, and is one that amply demonstrates CTBC's care for its customers. We think of our customers as an integral part of the CTBC family.

Charitable Group Purchasing, Donations, and Goods Delivery to Help Customers through Difficult Times

For our customers who find themselves struggling with debt CTBC is with them every step of the way to ensure that their dependents still receive some tender, loving care. In recent years the CTBC Debt Management Unit has given indebted customers some hope for the future through schemes such as charitable group purchasing, charitable donations, and charitable goods delivery. And we have gone even further than this to help some of our customers walk out from under the dark cloud hanging over them. The charitable group purchasing that was started by the Debt Management Unit gradually spread to the whole company. We believe that the pragmatic way in which our staff as a whole have shown care for these customers reflects our pledge to our customers to build a lasting and reliable relationship with them. We encourage all of our indebted customers not to abandon hope. Since December 2008, when charitable group purchasing at CTBC first started, we have helped 40 customers so far through 153 group purchases. Our personnel have participated 3,765 times, spending a total of NT\$1,842,493.

Our experience with managing debt shows that many indebted customers owe money to more than one bank at the same time, and thus have a number of different debt repayment days every month. We actively assist our customers to consolidate their debts with other banks, and in 2013 we completed debt consolidation for 2,083 customers to the tune of NT\$3.47 billion. Once a customer has their debt management concentrated in one place, and doesn't have to face the stress of having a number of different debt repayment days every month, their lives

generally become more stable, both at home and in the workplace. This gives them more motivation to make their debt repayment on time and work toward rebuilding their credit worthiness without further hindrance.

Many of our customers with long-term debts struggle to make ends meet, and this financial pressure often creates hardships for their children. So that the children of our indebted customers can lead normal lives and carry on with their schooling we offer special assistance to this category of customer to relieve some of their debt burden. In 2009 our Debt Management Unit started a scheme to raise

donations for the children of indebted customers, and as of the end of 2013 990 donations have been received - totaling NT\$480,000 - that has been used to successfully help two families to get back on their feet. As of the end of 2012 we were continuing to financially support the upbringing of 16 more children of indebted customers. Every little bit of love counts, and we are happy to bring stability into lives of the children our indebted customers and help the family get back on its feet.



Employee Feedback on "Talks about Happiness"

Debt collection is the kind of work that often brings the collector into contact with members of disadvantaged groups who often have financial and/or psychological problems. As a debt collector my duty is to collect debts in a way that maximizes profits for my company but I also feel it is my responsibility to help customers who have fallen on hard times to rebuild their confidence.

I recently had to deal with a case of long-term non-payment that involved a Mrs Xu, who we had lost contact with. Whenever we called her daughter to explain our position the daughter was always guarded and treated us perfunctorily. It took a lot of patient explaining and expression of genuine concern before Mrs Xu's daughter started to see reason. It turned out that Mrs Xu and her husband had originally run a successful business, but that a major fire had led to catastrophic losses and they had found themselves in financial difficulty. The daughter herself was also having a hard time as a divorcee trying to raise a child alone by relying solely upon part-time jobs. Mrs Xu's health had suffered badly as a result of dodging her debts for many years: She now suffered from diabetes, and her husband had had a stroke and was confined to a hospital bed. The family had no idea how they were going to continue paying their hospital bills, on top of all their other problems, which was causing them great stress.

On learning that the family was lacking some basic necessities I immediately thought of the charitable goods delivery scheme that our Debt Management Unit was running. Further enquiries revealed that Mrs Xu's bedridden husband needed substantial amounts of nutrition drinks to maintain his health. I contacted all of my departmental colleagues and together we bought some cases of nutrition drinks and had the Debt Management Unit send them to the hospital. After the cases arrived I received a series of calls from Mrs Xu and her relatives expressing gratitude for our heartfelt gesture. Mrs Xu said that now she really understood why CTBC was different from other banks. Personally, I'm proud to have a job that allows me to stretch out a helping hand in the name of debt management services.

A Comprehensive, Integrated, and Intergenerational Wealth Management Service

CTBC has a deep understanding of trends in wealth creation in the Asia Pacific region. In response to the ageing of society and the family-oriented attitude toward passing on wealth that is the norm for most Chinese, in 2013 we created a new comprehensive service: New Generation Wealth Management. This service has been developed by expanding the scope of our Wealth Creator, Wealth Holder, and Wealth Leader individual membership services. Not only have we lowered the threshold for Wealth Creator – originally NT\$500,000 – so that more customers can enjoy a specialized wealth management service but we have also added a new category – Wealth Distributor – for our customers who hold over NT\$30 million with us so that we can offer a very superior service for our wealthier clients. We are also pioneering a family membership system that is designed to provide the most comprehensive family financial planning and advice service available from any Taiwan bank. In addition to the dedicated finance officers at our 147 branches we also have set up 4 expert teams – for investments, insurance, tax, and real estate – who can examine family finances and give expert advice concerning future investment possibilities so that all family members have their needs taken care of.

The Kind Hearts and Wealth Management Classroom

In order that wealth management skills and a kind heart can both be cultivated from an early age in 2013 CTBC combined its Lighting the Fires of Life Fund Raising Events into the Kind Hearts and Wealth Management Classroom that was held over the winter vacation in 9 regions including Taipei, Taichung, Tainan, and Kaohsiung. Around 360 high school age children of our wealth management customers were invited to participate in classes in finance taught by CTBC experts. The teenagers were also encouraged to go around with piggy banks to raise some funds for the Lighting the Fires of Life Fund.

Better Wealth and Risk Management for Our Customers

In recent years it has become apparent that increases in pay are lagging further and further behind the rate of inflation. Good wealth management has thus become of paramount importance to our customers. At CTBC there is

a dedicated wealth management department that provides various types of investment and wealth management service for our customers. In order to safeguard our customers' interests to a greater degree, in 2012 we established our Consolidated Risk Management and Compliance Center which focuses on drawing up guidelines based upon regulations promulgated by the competent authority and other common issues concerning the protection of financial consumers' rights. The center also controls risk management for both CTBC internal departments and for customers so that their rights are fully protected.

- CTBC also employs mechanisms to safeguard customer investments, such as offering investment advice before they invest and asking them to fill out risk assessment questionnaires and write an investment letter of intent so that we can gain a better understanding of how much risk they are willing to take on. We thus offer different investment portfolio models to our customers depending upon the risk category they fall into to give them something to refer to when dividing their money between mutual funds and other investment vehicles. We also provide a news service to our customers, providing them with the latest financial news and news on major world events so that they can make well-informed investment decisions. Our financial information service includes graded credit risk alerts and results of annual risk assessments for numerous financial products.
- **Internal Risk Management Mechanism**
 - **Establishing a Product Evaluation Committee:** This committee provides evaluation and checks on information from cooperating agencies and high risk issues concerning products and services that are in the pipeline.
 - **Establishing 3-Month Market Forecast System:** This system attempts to predict trends and performance for major markets worldwide in order to provide a basis for investment suggestions and portfolio adjustments.
 - **Establishing a fund volatility alert mechanism:** This mechanism has the function of early discovery of abnormalities in fund performance. Through daily monitoring we can also confirm that our client sales benchmarks are being met.
 - **Transaction management and post-transaction**

controls: This includes the transaction management and post-transaction control of asymmetric risk, portfolio distribution risk, and the risks associated with insufficient investment knowledge.

In the face of market uncertainty, investment strategy has to be nimble. In order to meet the informational needs of our customers who are engaged in wealth management, CTBC holds large wealth management seminars every year: We held 6 of these seminars all over Taiwan in 2013 as a way of rewarding our long-term customers for their support.

Having survived the subprime crisis in 2008 and the aftershocks that manifested as the European debt crisis, the world's financial markets spent 2013 busily rebuilding, and stock prices soared. However, hidden in the good news is the potential for major downturns due to changes in government policy. In order to assist our customers to accurately read the pulse of the markets CTBC invited 3 of Taiwan's top stock market experts to give lectures on the topic of The Changing Face of the Global Economy. 1,300 of our customers attended these talks at 6 locations and they left with some good ideas on asset allocation strategies for 2014.

Over the years, CTBC has held numerous finance conferences and forums with global perspective for customers. CTBC also held various seminars in response to changes in the financial markets, such as real estate, insurance and retirement, tax and wealth management, and financial prosperous living. In 2013 CTBC's wealth management teams held 165 with almost 10,000 of our customers invited. We will continue to hold high quality lectures and invite Taiwan's top experts to speak in order to give our customers the best chance possible to stay one step ahead of the game.

Industry Pioneers in Partnering Up with Taiwan's Corporations

Small and medium enterprises (SMEs) have a very important role to play in the economic development of Taiwan. In order to support and expand our services for small- and medium-cap companies, CTBC established its Global Small and Medium Enterprise Office in January 2011

after spending two years in planning and preparations. This office specializes in providing services to SMEs, and hopes to be able to offer a faster and more convenient financial service for these companies to help them fulfill their boundless potential. We hope to become the financial institution that they trust in and rely on the most.

Facilitating Economic Growth in Taiwan by Supporting Small- and Medium-Cap Companies

In the 3 years since beginning operations, the Global Small and Medium Enterprise Office has issued over NT\$30 billion in newly-originated loans to nearly 300 small- and medium-cap companies, and we have set a target of issuing NT\$100 billion newly-originated loans within 5 years, putting us in the top 3 of private banks. We hope to become the bank that SMEs in Taiwan choose first and recommend to each other.

In order that our customers can get access to capital in the shortest time possible, CTBC will continue to develop its risk management systems and credit analysis procedures for small and mid-cap corporations. We aim to offer our customers quick, uncomplicated, standardized credit products based upon our assessment of controllable risk. We have developed new and differentiated products and risk management strategies for manufacturers according to their capital requirements. Beginning in 2014 CTBC will also be actively supporting the cultural and creative industry by providing lines of credit and offering day-to-day services such as cash management.

- **Active Involvement in the Government's Small and Medium Enterprise Capitalization Policy**

SMEs often have the problem of not having enough collateral or experience of working with banks. To mitigate this problem, CTBC has joined forces with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to offer batch credit guarantees, and our accumulated underwriting volumes are the highest of any financial institution in Taiwan at 25% of the domestic underwriting total. We have assisted many of Taiwan's SMEs in solving their capitalization problems, and from 2011-2013 we won a special award at the Outstanding Banks in Credit Guarantee Financing Awards. In 2012, we actively worked with the government on

two capitalization schemes – Sports Service Industry Primary Insurance and Travel Agents Capitalization – so that SMEs that usually have problems getting capital from banks could borrow a useful sum of money for their operations and sustainable development. Our participation in these schemes won plaudits from many of Taiwan's SMEs.

■ **Secure and Effective Financial Services**

CTBC's all-new service platform for SMEs is based upon the concepts of "innovation through technology", "zero distance service", and "globalized distribution". It provides them with safe and effective financial services: After passing the credit analysis process it is possible for a SME to receive their loan within 30 minutes of engaging with the platform. CTBC also allows companies to wire money using a fax system called Code Fax: Instead of needing original documentation to complete transactions with the issuing bank a coded fax is sent. Messages (MMS) can also be sent to customers email accounts or cell phones informing them of money transfers in and out of their accounts, and their trade financing. According to their degree of authorization, CTBC customers can also wire money and check their account online through our international Internet banking platform, e-Cash. 2012 saw us begin to promote a specialized mobile banking service for small- and medium-cap companies that provides them with an even more accurate real-time, zero-distance service. And in 2013 we have begun to promote our "company card" for SMEs to use for business travel and other small expenses. Our aim is to create innovative financial products that will meet all of the needs of small- and medium-cap companies.

■ **Dedicated VRM Provides Online Real-Time Transactions and Information**

We at CTBC believe in using technology effectively, unlike ordinary financial service providers whose customer service can at times seem somewhat random. CTBC has established a Virtual Relationship Manager (VRM) to provide our customers with real-time transaction capability and information, and online assistance to help them to operate the system. VRM not only learns our customers' habits and requirements but has also been designed to build a long-term relationship

with them. CTBC also has 66 branches in 11 different countries around the world, which gives us a deep understanding of international markets. Not only do we provide an integrated financial platform for Taiwan's SMEs but with our excellent overseas network we are also able to provide meet all of their financial service needs when operating in overseas markets.

CTBC Securities to Assist Overseas Taiwan Firms to List on TAIEX – Firms in Vietnam Targeted First

CTBC Securities is trying to persuade Taiwan firms that have fought hard for success overseas to list on the TAIEX by explaining to them economic trends in Taiwan and the advantages of having access to Taiwan's capital markets. In 2013, CTBC Securities joined forces with the Taiwan Stock Exchange, the accountancy firm Ernst and Young, and Chien Yeh Law Offices to send a team to Ho Chi Min City and Hanoi in Vietnam to hold 4 days of seminars for Taiwan firms based there. Over 100 Taiwan businesspeople enthusiastically attended the meetings and CTBC Securities pledged to expand its customized capital market services to diversify the financial services available to the Vietnam based firms. The seminars were designed to fully explain the complexities of listing on the TAIEX and related financial market information so that potential customers would not have to look elsewhere.

Raising Customer Service Quality by Establishing a One-Stop Window for Corporate Customers

By analyzing feedback from our VOC system and customer satisfaction surveys we have discovered that our corporate clients often complain of having too many points of contact due to the division of specialized tasks between different departments. This means that some of them don't know who to call when they have a specific problem, or that having a number of different personnel dealing with the same transaction causes them confusion. In order to meet customer expectations and requirements, to avoid creating further hassle for our corporate customers, and to offer them a tip-top, all-round service, in 2011 CTBC began implementing its Customer Service Specialist (CS) system. This team of senior, specialist, front line staff is fully committed to customer service and is now the main window for contact and consultations between CTBC and its

corporate clients. The team pro-actively sends out deadline notifications concerning deposits and loans and follows up on transaction progress so that the customer can relax and hand over control of the transaction to us, knowing that they can call us anytime that they have a problem.

handling fees, and transaction progress into a new Customer Service Management (CSM) system. This system provides our service staff with user-friendly functions that allow them to rapidly answer online customer enquiries. Since its implementation, CS's dedicated and warm service has won the trust of our corporate customers, becoming an invaluable aid to them and allowing CTBC the chance to become their primary bank, thus creating a win-win situation.

The Government's Top Helper in Stimulating Economic Growth

CTBC Investments pays an extraordinary amount of attention to development trends in manufacturing, both in Taiwan and overseas. By designing business operations that fit hand-in-glove with government financial policies CTBC Investments is the government's top helper in stimulating economic growth.

Helping Taiwan's Overseas Businesspeople Return Home

In order to encourage Taiwan's overseas businesspeople to invest in Taiwan, the management committee of the Executive Yuan's National Development Fund has formulated the Protocols for Strengthening Lending to Overseas Taiwan Enterprises Wishing to Invest in Taiwan, which is designed to assist overseas businesspeople in raising funds. CTBC is also lending its full support to overseas businesspeople in order to stimulate domestic investment and create job opportunities, all a part of our CSR policy. For businesses that have been overseas for over 2 years and meet the conditions below we have set up a Strengthening Lending to Overseas Taiwan Enterprises Wishing to Invest in Taiwan scheme. The conditions are:

- The company must have their own brand that is marketed overseas.
- It is part of a crucial international supply chain.
- It makes value-added products or crucial components.
- International companies must have their R&D

department or operations HQ in Taiwan.

CTBC has allocated NT\$10 billion for its Strengthening Lending to Overseas Taiwan Enterprises Wishing to Invest in Taiwan scheme, and as of the end of December 2013 we have approved NT\$3.3 billion in such loans, of which NT\$2.463 has been issued, making us the biggest lender of this type of any financial institution in Taiwan.

Going Along with Government Policy by Helping Corporations in Difficulty

For firms that want to service and repay their debts but are having short-term operational problems CTBC is collaborating with government policy to alleviate their debt pressure. We are also employing a variety of negotiating models to create win-win situations and maintain the mutual trust between us. In 2013 there were 19 corporations in Taiwan that were repaying their debts in installments after negotiating with us using one of these models. As for the sole ownership SMEs (some being well-known brand names) that were once part of the backbone of Taiwan's economy but have now gone out of business due to changes in the economic environment and left us with bad debts, CTBC is willing to reach out a caring hand by offering them a variety of debt negotiation and debt reduction methods. Helping our corporate customers to repay their debts as soon as possible will help them back onto their feet, and in 2013 CTBC undertook debt negotiations and debt reduction for 99 of Taiwan's SMEs.

One of our mottos is: "If it's good for our customers then we'll do our best to make it happen". We use a variety of methods and system designs to get a handle on what our customers want so that we can quickly develop innovative products and caring services to meet their needs and repay them for their support. We make our services a part of their lives, and whether it's enhancing ATM functionality or lending money to companies we believe that it is our customers who make us want to be better. We hope that with the cooperation of our customers we can mine a new vein of market growth by developing new financial products that will boost industry and social development.

Employee Care & Career Development



Two years ago, the words “We are family” was just something that Yujuan heard on TV commercials. But now it has a much more personal meaning.

“Family is always there when you need them.”

When Yujuan first joined CTBC she didn't have much knowledge or experience, and so she spent her time absorbing and learning whatever older colleagues unstintingly passed on to her so that she could get up to speed with her job requirements in the shortest time possible. That period of learning was the first time that Yujuan experienced the feeling of being looked after by her team, and whenever she thinks of it now she re-experiences the warmth in her heart that she felt then.

“Family always remembers the days that are important to you, big or small”.

That year Yujuan had a different kind of Moon Festival: She made cakes with her colleagues, and as she kneaded the butter and flour she was happy that they were able to take a break from serving customers 24 hours a day to enjoy a carefree moment or two as a group during the festival. Customer service is a busy job, but as long as you are part of a family then care and consideration is always there. One day her manager, Ms. Tong, appeared out of nowhere at her side, startling Yujuan. It turned out that Ms. Tong had a birthday card for Yujuan that had been signed by all of her colleagues, and Yujuan once again felt the kind of warmth that she felt with her family.

“Family encourages and comforts you when you are feeling down”.

After starting out dealing with customers in a service role Yujuan gradually moved into a marketing role, a process that she at times found difficult. The pressure of having to meet sales targets made her think of giving the job up, but the support and encouragement of her colleagues and the patient guidance she got from her supervisor helped her to examine her role closely and find the confidence to carry on.

She knew that whatever happened she wouldn't have to struggle on alone, so even though she had been with us for less than 2 years she was very proud to be a part of our family. And even though she is still being looked after by us she is looking forward to the day when she can be the one who gives a new colleague that feeling of “We are family”.



For a corporation, what is the meaning of “family”?

For CTBC, the feeling of being a big family extends to 4 important aspects of our business: Employees, facilities, workplace atmosphere, and corporate values.

We treat our employees as if they were family by designing a comprehensive system of benefits and job protection for them. As for facilities, as our staff generally work 8 hour shifts we try to provide the most comfortable working environment possible to make them feel at home. Workplace atmosphere is something that we pride ourselves in excelling in: Year after year our employee satisfaction surveys have shown that “relationship with colleagues” is one of the top 5 reasons why our employees stay in their jobs. “We are family” sums up the spirit of CTBC, and it has become internalized as one of our core values. We will continue to treat every member of staff and every customer with the care and consideration that we show to our own families.

The Most Stable Career Possible

We employ our staff according to the principles of only hiring people with the right talents and using each employee's talents where they are needed most. Our human resources are organized around 3 main hubs: Human resource management, talent development management, and human resource policy. We have a department dedicated to promoting diverse talent development and a corresponding system of incentives through remuneration, bonuses, and benefits. In terms of staff hiring and turnover, and education and training, CTBC is an exceptionally stable organization and human resource policy. We have a department dedicated to promoting diverse talent development and a corresponding system of incentives

Employee Structure—by Gender

2013/12/31	Taiwan		Overseas		
	Full time	Temporary, part-time	Full time (Including Overseas)	Contracted	Temporary, part-time
Percentage of employees by gender					
Male	4,076	185	295	1	5
Female	7,138	388	356	2	8
Total	11,214	573	651	3	13

through remuneration, bonuses, and benefits. In terms of staff hiring and turnover, and education and training, CTBC is an exceptionally stable organization.

Hiring Policy

CTBC pays a lot of attention to talent development in its financial service departments. We regard talented employees as the source of our competitiveness and we have a unit dedicated to finding suitably talented and qualified staff and giving them the development and training they need. Our employee productivity and levels of satisfaction are the highest of any financial organization in Taiwan. The hiring statistics below cover CTBC Holding and its subsidiaries, including CTBC bank (including overseas branches and offices), and CTBC Insurance Brokers, CTBC Security, CTBC Capital, CTBC AMC, CTBC Life, CTBC Investment and Taiwan Lottery.

In 2013 nearly all of the management positions at CTBC business premises were filled by local employees: In Taiwan, the local hiring rate was 99.9%; overseas the local hiring rate was 85.6%. Over the last 2 years the rates of increase for the number of employees and new hirings has been stable, but our rate for employees leaving is lower than that for our competitors. In 2013 CTBC employed 11,214 permanent and 573 part-time employees in Taiwan, giving a total of 11,787. At our overseas operations we employed 651 (including Taiwanese stationed overseas) permanent and 16 part-time employees, giving a total of 667. 0.62% of our employees are registered as disabled, which keeps us in line with the stipulations of the Labor Standards Act. In terms of employee benefits, in 2013 CTBC paid out NT\$558,448,000, which was 0.44% of our total revenue and 2.59% of pre-tax profits.

Employee Structure—by Fixed Salary, Commission

2013/12/31	Taiwan		Overseas		
	Full-time	Temporary, part-time	Full-time (including overseas)	Contracted	Temporary, part-time
Number of fixed salary, commission only employees					
Fixed Salary	9,310	573	651	3	13
Commission only	1,904	-	-	-	-
Total	11,214	573	651	3	13

Note : “Fixed salary” refers to employees whose salaries are fixed ; “Commission” refers to employees who get a basic salary and also earn commission on sales.

Employee Structure—by Age, Gender, Management Position and General Position

2013/12/31 In employment		Full-time (Taiwan)			Full-time (overseas)		
Gender	Age range	Managers	General employees	Total	Managers	General employees	Total
Male	Above 50 years	171	235	406	27	15	42
	30-50	484	2,532	3,016	52	156	208
	Under 30	-	654	654	1	44	45
	Total number of males	655	3,421	4,076	80	215	295
Female	Above 50 years	68	158	226	7	12	19
	30-50	826	4,840	5,666	45	215	260
	Under 30	3	1,243	1,246	-	77	77
	Total number of females	897	6,241	7,138	52	304	356
Total		1,552	9,662	11,214	132	519	651

Note : Management position refers to managers who have supervisory roles ; General position refers to non-management employees.

New Hires (Fixed Salary)—by Age, Gender, Management Position and General Position

2013/12/31 New Hires (Fixed Salary)		Full-time (Taiwan)			Full-time (overseas)		
Gender	Age range	Managers	General employees	Total	Managers	General employees	Total
Male	Above 50	5	10	15	6	2	8
	30-50	10	226	236	11	39	50
	Under 30	-	262	262	-	32	32
	Total number of males	15	498	513	17	73	90
Female	Above 50	3	4	7	-	-	-
	30-50	13	223	236	5	32	37
	Under 30	-	399	399	-	44	44
	Total number of females	16	626	642	5	76	81
Total		31	1,124	1,155	22	149	171

2013 Hiring rate (fixed salary, Taiwan) : 12.6%

Note : New Hiring rate formula : Number of new hires / average total workforce at the beginning and end of the period.

Turnover (Fixed Salary) –by Age, Gender, Management Position and General Position

2013/12/31 Turnover (Fixed salary)		Full-time (Taiwan)			Full-time (overseas)		
2013 year-end workforce(fixed Salary)		9,310			651		
2013 turnover rate		10.2%			18.4%		
Gender	Age range	Managers	General employees	Total	Managers	General employees	Total
Male	Above 50	11	25	36	3	2	5
	30-50	5	228	233	11	29	40
	Below 30	-	140	140	-	9	9
	Total number of males	16	393	409	14	40	54
Female	Above 50	3	16	19	1	-	1
	30-50	10	279	289	2	36	38
	Below 30	-	217	217	-	19	19
	Total number of females	13	512	525	3	55	58
Total		29	905	934	17	95	112

Note : Turnover rate formula : Number of resignations / average total workforce at the beginning and end of the period.

CTBC has worked hard to create a working environment that upholds employee rights and eliminates discrimination and harassment to facilitate the building of trust and respect between employees, who can then commit themselves to maintaining corporate performance and reputation. In 2013, not a single case of discrimination was reported, nor were there any cases of child labor, forced labor, or even worker's rights being violated.

Creating Gender Equality in the Work Environment

At CTBC the ratio of female employees to males is 16:9. At CTBC bank, over 60% of the managers are female, throughout the company as a whole the proportion of female managers is close to 60%, and every year over 70% of model employees are female. All this indicates that CTBC is creating gender equality and equal opportunities in our offices.

In order to promote gender equality and create the most ideal working environment possible for our employees, CTBC has clear, written rules designed to prevent sexual harassment, discrimination, and threatening behavior. Our employment policies are also designed to be consonant with government attempts to get more housewives back

to work. For example, we always take housewives into account when we are hiring cooks for our branches that have kitchens, for casual workers, and for commission-only salespeople. We also pay much attention to human rights and ensure that all of our staff receive adequate training, for example, orientation training session, security personnel training, information security training, internal audit courses etc. during which topics such as prohibitions on the use of child labor or forced labor, and what constitutes a dangerous work environment, are all covered. We also have an employee code of ethics and a system of rewarding ethical behavior and penalizing unethical behavior that has been incorporated into our human rights statement.

In order to provide a secure working environment for our female employees and help all of our employees to find the right balance between work and home, CTBC provides menstruation leave, parental leave, paternity leave, home care leave, and parental subsidies. In 2013, 135 of our staff applied for unpaid leave to take care of new-born children, of which 85.9% later returned to work. 952 of our staff received child care subsidies, which came to a total of NT\$13,900,656.

According to our statistics, our crude birth rate for 2013 was 44%, whereas for Taiwan as a whole it was only 8.53%. This clearly shows that our female employees can take the responsibility of taking care their families while maintaining their career, in the knowledge that CTBC provides the benefits and care that they need from an employer.

Unpaid Maternity Leave for 2012-2013

	Male	Female	total
2013 number of applicants for unpaid maternity leave (A)	7	128	135
2013 number of unpaid maternity leave personnel who returned to work in 2013 (B)	6	110	116
2013 rate of return to work (B/A)	85.7%	85.9%	85.9%
2012 number of applicants for unpaid maternity leave (C)	7	131	138
2012 number of unpaid maternity leave personnel who returned to work (D)	7	78	85
2012 rate of return to work (D/C)	100%	59.5%	61.6%
2012 number of unpaid maternity leave personnel who returned to work and stayed at work for a year (E)	1	26	27
employee retention rate (E/D)	14.3%	33.3%	31.8%

A Complete System of Remuneration

CTBC offers competitive remuneration packages to its employees to ensure that the reward for their hard work is enough for them to provide a good standard of living for themselves and their families. Salaries for new personnel are above the national minimum wage and are often raised following reviews of the labor market to ensure that we attract top personnel who want their career to grow in tandem with CTBC.

Remuneration Policy

At CTBC we are always looking for ways to create situations that simultaneously benefit our employees, the company, and its shareholders. Our corporate remuneration policy is basically as follows:

- Remuneration system should be fair and incentive and based upon the job requirements.
- We provide employee stock option plans in order to encourage and keep our outstanding employees.

- Every year we conduct an investigation of the labor market to ensure that our staff is being paid globally competitive wages.

Remuneration System

CTBC uses a number of objective criteria – including employee work history, employee abilities, and the importance of the position being filled – to determine remuneration packages for our employees based upon the principle of gender equality. Our basic salaries are always above the national minimum wage, and are the same for men and women. Generally speaking, our staff gets 14 months' wages annually: 12 monthly pay packets and 2 extra months service bonus. An additional end-of-year bonus is also issued that is calculated according to overall corporate performance and individual performance for the year. According to statistics from the Directorate General of Budget, Accounting, and Statistics, Executive Yuan, in 2013 CTBC paid its staff an average 1.2 times more than the average for the financial industry. Market reports and CTBC operational and individual performance reports also show that in 2013 we raised pay by an average of 2.5%, with the highest single increase being 15.6%.

<p>We participate in annual market remuneration surveys and adjust pay according to economic trends, corporate performance, and individual performance. In 2013 we raised pay by an average of 2.5%, higher than the industry average.</p> <p>Basic pay</p>	<p>We believe in compensating our employees for their hard work in assisting us to meet our operational targets, and so we give superior annual bonuses based upon revenue, market conditions, departmental performance, individual performance, and position held.</p> <p>Annual bonuses</p>
<p>Performance bonuses are given to sales staff based upon sales performance and in accordance with our bonus policy.</p> <p>Performance bonuses</p>	<p>We reward our employees for good individual work attendance, with the maximum service bonus available being 2 months. We want our staff to be healthy and happy at work.</p> <p>Service bonuses</p>

2013 Employee Gender Remuneration Ratios (Taiwan)

Annual Salary	Female	Male
Managers (and above)	100%	100%
General employee	100%	100%

The 2013 remuneration ratios for CTBC employees in Taiwan can be divided into two categories: management remuneration and general employee remuneration. Using male general employees' remuneration as a benchmark, the male-to-female remuneration ratio was 100%:100%, marking no difference between them. At the level of manager and above, using male employees' remuneration as a benchmark, the male-to-female remuneration ratio was 100%:100%, marking no difference.

Generous Bonuses and Welfare

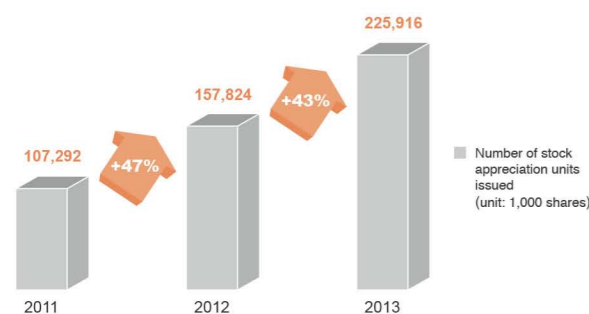
CTBC has an Employee Welfare Committee that decides our welfare policy, makes it their business to look after our employees, and makes sure that a wide variety of welfare options are made available. We also have a long-term bonus scheme to motivate our staff to work hard and share in the profits.

Long-Term Bonuses

So that our most talented staff can share in the prosperity that they help to create CTBC has a number of long-term bonus plans, such as cash increased employee stock options and stock appreciation rights. These long-term bonus schemes aim to motivate our staff to work hard, meet our corporate targets, and share the profits. Following is an explanation of each plan, and how they have been implemented over the previous few years:

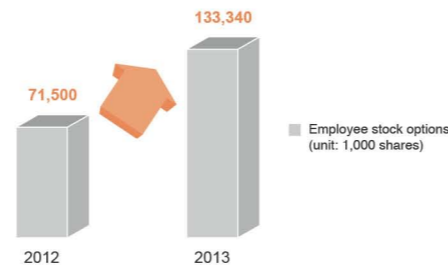
Stock Appreciation Rights Plan

The number of units issued under our stock appreciation rights plan has increased every year over the last 3 year. The total for 2012 was 47% more than the total for 2011; the total for 2013 was 43% more than the total for 2012.

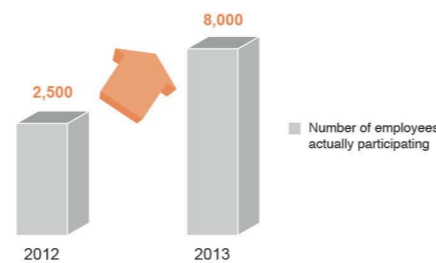


Cash Increased Employee Stock Options

In 2013 CTBC and its subsidiaries had a total of 133,340 thousand shares of cash increased employee stock options, compared to 61,840 thousand shares in 2012.

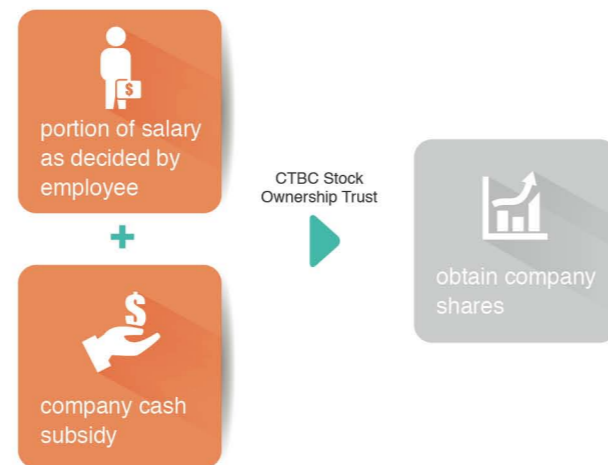


In 2013 over 8,000 personnel from CTBC and its subsidiaries participated in our employee stock options, an increase of 5,500 on 2012's figure.

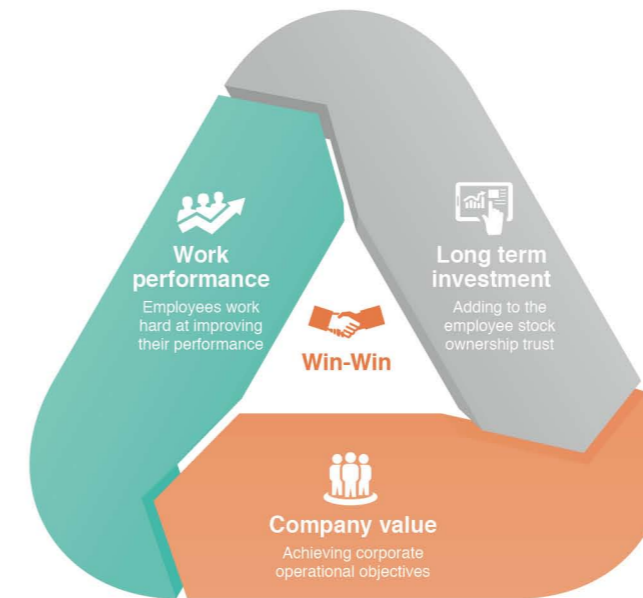


Employee Stock Trust

CTBC was the first financial organization in Taiwan to start an employee stock trust to encourage its employees to save money and create wealth in tandem with the company. Taking part in the trust requires employees to use a small part of their monthly pay to buy CTBC shares, for which they are rewarded with cash to buy more shares, as shown in the diagram below:



Currently, over 8,000 of our staff have joined the trust, which provides them with an easy and carefree way to save money and create a pension pot by allocating a fixed sum to regularly buy CTBC shares. The trust is also a way of combining employee performance and our long-term corporate goals to create a win-win situation for both.



Welfare System

Our corporate slogan is "We are family", and in order to treat our staff as family we have created, along with optimal working conditions, 2 main types of welfare for them: Core Welfare and Flexible Welfare. We aim to help our staff achieve the right balance between work and home.

Core Welfare: All companies are bound by law to provide their staff with National Labor and Health Insurance, also offer financial assistance for marriage, bereavement, maternity, inpatient care for dependents, birthday bonus points, an educational allowance for children. We also subsidize a wide range of other activities such as our employee arts and sports clubs, end-of-year banquets, and sightseeing trips. During the 3 main national holidays – Chinese New Year, Dragon Boat Festival, and Moon Festival – CTBC also gives its staff small gifts of cash, and bonus points are given on birthdays along with a greetings card from the chairman, which always brings a smile to their faces. Another way we put the "We are family" spirit into action is by providing immediate financial aid and interest-free

loans to any employee dealing with an emergency.

Flexible Welfare: Beginning on 1 July 2003 CTBC pioneered the industry's first benefit point system available on an online benefits platform. We cooperated with an outside corporate welfare consultant – Taiwan Relo – to help us set up the system that represents a break from traditional corporate welfare models. Our new welfare model is based on a bonus points system: we issue points to our staff every year which they can then spend on whatever they want through the Taiwan Relo Website, thus giving them a diversity of welfare options to meet all of our employees' food, clothing, accommodation, travel, education, and entertainment needs, and also provides up-to-date information on sales and discounts.

Retirement System

All of CTBC personnel employed in Taiwan are able to benefit from the following retirement system:

- Taiwan's Labor Standards Act Retirement System:** Each month, based on an employee's gross earnings, CTBC makes a deposit into a retirement fund held in a specialized retirement account in the Central Trust of China.
- Labor Pension Act:** Each month, CTBC contributes 6% of an employee's wages to his or her Bureau of Labor Insurance individual retirement account. Employees who wish to contribute to their own retirement accounts have a pre-set percentage deducted from their salary, which is then deposited into the same retirement account.

In keeping with the spirit of CTBC's "We Are Family" motto, the following retirement benefits are intended to convey our affection and gratitude toward retiring employees:

- Upon retiring, a heartfelt farewell dinner is held in honor of the retiring employee. Colleagues and management gather together to wish the employee a happy retirement.
- A specially-crafted souvenir is also presented to the retiring employee by a company representative in gratitude for the employee's long years of valuable service.
- Annual recreational activities and learning programs are offered to retired employees because CTBC continues

to care about the well-being of its retired employees and wishes to promote lifelong learning.

Other Employee Care Measures

- **Group Insurance:** Our group insurance covers 10 different circumstances including life assurance, and insurance to cover accidents, emergency medical treatment, accident and loss for cash couriers, outside work, hospital treatment for employee dependents, grants for parental hospital treatment; and treatment for cancer. Of these, the NT\$900 per day grant (with a 60 day maximum for each stay) for parental hospital treatment is the one that wins the most praise from our employees.
- **Preferential Mortgage Rates for Employees:** We always hope that our employees have loving homes to go after work and so we have a system of preferential mortgage rates for our employees. The amounts that can be borrowed vary according to the borrower's job grade. Our preferential mortgage rates are half of what the industry averages are.

Proper Employee Incentives

CTBC has worked hard at creating a work environment that our employees are comfortable with, at creating prosperity for our employees and their families, and at bolstering the competitiveness of our staff for the benefit of the company and society as a whole. We have a diverse system of incentives in place so that our best employees get the recognition and rewards they deserve, and so that our senior staff will feel that their jobs are completely secure.

Logical Performance Management

Performance management at CTBC is still done using a fair and logical performance measurement system that works top down through every strata of our corporate organization to set annual performance targets for each employee. We use the four perspectives of the balanced scorecard method, and also take into account finance and management procedures and individual learning growth while keeping in mind the requirements of customer service and management quality. CTBC has been doing its best in recent years to take part in corporate social activities, and will soon be making the participation in and promotion of

corporate social responsibility activities one of the criteria for measuring senior management performance every year. In addition to asking our senior managers to be role models, we also hope that their influence will help to spread the concept of societal contribution throughout CTBC so that it eventually becomes universally recognized as part of our corporate mission.

We have a comprehensive performance management procedure to assist our staff to effectively improve their performance. The first step is to help them to understand and formulate their own realistic performance targets. Later in the year we conduct employee performance reviews and give them feedback or suggestions on how their performance could be improved. At the end of the performance monitoring period we interview our staff and review together their results to see if any targets were missed and why. Employees with excellent performance records are given incentives and further opportunities to develop; employees who have fallen behind are given further guidance and assistance from their supervisors to help them to quickly bring their work performance up to speed.

A Complete Performance Based System of Promotion

CTBC's performance management system is a systematic process of continuous mutual interaction that relies on setting targets, monitoring progress, and evaluating results. Performance is tied to organizational vision and strategy so that each employee clearly understands their personal target in the context of corporate targets and long-term vision. After the annual performance results are released CTBC conducts evaluations of the best performers and offers the most suitable candidates the chance of promotion. Performance results also determine how big each employee's end-of-year bonus is.

In order to meet organizational development requirements CTBC has established a fair and unhindered channel for promoting our talented personnel. Promotion is based upon personal ability and work performance, and is not dependent upon gender or other factors. Promotion is mostly dependent upon ability to do the work required in the future rather than on past performance. Besides setting a



The selection and celebration of model employees stimulate CTBC staff to tirelessly pursue excellence.

system of performance evaluation grades, annual salaries, and selection conditions (quantitative targets), assessments of performance-related interviews, employee potential, supervisor's or senior management recommendation, and vacancies that need to be filled are also undertaken to make up the overall criteria (qualitative targets).

Model Employee Awards

Since 2005 CTBC has been holding model employee awards ceremonies. In 2013, 43 employees were chosen as models for their integrity, caring, professional, innovation and teamwork.

After being selected as model employees the group of outstanding personnel and their families are invited to take part in an awards ceremony banquet which is hosted personally by the CTBC chairperson and senior management. Not only do they enjoy the honor of receiving awards but they also get to go on vacation with their families at company expense. Being chosen as a model employee is the highest honor for our staff, and they always enjoy the VIP dinner and awards ceremony. We have found that the model employee awards act as a great incentive to our staff, and the winners and their families always feel closer to the company as a result.

Golden Holiday Rewards

To thank employees for their years of contribution and service to CTBC, at the five and ten year marks employees are given a golden holiday: five consecutive days of paid vacation. We hope that employees will enjoy their well-deserved breaks.

Diamond Holiday Awards

In order to give our employees the opportunity to expand their horizons, after 15 years of service and every five years thereafter until their 30th anniversary, employees receive a Diamond Holiday airplane ticket valid for one year valued at from NT\$30,000 to NT\$50,000 and the services

of a travel agency to plan the perfect holiday for themselves and their families. In 2013, 558 of our employees took subsidized "diamond vacations".

Senior Employee Recognition

To thank employees for their long-term contributions to the company, CTBC has a Senior Employee Recognition System. After completing five years of service or more, employees are given badges and a mobilization meeting is held or other public praise is given. In 2013, about 1,100 employees were recognized for this honor.

Public Club Recognition

Staff mobilization meetings are held regularly and public recognition is given to outstanding club members and volunteers. We hope these meetings will encourage our employees to make a contribution to society, even after a long day's work.

Comprehensive Employee Training

Our staff are our most valuable resource and are the crucial components that make it possible for our operations to be both top notch and sustainable. We have a human resource recruitment plan that matches the development requirements of all of our business units, and we have a diverse number of recruitment channels to attract the most qualified candidates available. Keeping in line with our corporate business strategies we design training programs tailored to develop the strengths of our employees. Based on the concept of "teach according to talent" we provide a diverse range of training in management, specialist fields, foreign languages, personal development, etc., so that the needs of different ranks of employee can be met. CTBC has

won a number of awards from both domestic and foreign organizations for its employee training regime: In 2011 and 2012 we won the Taiwan Training Quality System corporate bronze medal, which proves our commitment to improving the quality of our in-house training.

Nurturing Talent through Large Scale Recruitment Plans

CTBC takes pains to plan out career advancement for our employees, which is clearly evident in our large scale recruitment plans. Every year we recruit nearly 100 new personnel to take part in programs specifically designed to nurture talent, such as Management Associate (MA) and ARM (Assistant Relationship Manager). Through systematic nurturing and job rotation we can quickly turn newcomers into the specialists and managers that our business enterprises will require in the future and maintain a talent pool of junior managers who can be called upon whenever business picks up and whenever the company needs to send personnel overseas as our overseas operations expand. In order to meet the requirements of our enterprise development plans and keep abreast of movements in the labor market CTBC will also continue to recruit frontline salespeople, operations service staff, customer service staff, and finance officers. It is important to us that we guarantee a constant stream of talented personnel who can be put to the best possible use.

For our 2013 MA program we are providing 2 years training. The first year is general finance knowledge and systematic job rotation so that the MA trainee develops a solid overview of the finance industry as quickly as possible. During the second year in-depth training is given based upon delegation to particular projects that are a part of operations development plans of our various departments. During both years there is a strong emphasis on balancing theory and practice. In addition, CTBC also has agreements with top international business schools that allow us access to their corporate strategy concepts. Our system of individual case reviews also allows our MA trainees to get support and feedback whenever they feel the need.

The 35 MA trainees who joined the program in 2013 will be trained in corporate finance, personal finance, payment finance, capital markets, investment, risk

management, operations management, and insurance (at our insurance subsidiaries). Equal time is spent in the classroom and in the office, and after completing the program the newly-qualified manager could be sent to any of our business locations worldwide to be at the forefront of CTBC's global expansion.

A Complete Financial Advisor Training Program

As the global economy continues to pick up investors are gradually becoming more willing to make investments and also becoming more familiar with the investment products available. In order to facilitate increased sales in investment products and the further development of our wealth management business. CTBC has been busy making adjustments to its wealth management strategies and has come to the conclusion that the overall capabilities of our financial advisors need to be improved. Our financial advisors training program has thus been updated so that they can give our wealth management customers the most complete and comprehensive financial service possible.

The CTBC Complete Financial Advisor Training Program is basically a human resource strategy. We were able to get an abundance of training resources from the Taiwan Institute of Business, which we used to develop a training program that meets the demands and operations strategies of the finance industry. The difference between the current program and previous ones is that the new one emphasizes improving overall capabilities rather than just focusing upon specialist training and how to hit targets. The program is structured around 5 main hubs: Specialist training, problem solving, personal development, macro thinking, and team spirit. The development of trainees' talents based upon their strengths is a core concept in the program so that graduates from the program will be able to give our wealth management customers a more wide-ranging and complete financial service that adapts to the rapid changes in economic conditions.

Nurturing Outstanding International Finance Experts

In response to the internationalization of our operations CTBC needs to nurture top managers who have an international outlook. To this end, in 2012 CTBC entered an agreement with the Wharton School of the University of

Pennsylvania to develop our Management Development Program to enhance management strategy formulation and commercial decision making abilities. We also provide managers with a variety of English language resources, such as operations managers English classes, English practice for international business personnel, English Café one-to-one English classes, and English Weekly digital magazine. The content of these resources covers business English, financial and economic trends, reports on international events, etc., and the intention is to create an effective foreign language learning environment. CTBC also provides language learning subsidies for all of our staff to improve their foreign language abilities and gear up for globalization.

Training for Different Ranks of Employee

Comprehensive Training for New Employees

In order that our new employees can quickly identify themselves as a part of our organization CTBC has designed a series of online classes. In 2013 we also started a new 3-day conventional course – the New Employee Camp – that introduces our corporate history and culture, operations organization, financial regulations, and codes of behavior for new employees, so that new employees can quickly understand what it means to be a member of our corporate family. Team activities are also arranged so that new colleagues can get to know each other better. In 2013 we held 10 New Employee Camps (for 8 categories of employee) that were attended by 529 personnel. Classes in human rights, code of behavior, etc., generally last for 2 hours and in 2013 1,058 hours of classes were taught. 97% of attendees said they were “satisfied” or “very satisfied” with the classes.

Courses in Professional Knowledge

CTBC is a finance industry leader, and professional expertise is one of our core values. As such, we have long spared no effort to raise the level of professionalism of our employees by providing financial licensing courses, as well as courses in customer service, specialist sales, risk management, etc. A better career with us means a better life for them.

Management and Leadership Training

Our New Managers On the Job Training Camp and

Genuine Leadership programs are designed to prepare assistant managers for management roles. We have established an in-house management lexicon, strengthened employee guidance and nurturing skills, and run a strategic thinking class to improve our managers' thinking and leadership skills. All of our office managers and department heads take our Team Handling Knowledge and Department Manager Knowledge courses in order to strengthen CTBC core culture and team building, and to establish common managerial knowledge.

A Joint Development Mechanism for Specialists and Managers

In order to satisfy the personal development needs of employees of every rank CTBC's human resource development unit has created a specialist/manager joint development mechanism. The unit also formulates career development maps for employees of any position. Managers and employees also sit down together and formulate personal development plans that may incorporate specialist training, management development training, classes on international affairs, training for overseas assignments, soft skill training, and financial license training. Personal development opportunities include trips to overseas offices, job rotation, and assignments to special projects, all of which assist the employee's long-term career prospects and our mutual aspiration for excellent performance.

Overseas on the Job Training and Visits

CTBC provides overseas on the job training and visits for our managers to give them experience of how international finance works. We also have agreements with one of the US's top business schools - Wharton Business School – and Beijing University to help us develop tailor made business courses based on the latest theories and trends that will stimulate innovative thinking in our managers.

Cooperating with Other Industries

For many years we have been cooperating with the Taiwan Institute for Economic Research to hold forums on economics, trade, and the latest related trends. Speakers at these forums are often major players in industry, and we believe that learning from other industries can broaden our employees' horizons.

CTBC statistics show that in 2013 we held 2,037 classes (including training for overseas assignments and classes held overseas). Of these, on the job training accounted for 936 classes that were attended 13,945 person-times. Online classes were held 1,101 times and were attended 83,701 person-times. The total number of hours spent on employee training for the year was 347,526, which means that on average each employee received 29 hours of training. The total cost of the training was NT\$37.48 million, giving an average cost per employee of NT\$3,147 (of these, 1,661 person-times received 43,819 hours of training).

2013 Employee Training Hours and Expenditures

Number of live classes held	936
Number of people trained	13,945 person-times
Number of online classes held	1,101
Number of people trained online	83,701 person-times
Total hours of employee training	347,526
Training hours per employee	29
Total cost of employee training	NT\$37.48 million
Training costs per employee	NT\$3,147
New employee training per person-time and total hours	1,661 person-times/43,819 hours

Total training (hours)	Manager	General employee	Total
Female	36,920	190,434	227,354
Male	22,654	97,518	120,172
Total	59,574	287,952	347,526

Training hours per employee (hours)	Manager	General employee	Total
Female	45	29	31
Male	36	25	26
Overall average	41	28	29

Learning Development Center

CTBC's Learning Development Center takes responsibility for promoting lifelong learning and raising

learning effectiveness throughout our organization by providing a diverse array of learning resources and training activities. The center aims to create a lively but relaxed learning atmosphere and adopts an attitude of "learning is fun but sharing is a responsibility" toward learning so that employees and the company can grow together. A good example of the center's work is the CTBC Academy of Finance offers Development's Self Development College course that teaches personality traits analysis, project management, in-depth communication, problem analysis and solving, mood and stress management, creativity generation, etc., to help our employees to learn and develop.

CTBC currently has training centers in Taoyuan County, New Taipei City, and Kaohsiung City that provide diverse learning environments such as amphitheater, interactive, and computer classrooms that facilitate the kinds of training undertaken there. Each center also has a dormitory and gym attached so that the trainees can make the most of their time at the centers.

	Linkou Academy (Taoyuan County)	Shuilian Academy (New Taipei City)	Cheng Lake Academy (Kaohsiung City)
Classrooms	10	6	9
Capacity	196 trainees	57 trainees	542 trainees
Dormitory capacity	54 beds	60 beds	167 beds
Facilities	Computer center, amphitheater, leisure center	Multimedia classrooms, leisure center	Computer center, large conference center, amphitheater, leisure center

Gallup Leadership Assessment

In 2011 CTBC began using Gallup's Strengths Finder Assessment tool in order to determine the potential abilities of our managers and ordinary staff. The assessment also enables our staff to gain a better understanding of their own personality traits and strengths and helps them to build connections between the work they are doing now and possible future career development.



MA programs through systematic nurturing and job rotation turn newcomers into the specialists and managers.

CTBC was the first finance company in Taiwan to employ this type of assessment tool, and at the same time we also created a series of strength enhancement classes for our management. These classes help our team managers to clearly recognize the signs of talent and understand the individual development needs of team members in order to increase motivation and training efficacy. CTBC also uses a 360° competency assessment tool that relies upon cooperation between personal to conduct self-assessments, assessments from above (from managers), colleague assessment (intradepartmental), and assessments from below (ordinary employees assessing managers). This tool also helps our staff to understand their own strengths and weaknesses better and to formulate short-, medium- and long-term improvement and development plans so that they are better prepared to take on important responsibilities in the future.

Facilitating Self-Learning

With the era of digital, CTBC is leading the finance industry by implementing our Promotion and Development of Digital Learning Industry Plan, that has involved setting up an E-learning platform at our Academy of Finance and Development. Throughout the year, 38 self-development courses are offered, that cover subjects such as commerce fundamentals, report writing skills, team leadership, target setting, communication and decision making, and career planning. The E-learning platform removes the usual time and distance constraints that hinder learning for working employees by providing convenient and systematic digital learning resources that help to create a "Any Time & Any Where, Learning Happens" environment.

In addition to our digital learning courses we also hold workshops and seminars to encourage our employees to undertake self-development and achieve a balance between work and home. Seminar topics have included "Google's new intelligent search engine", "The king of creative thinking", "Project management", and "Effective report writing skills".

A Hindrance-Free Worker-Management Channel of Communication

Regular Labor-Management Conferences

CTBC regularly holds labor-management committee conferences in order to maintain good relations, improve cooperation, and increase workplace efficiency. For each committee term all of our employees formally vote to choose 7 worker representatives (for which the gender ratio must be higher than 1/3) and the management also chooses 7 representatives. These 14 representatives meet regularly to ensure that all CTBC employees have all of their rights – those laid out in the Labor Standards Act, human rights, taxation rights, rights of assembly, etc., – safeguarded. In 2013 4 labor-management conferences were held, and 100% of the worker representatives were permanent CTBC employees. In 2013 there were a total of 6 labor-management disputes, all of which were closed after being resolved satisfactorily.

Labor Disputes

Year	2013	2012	2011
Number of disputes	3	6	4
Number of disputes raised through governmental communications	3	3	4
Number of disputes resolved	6	9	8

As for items that are covered by Labor Standards Act regulations, such as overtime, night time working hours for female employees, etc., they were all discussed at labor-management meetings and resolutions were passed that were announced to the entire workforce. Details of employee welfare related items, such as assessments of the annual employee health checks, employee social events, etc. are also reported at these meetings. For changes in

working conditions the shortest notice periods that can be given are as follows:

In the case of new branch openings or for expanding manpower at a particular branch, employees must be informed of their transfers at least one week in advance. If a branch goes out of business, loses money, experiences a management change, if there is a business contraction, or if an employee is determined to be unable to perform his or her duties, a minimum of 10-30 days prior notice is required to terminate labor contracts. The notice times outlined in the preceding paragraph must comply with the following requirements:

- Those employed continuously for over three months but less than one year must be given 10 days notice.
- Those employed continuously for over one year but less than three years must be given 20 days notice.
- Those employed continuously for over three years must be given 30 days notice.

Regular Surveys to Understand How Our Employees Needs

CTBC attaches great importance to interacting and communicating well with employees. In addition to holding labor-management conferences, which must approve any issues involving employee rights, we also hold regular staff mobilization meetings and publish a monthly employee magazine titled People & Affairs. Moreover, our Human Resource Department conducts anonymous employee satisfaction and organizational climate surveys in order to better understand the needs of our employees.

- **Employee Satisfaction Survey:** Held at varying intervals, this survey seeks to better understand employee satisfaction with regard to our management quality, workplace environment, remuneration and benefits, employee development, and overall satisfaction with the facilities, while at the same time discovering any other employee needs or expectations.
- **Organizational Climate Survey:** A company's organizational climate is made up of the management's leadership style and behavior, as well as the patterns of interaction among employees. Organizational climate surveys assist management and employees in understanding the overall workplace atmosphere within the company's various units and allow us to make recommendations for improvement and take action in a timely manner.

Strengthening Interaction Mechanisms – Employee Communications Box and Hotline

Two-way channels of communication are necessary to concretize feelings of involvement and belonging that employees should have for their company. In order to continue showing care for our employees' feelings and to be able to help them with problems as soon as possible to prevent them from snowballing CTBC has established an employee hotline. This allows employee issues to be directly and quickly addressed, and, as with written complaints and suggestions, are dealt with confidentially to safeguard employee rights.

Employee communication channels are as follows:

- **Written Petitions:** Employees can write down their suggestions and mail them to CTBC's Human Resources department or mail them directly to the Head of Human Resources.
- **Delivering Petitions in Person:** Employees can personally tell any human resources manager their suggestions and opinions.
- **Email:** Suggestions can also be sent by email to the human resources mail box: ctbhr@ms65.hinet.net
- **Internal Website:** The General Administration department has set up a dedicated suggestion feedback section on its Website - <http://ga.CTBC.com.tw/> - which employees can log in to make their opinions known.

CTBC statistics indicate that in 2013 99 suggestions and opinions were received either by email, written petition, or through the internal website. The content of these messages included remuneration and welfare, performance evaluation, internal communication, occupational safety, food quality and company facility. Every one of these messages was dealt with by a dedicated unit, and every employee who contacted the unit had their problem addressed to their satisfaction.

CTBC's Managers' Study Group Bulletin

Since May 2011 CTBC has been publishing a monthly bulletin entitled Managers' Study Group that provides set topics for senior managers and employees to discuss. The monthly bulletin is a way for management to get employees thinking about business-related topics such as operational approaches, management philosophy,

workplace environment, interpersonal communications, etc. More general topics such as work histories, work and life experiences, and leadership, are also discussed, with the aim of bringing employees into our family and familiarizing them with CTBC's corporate culture. To date, 25 issues of Managers' Study Group have been published and have been warmly welcomed by our staff. Proactive communication from above helps our employees to realize that we care about them and understand what we expect from them, and thus helps to concretize their commitment to the company.

Creating a Happy Workplace

In order to thoroughly fulfill our pledges to our employees CTBC is vigorously rolling out its Happy Workplace program that is based upon a "health pyramid" concept and a series of "lectures about happiness" to create a healthy and gender equal work environment. The program also aims to create happier employees through building "health assets" and promoting voluntary work. We also have an Employee Enhancement Program (EEP) in place to enhance our employees' abilities that utilizes the company's soft and hard facilities to create a healthier workplace and also promotes healthy leisure and social club activities for our employees to partake in outside of working hours.

Pyramid Base Layer – Creating a Healthy Workplace Environment

CTBC's soft and hard facilities are both complete and of superior quality, which means that all of our colleagues can enjoy a safe, comfortable, healthy, and homelike work environment. So that our employees can mitigate occupational hazards and avoid workplace accidents, in 2011 we formulated our Workers' Health and Safety Code that clearly lays out all of the necessary workplace health and safety standards. Details of procedures for dealing with emergencies, using emergency equipment and facilities, and reporting accidents and emergencies are also clearly laid out in the code. By helping our employees to improve workplace safety we can reduce the harm and damage caused by accidents.

- **Smoke-Free Workplace Policy:** We have "No smoking" signs up on walls and a thorough "no smoking" policy built on mutual respect that creates smoke-free offices



The "New Employee Camp" arranges team activities so that new colleagues can get to know each other better.

and business premises to safeguard the health of our staff and customers.

- **Greening the Workplace to Reduce CO₂ Emissions:** We encourage our employees to build a green workplace environment and make them feel homelike comfortable. We also provide green spaces in our office buildings for our employees to go to and we have taken responsibility for maintaining the trees next to our Yongji building and Songzhi Park, which is two thirds of an acre in size. Our altruism gives some green space for all workers in the Yongji area to enjoy and, by planting more trees and shrubs we are also doing something for the planet by greening an urban environment and reducing carbon emissions.
- **Monitored Access to Guarantee Security:** We employ teams of security guards who work 24-hours a day in 3 shifts to guard access to our buildings and patrol inside outside of working hours to ensure that our employees are totally secure at work.
- **Emphasizing Worker Health and Safety:** In addition to using eco-friendly construction materials for our buildings we also disinfect them every month to eliminate harmful substances. CTBC also conducts regular monitoring and testing of CO₂ emissions, lighting and luminance, etc. to ensure that our workplaces all accord with environmental standards. In our main office buildings we have also installed air conditioning systems and fresh air ventilators to ensure that indoor ambience is of a suitable degree.

2013 Occupational Injuries Statistics

	No. of employees with occupational injuries	No. of work days lost due to occupational injuries	Occupational injury frequency rate	Occupational injury severity rate	Total no. of days absent	Absenteeism rate
Male	24	451.5	1.18	22.26	1,067	84.17
Female	43	1,113.5	2.12	54.90	4,391	346.40
Total	67	1,565	3.30	77.16	5,458	430.58

Note: Total hours worked = 20,281,664 (total no. of working employees x hours worked per day x number of annual working days).
 Total no. of days worked = 2,535,208 (total no. of working employees x number of annual working days).
 Occupational injury frequency rate = no. of employees with occupational injuries x 1,000,000 / total hours worked.
 Occupational injury severity rate = no. of work days lost due to occupational injuries x 1,000,000 / total hours worked.
 Absenteeism rate = total no. of employee absence days / total hours worked x 200,000.

In addition, if an employee is injured on the job, CTBC provides work-related injury leave as required by law and in accordance with the injured individual's needs. We also help the employee apply for a labor insurance claim. In 2013, 67 employees applied for work-related injury leave, which totaled 1,565 days. No occupational fatalities occurred.

We collate statistics on employee occupational injuries using two of the main indexes on major occupational injuries published by the Council of Labor Affairs: Occupational injury frequency rate (average number of occupational injuries per 1 million work hours) and occupational injury severity rate (work days lost through disabling injury per 1 million working hours), these statistics do not include traffic accidents outside of the workplace.

The Third Level of the Pyramid – Building Up Employee Health Assets

We regard every one of our employees as an indispensable part of the CTBC family and so their overall health is something we take pains to try and maintain. To this end, we actively provide a health optimization service for every employee so that they can maintain a healthy balance between mental and physical activity throughout their busy workdays.

- **“Genki Relaxation Rooms”:** At CTBC headquarters and at our Yongji and Hongtai buildings we have fitted out “Genki Relaxation Rooms” for which we employ blind masseurs to give our employees relaxing massages during working hours. Each appointment lasts for half an hour and employees need only to

donate NT\$50 to CTBC's charity foundation. In 2013 19,926 CTBC employees visited the “Genki Relaxation Rooms” and NT\$3.97 million was donated to CTBC Charity Foundation.

- **Physical Fitness Facilities: Just as Most Gated** communities in Taiwan have their own gym CTBC also has physical fitness facilities that have gym machines and weights to encourage our employees to stay fit and energetic to meet the challenges of work. We also have a large and well-lit aerobics room that is used by employees for aerobics, yoga, and tai chi classes. The fitness facilities are a great place for employees from different departments to develop friendships as they get fit together.
- **Free, Regular Health Checks:** There are over 10,000 CTBC employees and their health is of paramount importance to us. Employees over 40 thus get one free health check annually and employees under 40 get one biannually. The scope and frequency of our employee health checks are both well beyond Taiwan's worker health protection regulations and allow our staff to keep close tabs on their own health.
- **In-house Qualified Nurses:** At CTBC HQ we have qualified nurses on hand to treat staff and assist them with health enquiries. They also take good care of our employees' health by providing lectures on health topics, training in the emergency techniques CPR and AED, fitness tests, cancer screening, etc.
- **Convenient and Healthy Food and Beverage Service:** We selected our canteen meals provider very carefully so that our staff can enjoy a daily choice of 6-7 healthy and hygienic dishes free of charge in our canteens.



Bike club organized "Go Biking in South Taiwan" giving many employees more opportunities to get closer to nature.

CTBC HQ also has its own convenience store and the staff there are given vouchers every week that they can exchange for drinks, snacks, or fruit to add balance to their diet. In Yangmingshan, near Taipei, we also have our own farm where we grow organic vegetables and raise free-range chickens that are supplied to our canteens.

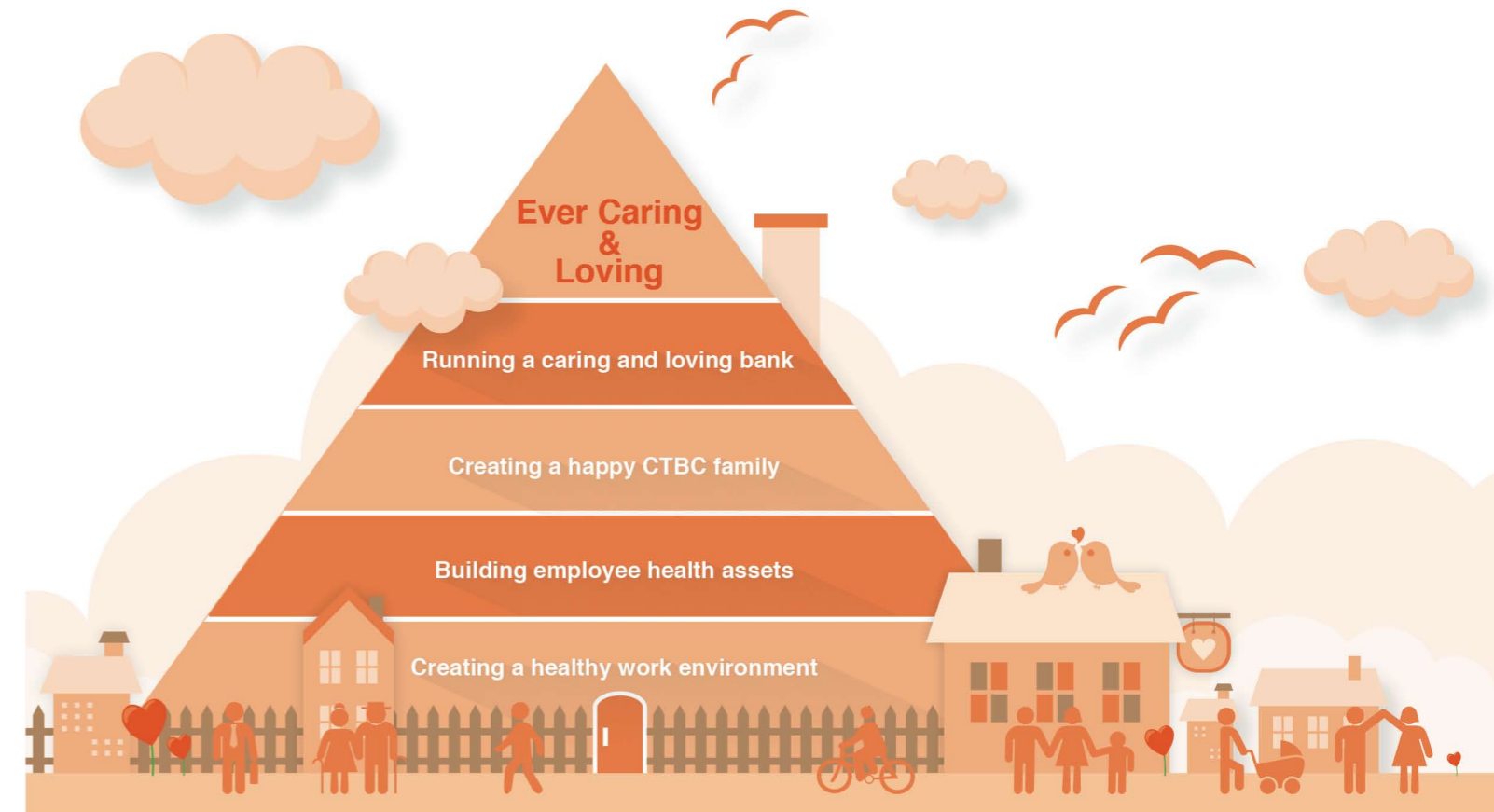
- **Breastfeeding Rooms:** In order to meet the breastfeeding needs of female employees who have recently given

birth, CTBC HQ, our Yongji, Hongtai, and Chengde buildings, and the Gongyi branch in Taichung are all equipped with breastfeeding rooms. In 2013, these rooms were used by 206 of our female personnel. And in addition to looking after employee health, CTBC also provides them and their families with health information, education, and training.

- **Sports and Leisure Center:** In Yangmingshan we have a leisure center where employees can play golf, swim, play tennis, and BBQ all for free.

The Second Layer of the Pyramid – Creating Happy and Healthy CTBC Personnel

Having happy personnel is the basis for any high-growth business and so for many years CTBC has been putting on a wide range of leisure activities to help our employees find a balance between mental and physical activity so that they are happy at work and happy at home. We hold events for immediate family members and events specifically for single male and female employees. At our sports and leisure center in Yangmingshan employees can play golf on a mini course, swim, play tennis, and BBQ all for free.





The Series of Talks or Happiness invited the famous tour guide Lin-Lung taking everyone to travel Formosa.

be doing for them: Psychological well-being is also a crucial need. To this end, in 2011 CTBC and the Taiwan Institute of Psychotherapy joined forces to create the CTBC EEP. Our EEP takes looking after oneself and relatives and the joy of work as its starting points for a program that focuses on 4 main aspects of life: Self-observation and growth, creating parent-child and familial relationships, improving quality of

sleep, and dealing with stress and moods. We hope that with the help of qualified counselors and therapists we can provide specialized information and guidance to assist our employees to overcome any of the difficulties that life may throw at them.

CTBC has also set up a dedicated online platform that employees can log on to and watch therapy-related videos or take psychology tests that will provide them with a personal psychological profile. The platform also allows users to make appointments with counselors/therapists, and there are also a number of related articles available for viewing. As of the end of 2013, 4,080 of our employees have taken online psychology tests or counseling.

■ **A Series of Talks on Happiness**

In August 2012 CTBC began a series of monthly, after-work “talks about happiness”. The talks are an opportunity for colleagues to mingle and chat in a relaxed atmosphere while enjoying some snacks and then sit down to listen to an interesting and informative talk about how to be happy. In 2013 we invited a well-known psychiatrist – Dr. Deng Huiwen – to come and explore with us on a number of occasions the topic of creating happy relationships. We also invited the versatile entertainer Lang Tsu-yun to come and share

her secret to living a happy life: How to make every little change in life become the source of happiness. These lectures were enthusiastically received by our employees and participation in them increased over time as plaudits came in from all corners. The 2013 “talks about happiness” included a wealth of diverse topics covering tourism, extreme adventure, jazz, facial beautification, design, intergender relationships, parent-child education, etc. 1,311 of our employees participated, compared to 550 in 2012, an increase of 240%. The overall level of satisfaction with the lectures was 4.64 on the Likert Scale (from 1 to 5, with 5 as the highest degree possible).

The Top of the Pyramid – the “Bank of Love” and the Finance Industry’s First Good Deeds Leave

In order to make volunteering a part of our corporate culture and to support CTBC Charity Foundation activities CTBC has modeled itself as the “bank of love” and has also created an industry-first “good deeds leave” system. We hope that while being members of the CTBC family our employees will learn how to care about and show their love for disadvantaged groups, and thus come to know the true meaning of “there’s more happiness in giving than receiving”. For many years now CTBC volunteers have been putting on their green vests and going out to help disadvantaged children with their homework, English, and reading and to teach adults how to manage their finances. And it is not only ordinary employees who have been contributing their valuable time: Senior managers also do their bit for society by taking teams of employees to participate in volunteer activities.

Voluntary service has already become an important part of our corporate culture and we now also have “good deeds leave” to encourage our employees to participate in voluntary activities: For every 6 hours of voluntary service employees can take a day of paid leave, with a maximum of 10 days annually, which is the most generous system in the industry. Our statistics show that in 2013 1,618 days of paid “good deeds leave” were taken, which was the equivalent of adding NT\$3.236 million to our salary costs. Since the establishment of the CTBC Charity Foundation in 2004 we have approved 21,957 days of paid “good deeds leave”

which is the equivalent of adding NT\$43.914 million to our salary costs.

CTBC is not just an outstanding financial organization: It is also a big, loving family. “Be happy at work” is one of our pledges to our employees, and creating a happy work environment is one of our long-term targets. We believe that allocating resources to look after employees so that they feel content whether at work or in life in general. They will then transmit their happiness to customers and to their families, and a ripple effect will spread it throughout every strata of society. By creating a virtuous cycle between our corporation and society we can achieve our goals of sustainable development and fulfilling our role as a responsible member of society.



Employee Feedback on “Talks about Happiness”

- “Today’s lecture was great! The lecturer looked the part and gave a very relaxed and nuanced talk on jazz. That was the first time that I’ve been in a classroom with soft lighting and laid back music playing”. (Posted by Shen Hongyuan about the jazz night on October 30, 2013).
- “Today’s lecture was so much more than I expected it would be, and left me feeling very relaxed. I was left wondering at my own insignificance. Although the lecturer was quite young, his positive attitude in overcoming so many changes and difficulties was truly moving and inspiring”. (Posted by Chen Yanbo about the North Pole expedition lecture on March 14, 2013).

CTBC hopes its staff can enjoy a little bit of joy after a hard day at the office, and the “talks about happiness” are a great way to let off some steam. We take pains to arrange talks that offer a nugget of happiness no matter whether the topic is about life or family, health or happiness.

Sustainable Environment



The green revolution has sprouted roots all over the globe as a reaction to the ongoing degradation of the global ecosystem. Environmental protection has also become a social responsibility that corporations can no longer overlook, and those that do not catch the wave will be superceded. That's why the world's top beverage manufacturer - The Coca-Cola Company - has signed a cooperative agreement with the WWF to preserve and protect 11 major aqueous ecosystems around the world. In 2001, Intel began investing US\$ 20 million in energy-saving green technologies, and General Electric Company has an Ecomagination Plan to develop eco-friendly products. It would seem that there is a lot of optimism about the future of green industries.

As a leading finance industry brand, CTBC fully recognizes its commitment to environmental protection and social responsibility. We have been practicing green procurement and promoting green consumerism for many years. Our energy saving and emissions reduction policies have gained us ISO 50001 energy management certification, and we have been actively rolling out green products taking the finance industry as our starting point. Our credit policies have also encouraged us to start lending to green industries. We have made a firm pledge to become an eco-friendly financial organization and hope that our efforts will both protect our planet and promote corporate sustainable development.



CTBC has become Taiwan's first financial institution of ISO 50001 certification.

As a global corporate citizen, CTBC understand the importance of saving energy and reducing carbon emissions to protect the environment and create sustainability. Since 2001, CTBC has been adopting parks, and since then we have undertaken a thorough revision of our management, operating strategies, and organizational structure in order to better promote a variety of environmental projects. For example, we conduct ongoing in-house greenhouse gas inventory and participate in the Carbon Disclosure Project (CDP). Moreover, in 2012, we became the first financial organization in Taiwan to obtain ISO 50001 energy management certification. At the recently completed CTBC Financial Park near Taipei we have constructed a 3-acre green area and use solar panels to increase our use of renewable energy. We hope to become the first corporation in Taiwan to have an office building that gains Taiwan Green Building Label diamond-level accreditation.

CTBC Financial Park's Diamond Level Green-Building Certification

In January 2009 CTBC began building the 7.5-acre CTBC Financial Park in the Nangang Business Park. During the early stages of planning we hired Tokyu Construction Co., Ltd. from Japan to do an overall energy saving/carbon reduction efficiency assessment. Our plans were eventually approved by the Taiwan Architecture and Building Center (TABC), and met the required standards in 8 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 resources, and wastewater/refuse treatment. We estimate that the park will have an annual net carbon fixation (the amount of CO₂ that plants can absorb) of 92 tonnes. In July 2010, the CTBC Financial Park office building obtained Taiwan Green Building Label gold-level candidate certificate, which make it be the first for any office building in Taiwan.

Installing Solar Panels

As coal, oil, and other non-renewable sources of energy begin to be exhausted and energy begins to become a major bottleneck for global economic development, more and more countries are starting to develop solar

energy resources to maintain momentum for economic growth. Nations all over the globe are witnessing the commercialized development and use of solar power as a major trend. It is estimated that by 2030 solar power will be providing over 10% of the world's energy needs, and by 2050 the figure will be over 20%. It seems that the large-scale application of solar power will eventually be a significant part of our energy provision.

CTBC is keen to stay in line with international trends and also wants to be able to be as self-sufficient in electricity as possible. To this end, in addition to our vision of having zero-carbon buildings we have installed solar panels on the roof and south-facing wall of our CTBC Financial Park office building. The solar panels cover an area of 695 m² and it is estimated that they will produce 80,254.3 kWh annually, which is the equivalent of a reduction of 42,695.29 kg of CO₂.

Constructing an Ecological Park

In addition to the eco-friendly buildings in the CTBC Financial Park, we also set aside 3 acres next to the main office building for a green area that will be planted with cherry, pine, and fir trees, and a lawn. It will also have a pond, a small stream, and pathways to create a diverse and eye-catching area that is recreational but also educational in that it is a microcosm of Taiwan's forests.

Our Vision for the Future

CTBC Financial Park incorporated green construction as a target from the very beginning of the planning stage. CTBC



intends to continue to actively seek out more environmental protection and carbon reduction opportunities at the park in order that our office building can gain Taiwan Green Building Label diamond-level certification and become a model of green architecture for Taiwan industry.

The First Financial Institution in Taiwan to Get ISO 50001 Certification

Jeffrey L.S. Koo, the founder of CTBC, once said: "The value of a corporation does not depend upon it being the most profitable business but in its contribution to society and its positive impact". In order to fulfill our commitment to environmental protection, 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. CTBC was the first financial institution in Taiwan to gain this certification, and will continue to working toward 4 major energy management objectives.

Energy Performance Improvement Continues with 5% Energy Reduction within 3 Years

- Establishing a standard operating model: Using the systematic ISO 50001 energy management mechanism has enabled us to review electricity usage at all locations where power is consumed and collate usage data in order to formulate energy baselines. We also



conduct quarterly follow-ups of electricity usage in order to rectify abnormal circumstances, and construct a standard practice for conserving energy.

- Annually increasing the scope of implementation: Starting with a couple of trial implementation locations, we have brought other bank branches into the management system. Eventually all CTBC branches around Taiwan will be incorporated. The scope of implementation in 2012 was limited to a management building and a bank branch, and was expanded to cover 16 more branches in 2013. We intend to bring in over 15 branches every year into the system so that eventually all of our 147 branches and our insurance

Solar panel location	Roof of office building	South-facing wall of office building (transparent solar panels)
Area	410 m ²	285 m ²
Electricity generated	59.22 kWp	30.16 kWp
% of total electricity	Our fixed price contract amount is 500kW daily. 59.22/500 = 11.8% of daily amount (calculated for full load)	Our fixed price contract amount is 500kW daily. 30.16/500 = 6.03% of daily amount (calculated for full load)
Energy saving efficiency	Annual power generation: 53,173.64 kWh CO ₂ emissions reduction: 28,288.376 kg	Annual power generation: 27,080.66 kWh CO ₂ emissions reduction: 14,406.91 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.

and securities subsidiaries will be incorporated. CTBC intends to become the benchmark for ISO 50001 energy management systems in Taiwan's finance industry.

- Carbon reduction targets: Beginning in 2011 we set about planning for a 5% - 960,000 kWh - reduction in energy usage over 3 years. This represents a reduction of 514.7 tonnes of CO₂, the equivalent of CO₂ sequestration by the number of trees in Taipei's Daan Forest Park multiplied by 1.3. In fact, energy saving in 2012-2013 reached 12%. CTBC will continue making every effort to protect the environment and facilitate global sustainable development.

Comply with Energy Management Regulations and expanding green procurement

In order to broaden our implementation of environmental protection and energy-saving policies, CTBC pay special attention to labels when purchasing products and equipments and look for environmental-friendly ,energy and water conservation, and green building materials labels which are recognized by government agencies or public associations, also products imported from Europe, the US, Japan, and South Korea which are labeled as being eco-friendly, energy-saving (such as Energy Star), and FSC sustainable forestry products. Such products include multi-function peripherals, water fountains, inverter air conditioners, high-luminance lighting, mineral fiber ceiling panels, and calcium silicate board.

CTBC takes care to procure interior design building materials that are Green Mark certified. Moreover, when

drawing up requirements for a construction project up for bid, we instruct building contractors to utilize raw building materials that are safe and green. These requirements include: renovation projects must widely use green raw materials such as moisture-resistant particle board, F1-class lowformaldehyde plywood, flame retardant materials, low-pollution mineral fiber ceilings, gypsum board, calcium silicate board, floor tiles, paint and other ecofriendly construction materials in order to comply with environmental requirements. Renovation adhesives used are now non-toxic and non-polluting.

In 2013, a total of NT\$ 395,859,165 was spent on green procurement, compared with NT\$101,469,106 in 2012. This represents an annual increase of NT\$ 294,390,059, or 290%. In 2013, green expenses totaled NT\$ 395,966,559 (including NT\$395,859,165 spent on green procurement and NT\$168,829 spent on waste disposal also NT\$ 61,435 revenue on recycle for CTBC Headquarters and the Yongji Building).



Conducting Education and Training to Actively Reduce Energy Consumption and Carbon Emissions.

In accordance with ISO 50001 energy management systems stipulations, CTBC is required to provide related cognitive training to our major energy suppliers. This is done by our administration department, and lets the suppliers know what our energy usage requirements are and what energy saving measures must be incorporated into any work that we contract out to them. A record of what we instruct our energy suppliers to do must also be recorded on energy management systems training check forms.

CTBC is also conducting through in-house energy saving

training by continuing to provide online energy saving information and training courses for all of our staff, from the most senior to the most junior. We also use our EDM to send out quarterly in-house "Save energy-Reduce carbon" reminders to our staff. For example, in October 2013 when the price of electricity was raised we reminded all employees to look for ways to save electricity, which helped us to achieve our 2% saving target for the year. We also teach our staff to recognize the various energy saving product labels so that they can make eco-friendly purchases, and encourage them to wear light clothing in summer so that our air conditioning does not need to be especially cool. Our buildings are also equipped with air curtains or button-controlled doors to prevent cool air from escaping, which also helps us to hit our energy saving targets.



Integrating Resources and Implementing Our Energy Resource Management Action Plans

In 2103, CTBC continue its efforts to save energy resources and protect the environment whenever and wherever possible by focusing on educating our staff and our suppliers and making sustainability one of our core objectives. In order to achieve our target of a 5% reduction in energy use over 3 years, CTBC is integrating energy resources and implementing its energy resource management action plans.

As of December 2013, the 2 locations that have been

CTBC Financial Park Green Building Assessment Indexes

Index	Details of eco-friendly and energy saving design
Degree of greening	<ul style="list-style-type: none"> Planting flora in 2 areas: Area A has 1.471 million kgs, 46% over the standard value. Area B has 2.684 million kgs, 98% over the standard value. 1,795 m² of shrubs, 2,854 m² of grass, and 317 straight-trunked trees have been planted.
Water retention	<ul style="list-style-type: none"> Water retention features include covered green areas; pervious pavement; interception of rainwater using soil. percolation storage land; an ornamental pond; underground pebble trenches; drainage pipes; catch basin; and side ditches.
Daily energy saving	<ul style="list-style-type: none"> Low-e glass used for building exterior to effectively prevent heat radiation Ice-storage air conditioning and chilled water pumps installed; energy saving PCs used; hot water supplied by heat recirculated by heat pumps; total heat exchangers and variable frequency drives are also used.
CO ₂ reduction	<ul style="list-style-type: none"> Light construction materials used, including for steel structure; partition walls; metal and glass curtain walls. Extra-durable construction materials used. Rooftop water towers composed of sectional water tanks.
Waste reduction	<ul style="list-style-type: none"> Waste minimized during construction. Single outlet for toilets and UT system requires less piping.
Indoor air quality	<ul style="list-style-type: none"> External air circulated throughout ventilation system. Exhaust vent for kitchen smoke and air intake system installed.
Water resources	<ul style="list-style-type: none"> Rainwater recycling system and water-saving bathroom facilities installed.
Improved treatment of wastewater and refuse	<ul style="list-style-type: none"> Grease traps installed in kitchen and all wastewater drains directly into sewer system. Kitchen waste concentrated in one place for easy disposal. Refuse separation for recycling and pre-treatment of waste using cooling, freezing, or compacting.

implementing energy saving pilot plans have saved a combined total of 1,493,967 kWh of electricity. The total wattage consumed for 2013 was 7.78% lower than the base year (taken as the average value for 2010-2011), which is the equivalent of a CO₂ reduction of 794.79 tons per year. In 2013 we implemented 7 energy resource management action plans including:

- Adjusting the lighting schedule at our Yongji building car park, which we estimate saved 16,144 kWh.
- Adjusting the exhaust fan schedule at our Yongji building, which we estimate saved 21,004 kWh.
- Replacing the water chilling units in the air conditioners in our branches, which we estimate saved 112,211 kWh.
- Replacing the split system air conditioners in machine rooms of our branches, which we estimate saved 15,097 kWh.
- Replacing the LED lights in our branches, which we estimate saved 9,049.81kWh.
- Replacing the neon sign lighting at our branches, which we estimate saved 3,330 kWh.
- Turning the neon sign lighting at our branches off 2 hours earlier, which we estimate saved 581,408 kWh.
- We estimate that the total energy saved over the year through implementing these action plans to be 758,244 kWh.

Expanding Greenhouse Gas Inventory

Since 2009, CTBC has been implementing greenhouse gas auditing, starting with our HQ on Songshou Rd in Taipei. A year of on-the-ground implementation was needed to construct a standard operating model that differs from those used by other financial organizations, which only conduct greenhouse gas auditing on their HQs: In 2012, CTBC expanded greenhouse gas auditing to cover all of our Taiwan branches. In 2013, we continued to use our central networks in north, central, and southern Taiwan to complete audits of power consumption in our 147 branches to give us a much clearer picture of power consumption in each of the regions so that we can formulate energy saving measures. Since 2010, CTBC has also been participating annually in the Carbon Disclosure Program (CDP) started by some of the world's biggest investment organizations. Taking part in CDP not only shows our commitment to implementing

carbon auditing but also writes a new page in the history of greenhouse gas auditing in Taiwan's finance industry.

▪ Establishing a Labor Health and Safety Committee

CTBC has always paid a lot of attention to employee health and safety. In addition to choosing green construction materials for our buildings and deep cleaning/disinfecting them every month, we also carry out monthly CO₂ emissions tests and lighting luminance tests to ensure that they meet environmental standards. At the beginning of 2013, we set up our Labor Health and Safety Committee. At present, the 4 employee committee members are all permanent staff and all possess either labor health and safety supervisor or labor health and safety manager licenses. CTBC holds Labor Health and Safety Committee meetings every quarter, and the average attendance for the 4 meetings held in 2013 was 75%.

▪ Water Resource Management

2013 water consumption for our CTBC Headquarters and the Yongji Building was 122,165 m³.

	Method
Wastewater treatment	<ul style="list-style-type: none"> • Kitchen, kitchenette and restroom wastewater purification meets Taiwan's Environmental Protection Agency (EPA) sewage treatment standards.
Conserving water	<ul style="list-style-type: none"> • The restrooms on each floor have been installed with water-saving taps. • Optional high-efficiency pumps or variable-frequency motors High-efficiency or variable-frequency drive pump motors and a urinal flushing system are installed. • Photoelectric sensors to adjust the amount of water used and automatic urinal flushing systems installed.
Water quality and safety	<ul style="list-style-type: none"> • Clean our building water towers annually. Water quality testing is performed every 3 months to ensure that the pH and chlorine levels are within standard levels. Filters in water fountains are replaced every 2 months.
Impact on water sources	<ul style="list-style-type: none"> • 100% of CTBC's water is supplied by the Taiwan Water Corporation, and no groundwater or other sources of water are used. The water used in our office buildings and other service locations is restricted to employees and clients, and therefore does not have a significant impact on the water supply. • After use, the wastewater flows through municipal sewers to rivers and the ocean.

2013 Energy Conservation Management.

The Total Electricity Consumed Compared with the Baseline Year Dropped 7.78%, Totaling 1,493,967kWh

	Annual electricity consumption (kWh)			
	Yongji Building	Yongji Generator Room	Shuanghe Branch	Total
2010	8,806,649	10,123,690	331,766	19,262,105
2011	8,608,421	10,233,670	305,546	19,147,637
2012	7,951,132	9,936,911	290,308	18,178,350
Base year (2010-2011 average)	8,707,535	10,173,959	318,656	19,200,150
2013	7,376,588	10,089,653	244,654	17,710,895
Differential value	-1,330,947	-84,306	-74,002	-1,493,967
Differential %	-15.29%	0.83%	-23.22%	-7.78%

2012-2013 Total Carbon Emissions Statistics Table

(Including CTBC Headquarters & All Regional Centers & Branches)

	Indirect Energy		Direct Energy			
	Power consumption (kWh)		Gasoline (L)		Natural Gas (kWh)	
Year	2013	2012	2013	2012	2013	2012
CTBC Headquarters	10,990,800	10,644,000	212,468	174,778	34,745	27,057
Yongji Building	16,868,312	18,209,112	-	-	-	-
Other Branches	39,812,884	40,924,665	-	-	-	-
Subtotal	67,671,996	69,777,777	212,468	174,778	34,745	27,057
CO ₂ Emissions Conversion Factors (Bureau of Energy)	0.532	0.536	2.09		2.26	
Carbon emission volumes (CO ₂ e in tons)	36,001.50	37,400.89	444.1	365.29	78.5	61.15
2013 increase/decrease in CO ₂ emission volumes (CO ₂ e in tons - subtotal)	(1,399.39)		78.81		17.35	
2013 direct/indirect energy source increase/decrease in CO ₂ emission volumes (CO ₂ e in tons - subtotal)	(1,399.39)		96.16			
2013 increase/decrease in CO ₂ emission volume (CO ₂ e in tons - total)	(1,303.23)					

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 CTBC Headquarters, so the 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 the data on kWh usage. Therefore, the cost per kWh is extrapolated based on kWh usage at Cheng Lake Building, which is a comparable building.
5. Since CTBC does not own any transport vehicles, and in 2013 emergency generators were only turned on for routine testing, diesel usage is not included in the data.
6. CTBC Headquarters air conditioners do not use environmentally-friendly refrigerant R134.

Waste Management

2013 total weight of refuse for CTBC HQ & Yongji building was 287,330 kg; 120,065 kgs of paper were recycled.

	Method
Waste sorting	<ul style="list-style-type: none"> Office refuse sorted into general waste, recyclables, and food waste. Recyclables 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.
Waste reduction	<ul style="list-style-type: none"> More bulletin boards are being used in order to reduce the amount of photocopies distributed. Envelopes, cardboard boxes and paper bags are reused. Toner cartridges are sent to the vendor for recycling. An electronic signature process has been implemented to reduce the number of copies made and papers sent back and forth. Clerical paper (including copy paper) is printed on both sides. Encourage employees to bring their own cups and eating utensils to reduce the amount of paper cups and disposable tableware used.
Recycling and reuse	<ul style="list-style-type: none"> Using recycled paper to wrap banknotes. Proceeded to adopt a comprehensive plan for using recycled photocopy paper. Our toilet paper is all FSC or PEFC certified. Using envelopes and business cards printed on recycled paper. All photocopiers in CTBC feature recycling racks

2011-2013 Recycling Statistics

Unit: kg

Year	Paper		PET		Metal cans	
	Headquarters	Yongji	Headquarters	Yongji	Headquarters	Yongji
2013	87,442	32,623	1,223	2,170	860	2,401
2012	42,730	27,987	1,190	1,317	470	508
2011	55,125	34,156	1,330	809	498	183

Energy Conservation Management

	Method
Elevators	<ul style="list-style-type: none"> Some elevators are turned off after hours, during off-peak hours and on weekends and holidays (on weekends and holidays two elevators each serve the high and low floors). Employees are fully encouraged to take the stairs for exercise.
Illumination	<ul style="list-style-type: none"> The neon advertising signs for all 147 of CTBC's Taiwan branches are operated by timer switches that turn them on when the banks open and off when they close. In 2012, our new branches switched from T5 lighting to LED energy-saving lighting on a trial basis. Lights above secondary spaces (such as above parking spaces) were disconnected. In general office space, high-efficiency fluorescent light fixtures and electronic ballasts have been installed. Each building's evacuation signs in public areas will be changed to an LED light indicator. Our office buildings continue to conduct regular nightly inspections on each floor ensuring that unnecessary lights are turned off.
Air conditioning	<ul style="list-style-type: none"> Using recycled paper to wrap banknotes. Proceeded to adopt a comprehensive plan for using recycled photocopy paper. Our toilet paper is all FSC or PEFC certified. Using envelopes and business cards printed on recycled paper. All photocopiers in CTBC feature recycling racks

Supporting Carbon Reduction Events

CTBC encourages its employees to share rides in company vehicles whenever they go out on company business and to make more use of video conferencing in order to reduce carbon emissions. We also participate in Taiwan's 1 Movement by not putting any red meat in our staff meals for one day every month to promote the idea that vegetarianism can mitigate global warming. In 2010 we joined forces with Taiwan's Society of Wilderness to promote the WWF's Earth Hour event. In 2013 we took part in City FM's 7th "No Lights but Moonlight" energy-saving event that involved CTBC HQ and all 147 branches nationwide turning off their lights for one hour at the same time to better enjoy the full moon during the

Mid-Autumn Festival while doing a bit for planet Earth.

CTBC Headquarters (including Novel Hall) has a total of 636 ABC dry powder fire extinguishers (>70% ammonium dihydrogen phosphate) and no halon fire extinguishers. There are four air conditioning units utilizing R22 coolant and in 2013 we did not replace any of the refrigerant.

Furthermore, CTBC was not penalized monetarily or otherwise for violating any environmental protection laws or regulations in 2013, and none of the land that our company owns, leases, or manages is protected land nor does it contain habitats for protected wildlife. Therefore, CTBC does not have any adverse impact on ecological protection.

CTBC's Paperless, Eco-friendly Service

At all of our business locations we are constantly striving to find practical and feasible ways to save energy. To this end, eliminating paper is an important step in making our service as eco-friendly as possible.

CTBC Subsidiaries Also Implementing Paperless

- In August 2013 we first started offering paperless account statements. As of the end of 2013, 42% of our customers have applied for our electronic transactions service. CTBC will continue to encourage customers to switch to electronic transactions in order to reduce the use of paper.
- CTBC Securities statistics show that as of the end of January 2014 their proportion of electronic transactions for the year rose to 47.8%, from 39.8% for the previous year. Providing electronic transactions eliminates the need for paperwork such as consignment orders.
- In September 2010 CTBC started using eco-friendly paper to make cash envelopes and we are also assessing the feasibility of using renewable paper to make business cards.

ATM Green Energy Measures

- Since 1999 all of our ATM receipts have been printed out on thermal paper to reduce our use of carbon powder and color ribbon. The thermal paper that we use is SGS approved and does not contain bisphenol A.
- In 2000 we were the first bank to adjust ATM account

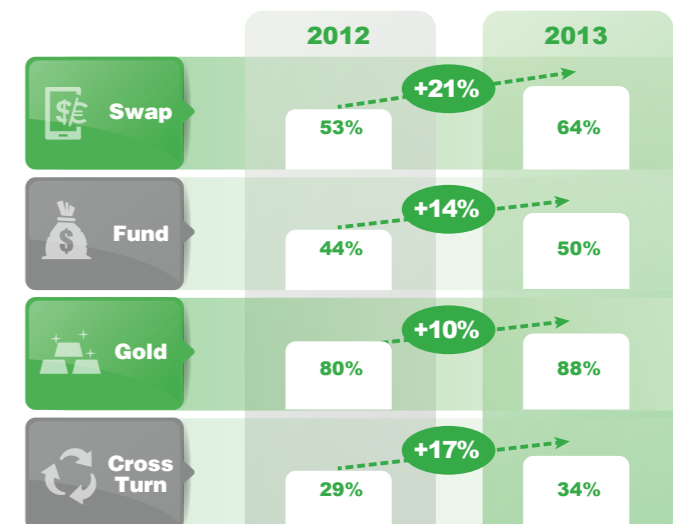
enquiries so that the account balance is shown on the screen and not printed out.

- In 2005 we upgraded all of our ATM journals to electronic journals to reduce our use of paper rolls and the need to store paper journals.
- In 2007 CTBC began to help its customers to show that they care for the planet by providing the option "don't print receipt" on ATM screens. This measure led to a significant reduction in the amounts of receipt paper that we use and was copied by other banks in Taiwan in subsequent years. At present, over 50% of our customers choose this option when using ATMs.
- In 2012 we upgraded all of our ATMs so that they could also take deposits and expanded the range of services provided to over 80. In addition to banking services, our customers can use CTBC ATMs to pay for items such as utility and insurance bills, charity donations, etc., which not only makes these common payments easier to conduct but also decreases the number of trips our customers make to CTBC branches, thus reducing CO2 emissions.

Encouraging Customers to Use Automatically Transmitted Transactions

In 2013 CTBC continued with marketing activities designed to encourage our customers to use automatic transmission transactions - Internet banking, mobile banking, Internet ATM - to conduct transactions such as interbank transfers, paying bills, applying to trade in gold or funds, and trading in forex, gold, and funds. As of the end of December 2013

Proportion of electronic transactions



CTBC had 2.2 million Internet banking customers, a figure that has been increasing around 10% annually, who are effectively helping to reduce wastage of paper and energy.

E- Billing and E- Statements

- We started our move toward paperless business operations in 2003, and by the end of 2013, both credit card bills and bank statements became available online. Over 1 million of our customers have gone paperless.
- Moreover, other methods such as the Multiple Message Advice System (MMAS), electronic employee stock statements, and Code Fax all utilize EDM to transfer information, and are currently completely paperless.

Energy-Saving Customer Service Measures

CTBC's toll-free customer service hotline is based on an interactive voice response (IVR) system. Customers can use the menus on the phone system to request all types of application forms and documents via email. Each year, calls for this type of service comprise 7% of all calls made to the hotline. This service can help both to conserve paper and to reduce mail delivery energy use.

- Voice-activated automatic phone services: Customers can use our voice-activated phone service to cancel their credit cards, thus reducing paper usage and also energy consumption by conventional postal services.
- Designing paperless procedures for handling customer information: Sending out application forms or information on our services that was formerly done by fax is now done by email.
- Customer service team management: We have adjusted our work schedules so that all weekend and nighttime calls to the hotline are handled by our Taipei and Taichung service centers. Since 2010 the number of staff manning the phones has been continually adjusted according to demand, which has resulted in 2,785 fewer shifts worked, with a corresponding saving in power and wear-and-tear for air conditioners.

Expanding CTBC's E-learning Program

Since 2004, CTBC has been implementing E-learning, which has proved very effective to date. In 2013, for example, online courses numbered 1,101, and trained a total of 83,701 employees, which is six times the number

of employees attending traditional classes. Compared to 2012, the total number of students was 59,005, 2013 saw a substantial growth of 42%.

Improving the Success Rate of Electronic Billing Delivery

If a customer changes their email address they may not then receive their electronic bills, which impacts upon their rights as our customer. To address this problem, whenever electronic bills fail to be delivered we send an SMS to the customer to remind them to check their email. Since this measure took effect, our monthly success rate for electronic billing delivery has reached 99%. The number of customers who receive their bills electronically has risen from 910,000 at the end of 2012 to 1.12 million at the end of 2013, an increase of 17%. 210,000 new users were added in 2013 compared to 160,000 in 2012, an increase of over 30%.

Supporting Environmental Credit Policies and Providing Green Financial Products

Lending is one of the most important functions of the financial industry. For CTBC, a key evaluation criterion for any business seeking a loan is whether or not that business is environmentally responsible. In 2013, CTBC provided finance to 5 green energy/ green manufacturing enterprises to the tune of NT\$10.51780 billion. This represents an increase of NT\$2.3780 billion on 2012's figure. Of the amount lent in 2013, NT\$86.1 million was lent to green illumination/refrigeration/air conditioning businesses.

Offering Green Energy Fund Products

As climate change has become a hot topic in recent years, CTBC hopes to bring green energy into the finance industry as a part of our commitment to environmental protection. To this end, we are now offering green energy fund products as an investment option for our customers. As with all investments that are traded on open markets, trading in them carries the potential of making profits or losses.

Innovative Green Energy Finance Projects

There has been rapid development in Taiwan's green energy industry in recent years as a result of government stimulus and the high price of oil and electricity. In 2013, CTBC began to look at green energy from the perspective of the finance industry, which resulted in the rolling out of

our Innovative Green Energy Finance Projects scheme that aims to loan money to green energy enterprises at preferential rates. Such enterprises are involved in illumination, refrigeration, air conditioning, ESCO, solar power generation, wind power generation, solar panel component manufacture, renewable metals, etc. CTBC believes that providing low-cost finance and a reliable loan service to these enterprises can stimulate the development of Taiwan's green industries.

Reinforcing Credit Policies

Unabated environmental degradation meant that CTBC continued to look carefully at credit policies in 2013. Our credit-related units now conduct full assessments of corporations that are applying for credit to see if they are causing environmental pollution through their emissions of effluent, waste gases, etc. so that our frontline staff can prevent any potential pollution problems from affecting us. This policy is clearly outlined in CTBC's Financial Credit Risk Assessment Principles and Implementation Rules that was first drawn up in 2007. The spirit of our policies are in keeping with the so-called Equator Principles, that are widely used internationally.

Credit Risk Management Policies

In December 2012 CTBC's board of directors approved an addition to the CTBC Credit Risk Management Policies stipulating that our banking subsidiary had to henceforth both abide by existing credit policies that support green energy and environmental industries and also to formulate new policies of their own to ensure that CSR was being fully implemented as a part of our banking operations. CTBC Bank responded by amending their Corporate Finance Core Credit Risk Management Policies to emphasize that, in principle, the bank would not loan money to manufacturers that consume excessive amounts of energy or resources or cause a lot of pollution. The amendment was announced in April 2013 and took effect immediately.

For project financing, CTBC also requires that the borrowing firm provide an environmental impact analysis report which has been approved by the relevant authorities. In the contract, the loan recipient firm agrees to fulfill in a timely manner

the commitments made in the project's environmental impact statement and agrees to undertake environmental protection measures and plans stipulated by the competent authorities. 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 approval.

Adopting Parks

From 2001 to 2006, CTBC adopted Taipei's CKS Memorial Hall Park, and from 2006 to date, CTBC has adopted Songzhi Park, which is a small pocket of green in the middle of a concrete jungle. Every December, CTBC holds its annual 'Light up a Life' fundraising campaign, which helps spread the warmth of love to people in need. The paths and trees surrounding the CTBC Headquarters and Songzhi Park are decorated with a colorful festive theme, the style of which varies from year to year. In 2013, Little Fire Boy and his new panda friend Yuan Zai also came along, and were instantly the stars of the show. Through these decorations, we convey the meaning of love behind our fundraising activities, and also make the streets more beautiful.

"Green Policy, Green Future" has always been one of the most important pledges that we have given to Taiwan society. As a leading brand in the finance industry, CTBC is a long-term participant in the government's "Save energy - Reduce carbon" campaign. We have been a major force in getting Taiwan's finance industry behind the development of green industry and we are totally committed to becoming an eco-friendly green financial institution. We hope that our efforts will contribute to the creation of a low-carbon, sustainable environment in which the people of Taiwan can lead happy and content lives.



Community Involvement



Twenty eight years ago, CTBC launched a donation campaign called "Light Up a Life" to improve the lives of disadvantaged children. Every year, the CTBC Charity Foundation receives gratitude from children all over the world in the forms of drawings and thank-you cards.

One of the children who received a breakfast subsidy drew pictures of elephants, fruits, and hamburgers to thank donors for keeping his family fed — a straightforward and heartfelt way of expressing his appreciation, to be sure! What made this picture more meaningful was that the child was thoughtful enough to draw himself dining together with his family.

There was also one kindergarten child who wrote his newly-learned numerals in the thank-you card, as he was eager to tell the donors that he was able to go to school because of everyone's help.

One other picture was especially inspiring. It showed an elementary student telling a younger child who is weeping and exclaiming that he wants to go to school: "Don't worry! You will be able to go to school without having to worry about a single dollar." As it turns out, the donation event not only rallied kindness from society, but enabled the children who received help to also learn the importance of caring.

For nearly 30 years, CTBC has unceasingly demonstrated its care to society. It has devoted substantial human resources and supplies and launched projects one after another all for the purpose of creating "positive cycles" that contribute to a better world one step at a time.





It is a great responsibility to care for society, which is why CSR efforts need to be sustainable over the long-term rather than short bursts of outreach efforts. Furthermore, a combination of compassion and selflessness is the key to accomplishing CSR missions. This is why CTBC bases its CSR efforts on providing care for disadvantaged children and supported this movement with resources such as "Light Up a Life," "lottery," "philanthropy," and "CTBC Poverty Alleviation Program (CPAP)" that were aimed to profoundly change the lives of disadvantaged families and children. Moreover, CTBC also extends its compassion beyond borders and provides "overseas aid" to far corners of the world. Lastly, CTBC supports "arts and culture" and provides "athletic sponsorships" as means of gaining the country's worldwide exposure. These were the 7 directions through which we made our stride towards fulfilling CSR, and with each step taken, we contribute to a better society.

Light Up a Life

Many years ago during a visit to New York City in the United States, CTBC founder Jeffrey L.S. Koo witnessed many poor children gathered at Times Square who could not feel the joy of Christmas along with the rest of the country. It was at that very moment that he decided to organize a donation campaign in Taiwan called "Light Up a Life." Started in 1985, "Light Up a Life" has raised a total of more than NT\$1.2 billion in donations and provided support to more than 35

social welfare organizations and funding projects that have helped more than 260,000 people.

New Records Set for Amount of Donations and Number of Participants

Now in its 29th year, "Light Up a Life" was the very first corporate-run donation program in Taiwan and has since become the longest running campaign of its kind in Taiwan. Even when the nation endured a series of financial crisis, economic slumps, and increased living costs, the monetary amount and number of donations has continued to soar to new heights!

During the three months of the 28th "Light Up a Life" campaign (which ran from December 12, 2012 to March 11, 2013), we received 48,000 donations from 71,000 participants for a total of NT\$148 million raised — setting new records for all three figures. The funds were donated to eight social welfare institutions and charity organizations including Taiwan Fund for Children and Families and Child Welfare Foundation, which helped a total of 25,420 disadvantaged children.

Record-breaking Number of Small Donations

With the exception of a donation of NT\$20 million from a person who had recently won the lottery, the vast majority of donations — 90.72% — raised during the 28th "Light Up a

Life" campaign consisted of small donations of NT\$3,999 or less. A further analysis revealed that donations amounting to NT\$999 or lower accounted for 41% of all donations. In total, these small donations amounted to a total of NT\$128 million, which set another new record in the 28 years of the "Light Up a Life" campaign.

Events Garnered a "95% Trust Rate"

According to the statistics prepared by the CTBC Charity Foundation, 45.9% of people donated because they "wanted to give back to society" and "identified themselves to helping disadvantaged children." There were 95% of people who trusted "Light Up a Life" campaign, whereas 63% of donors expressed that they will "certainly" continue to support this meaningful event. As "Light Up a Life" became a trusted campaign to the public, the CTBC Charity Foundation has also taken steps to use every donation in the utmost discretion and supervise the ways projects are executed so that the resources provided by donors is effectively utilized.

Establishment of a "CTBC Innovative Charity Platform"

While implementing the "Light Up a Life" program, CTBC discovered that some social welfare organizations have been unable to access the funding they need — an issue likely caused by a lack of a proper communication channel. For this reason, CTBC came up with the idea of the "CTBC Innovative Charity Platform" which incorporates its resources as a financial service provider, such as branches, Internet banking, ATM, phone banking, credit cards, reward points, wealth points, and book-entry account transfers, to offer customers a broader means through which they can donate. Through the use of this platform, charity organizations are able to convey their needs to a greater audience, from high net worth to general, Internet banking, and even potential customers.

For example, in this year's "Light Up a Life" campaign, more than 48% of donors made their donations via CTBC's Internet banking platform or through our 147 branches or 5,184 ATMs deployed nationwide. Among all available means, donations via Internet banking (including credit card and reward point donations) accounted for the highest percentage (21%), which totaled nearly NT\$30 million and

represented a growth of nearly 30% over the previous year.

Meanwhile, donations via branches also grew by 16% over the previous year to more than NT\$19 million.

CTBC also took the initiative to collaborate with participants from different industries and utilized the latest technologies to achieve greater awareness and participation. CTBC organized a number of events to help charity groups raise donations directly from the public, and grew to become a trusted charity brand for it has actually helped improve the lives of the socially disadvantaged.



Key Breakthroughs of the "CTBC Innovative Charity Platform:"

- Integrating the group's financial services to create a multidimensional and comprehensive donation network consisting of 8 major charitable outlets.
- Using the group's 5,000+ service outlets to reach out to a larger audience.
- Combining resources of different industries while incorporating media, mobile phones, and the Internet into the marketing network.
- Making use of the latest technology and trends with the launch of a Facebook page and several online campaigns.
- Advertising through the use of real stories and real-life issues.
- Encouraged employees to devote one work day's time into volunteer works, and to hold a charity auction for the disadvantaged children.

CTBC Poverty Alleviation Program (CPAP)

CTBC Bank has long supported the CTBC Charity Foundation in aiding financially disadvantaged families, and came to realize that more pro-active solutions are needed in order to alleviate poverty completely for these families. To help alleviate poverty for a greater number of families, the foundation combined resources within CTBC group to introduce the "CPAP" in September 2011. This was Taiwan's first poverty alleviation model to be initiated by a private institution, which incorporated comprehensive solutions including a 6 to 8 month training course, counseling, and loan support to guide disadvantaged families through their business startup, and helping them learn and develop self-sustainability.

In 2013, the program helped 10 parents obtain the loans they needed to start up their own businesses. By the end of 2013, the CPAP successfully helped 43 parents in total with 34 of whom still in business. Meanwhile, 29 businesses signed up for the marketing assistance offered by the CTBC Charity Foundation. It is motivating to see how these people have worked hard for their dreams and to keep their families together.

Innovative Assistance Program

- This program aims to finance business ventures but requires no upfront capital or business premise to begin with. The loan has many advantages such as low interests, no guarantors, and is disbursed in multiple tranches; meanwhile, borrowers are supported by a "counseling system" to increase their chances of success.
- Lends up to NT\$500,000 without guarantors or collaterals; repayable up to 7 years (includes a 1-year grace period, during which the borrower may service interests only without repaying principal).
- Interests are set at CTBC Bank's savings deposit interest plus a 0.5% margin. As at the end of 2013, the CPAP offered a lending interest rate of 1.88%, which was lower than the market mortgage rate of 2% prevailing at that time.
- Interests collected from the loan are entirely donated into a "CPAP" account to help even more socially disadvantaged families.

- By the end of 2013, the "CPAP" had held business startup courses to a total of 319 families and offered business counseling to 86 families. Forty-three applicants passed review and acquired the loans they needed for a total of NT\$15,898,000, an average of approximately NT\$370,000 per case.



Former National Taekwondo Athlete Opens "Xidankalu Woodworking Shop"

Madam Anjie, the owner of "Xidankalu Woodworking Shop," was once a national Taekwondo athlete who won many medals for Taiwan. However, she had to return to her hometown in Taitung with her three kids because of deteriorated health and family conditions. Through the help of the "CPAP," Anjie opened a workshop named after two of her kids: "Xidan" and "Kalu" to sell handicrafts of the indigenous people.

Before the workshop opened, CTBC volunteers traveled to Taitung on many occasions just to help Anjie develop the basic bookkeeping skills and financial knowledge. Eventually, Anjie was able to develop saving habits and repay the debts she once accumulated. "Xidankalu Woodworking Shop" started under a temporary metal shelter, but was later improved by Anjie and her family into a full-fledged workshop. The "CPAP" consolidated various resources to forge strong support that helped Madam Anjie turn her dreams into action and gave her a chance to create her own new life!

Branding the "CPAP Happiness Shop" and Assisting with Collective Marketing and Quality Management

For more than two years since the launch of the "CPAP," CTBC has helped 86 socially disadvantaged borrowers start up their own businesses; 7 of whom were able to become independent of the program's support, while few developed the capability to feedback to society. The CTBC Charity Foundation believes that business startup assistance should also convey the importance of marketing and quality management, in addition to teaching owners how to run their business. This is the best way that a financially disadvantaged family can be progressively "taught to fish" and eventually become self-sustainable.

For this reason, CTBC made further innovative changes to its "CPAP" in 2013 by creating the "CPAP Happiness Shop" brand and supporting them with collective marketing and quality management. Through the uses of brands, fan pages, and regional marketing activities, the "CPAP Happiness Shop" were able to gain recognition from consumers and acquire recurring customers of their own.

The purposes of our collective marketing and quality management assistance were to give "CPAP" beneficiaries the courage to face competition in the market and improve themselves to develop competitive products and services. This process also allows consumers to witness the growth of CPAP Happiness Shop and encourage them with their purchases. During the first half of 2013, the CTBC Charity Foundation conducted a field survey on all 33 "CPAP Happiness Shop" that were still in business. Twenty-seven of these businesses signed up for the marketing assistance and branded themselves to be easily identifiable by consumers. In addition, the "CPAP Happiness Shop" began their joint marketing efforts and created Facebook pages to share stories behind their products.

"CPAP Happiness Shop" First Collective Marketing Opportunity

In order to establish a strong brand for "CPAP Happiness Shop" and increase the sales of their products, CTBC launched its first-ever collective marketing campaign in 2013. Beginning in Taipei, the CTBC Charity Foundation collaborated with the shopping mall "Urban One" to bring all 33 "CPAP Happiness Shop" into a department store sales setting for the first time. Merchants were allocated spaces in the food court to sell their products over a 3-month period, and 14 participants remained onsite as product representatives to offer lectures and answer customer questions. This unique opportunity gave merchants a chance to not only embrace the market's challenges head-on, but also share their inspiring stories with customers.

On the day of the grand opening, Madam Kumquat (alias) came all the way from Yilan to teach customers how to distinguish between fermented vinegar, compound vinegar, and scented vinegar using sight, smell, and taste. She then gave customers a taste of her homemade vinegar,



Creative Calendar by Mr. Jiaren in Taitung Underscores the Importance of Caring

Mr. Jiaren, who hails from Taimali Township in Taitung, was another business success story made possible by the "CPAP." After spending more than six months at the drawing board, Mr. Jiaren was finally able to publish his first hand-drawn calendar this year, which features fun and witty dialogs between a wild boar and a snail.

Four years ago, Mr. Jiaren suffered an accident that rendered him unable to work. His wife, who sold fruit for a living, had to become the family's breadwinner. However, after six months of providing for the whole family and taking care of her injured husband, she suffered an acute liver failure, leaving the family of five in a difficult plight. At first, Jiaren wanted to grow vegetables to support his family, but after his first attempt, he discovered that his crops were eaten away by bugs and snails. Feeling helpless, he found an outlet for his frustration through drawing. To his surprise, everyone who saw his work expressed great admiration and words of encouragement. It was from this new beginning that he opened up an art studio to give a shot at his newfound talent. The studio was a huge hit in the community, and Jiaren began teaching classes.

Jiaren's father said that his son developed an interest in drawing during high school. Upon discovering Jiaren's talent, one of the CPAP Poverty Alleviation Program consultants encouraged him to continue his creative work in addition to farming. Jiaren became serious about keeping books and reducing expenses as soon as he finished his first CTBC finance course. With the help of the CPAP, he now has a clear idea about which direction to pursue. To return the favor to society, Mr. Jiaren donated NT\$30 from each of his 2014 calendars he sold to the "29th Light Up a Life". CTBC's employees even mobilized a purchasing drive that sold nearly 600 copies by the end of 2013.

which led to a purchasing frenzy in which she sold all of her vinegar that she brought to the department store. During a single lunch hour, she helped the "CPAP Happiness Shop" program break the ten-thousand NTD revenue mark. The amount of revenue generated was equivalent to what other food court operators earn in an entire day at Urban One, underscoring the effectiveness of the CPAP Happiness Shop' collective marketing strategy and giving the program a great head start!

Public Welfare Lottery

"When you buy a lottery ticket, you can feel proud knowing that a portion of your hard-earned money is going toward a good cause!" Since CTBC assumed control over the Taiwan Lottery in 2007, lottery sales have grown from NT\$64.2 billion in the first year to NT\$123.4 billion in 2013, which also contributed to the revenue growth of ticket distributors. Due to our exceptional performance, CTBC was appointed by the Ministry of Finance in 2013 as the issuer of the 4th



Lottery Sales Income Distribution

Period: From January 1, 2008 through December 31, 2013

Use of funds	%	Amount donated	Assistance provided
Education subsidies for disadvantaged groups	26.76%	NT\$609 million	CTBC has long committed resources to providing education for socially disadvantaged children. In 2013, the foundation helped 225,827 people to a total of 528,600 by the end of the year. Assistance provided by the program included: 1. After-school counseling, tuition subsidies, stationery, and study materials for junior high/elementary school students of socially disadvantaged families and new immigrants. 2. Scholarships for economically disadvantaged children and children with disabilities to ensure they receive uninterrupted education. 3. Sponsored education for disadvantaged children and built up children's confidence and skills through social groups and training programs aimed at inspiring students and cultivating talents.
Food subsidies for the young and elderly	4.95%	NT\$112 million	The foundation sponsored social welfare organizations to prepare lunches for disadvantaged children so that these children can focus on their education without worries. In 2013, A total of 14,787 lunches were prepared for children in need. Furthermore, the program also delivered meals to elders residing in remote areas and took this opportunity to care for their well-being.
Medical care for the disadvantaged	27.65%	NT\$629 million	As a response to the call for accessible transportation by persons with disabilities, the foundation has donated a total of 148 modified accessible vans by the end of 2013. Among which, 13 were donated in 2013 alone. The program also offered medical assistance such as early intervention, screening and treatment for blindness and liver diseases. Furthermore, the program has sponsored substantially to the installation of medical equipment and hospital construction, helping a total of 159,881 people in 2013.
Facility improvements and equipment purchases at social welfare organizations	18.98%	NT\$432 million	The program helped 261,244 people in 2013 through 94 separate renovation, hardware upgrade, and dormitory construction projects at coma patient centers, homes for the elderly, community centers, and children's homes.
Emergency relief	21.66%	NT\$493 million	The foundation worked with social welfare organizations to provide professional care and adoption services for infants (up to 2 years old) with lost parents or those who require special needs or extensive medical attention. This sum of money also served to complement the government's lack of emergency aid at times of crisis. Continual support to "NTU Children and Family Research Center" in solving society's problems through feasible suggestions and actions.
Total	100%	NT\$2.275 billion	

lottery series. Over a 7-year period, lottery sales created more than 37,000 jobs for the socially disadvantaged and continually encouraged lottery winners to donate part of their winnings. A total of NT\$2.922 billion in donations were generated through the lottery program in 2013 which helped more than 215 charity groups and 3.38 million socially disadvantaged people.

Lottery distributor selection service

CTBC completed its random selection of distributors for the 4th lottery series in 2013. A total of 8,700 distributors were shortlisted. To cater to the interests of the financially disadvantaged, CTBC waived the NT\$50,000 bond requirement for applicants that satisfy the criteria of low income household, disabled person, and indigenous people in the Public Assistance Act, while applicants who place their bonds during registration can have their money refunded with interest within 3 business days after the draft pick result is announced.

Over the 10 years of the 4th lottery series, CTBC will contribute NT\$2.7 billion per year to aid the government's charity efforts. Sixty percent of proceeds from lottery sales will be paid as winnings, while the remaining 40% are used to subsidize the government's social welfare spending, national pension payments, and the National Health Insurance program.

Philanthropy

Founded in November 2004, the CTBC Charity Foundation is the headquarters of all charity missions operating under the CTBC group. The CTBC Charity Foundation is dedicated to providing care and assistance to socially disadvantaged children and families and building a volunteer culture that reflects the group's brand value: "We are family." We believe that, by spreading kindness, we can help activate a positive cycle that generates greater compassion and change in the world.

20th Anniversary of the CTBC Tzu Chi Lotus Card — A Celebration of Giving Back to Society

In order to allow people to shop and become involved in charity works at the same time, CTBC worked with Tzu Chi Foundation in 1993 to issue Taiwan's first "CTBC Tzu Chi Lotus Card," which became the precedent for all credit card

donation programs that followed. Over the past 20 years, over 300,000 cards have been issued, helping to contribute more than NT\$450 million in donations that helped Tzu Chi Foundation's work in philanthropy, healthcare, culture, and education. In 2013, CTBC announced the launch of the "CTBC Tzu Chi Lotus Signature Card" and the "CTBC Tzu Chi Lotus Titanium Card" which features an increased donation percentage of 0.5% for every dollar spent.

In addition, CTBC joined Tzu Chi Foundation in launching a campaign that encouraged CTBC cardholders to donate reward points, while CTBC Bank also donated 2 million reward points per month to Tzu Chi Foundation for a period on one year, representing an effort by CTBC to use cardholder reward points in a way that benefits society as a whole.

Caring for disadvantaged children overseas through the "Chinese Pilot Education Program"

The CTBC Charity Foundation has accumulated a great deal of experience providing educational support to children living in remote areas. In 2013, the foundation made its first attempt to reach out across the Strait and worked with China National Committee for the Wellbeing of the Youth ("CNCWY") and Foundation for the Next Generation ("FNG") in launching the "Chinese Pilot Education Program." The program aimed to establish 30 "Chinese Pilot Education Facilities" over the next 6 years in Chinese provinces that are relatively poor, remote, and populated by minorities.

Since its launch in September 2013, 4 schools have joined the "Chinese Pilot Education Program" from Xiangxi Tujia and Miao Autonomous Prefecture (Hunan Province), Huachi County (Qinghua City, Gansu Province), Hui Autonomous Region (Ningxia Province), and Baoxing County (Ya'an City, Sichuan Province), and more than 3,200 disadvantaged students have since directly benefited.

Soochow University Memorial Professorship of Jeffrey L.S. Koo

To commemorate the long-time support of Jeffrey L.S. Koo in education, as it was one year after the death of Jeffrey L.S. Koo, Chairman Wen-Long Yen of CTBC Holding had made a personal donation totaling NT\$10 million to Soochow University where Jeffrey L.S. Koo had once studied. The donation also served to create a "Memorial

Professorship of Jeffrey L.S. Koo," which shall be chaired by Academicians of Academia Sinica and scholars of extraordinary achievements. Furthermore, CTBC also offers scholarship of NT120 thousand dollars to pass down the spirits of Jeffrey L.S. Koo in supporting education.

U.S. DEA Educational Foundation Invited to Teach Children about Drug Awareness

The CTBC Charity Foundation's experiences in providing care to children and teenagers caused it to become concerned about the threat posed by drugs in our nation's schools. To increase drug awareness and reduce harm, the CTBC Charity Foundation invited the U.S. Drug Enforcement Administration (DEA) Educational Foundation to host a "Drug-Free Education" seminar in 2013. The event gathered representatives from government agencies, academic institutions, and overseas experts to discuss ways of keeping children away from drugs. This seminar was the nation's first to simultaneously involve anti-drug expertise from the government, academic, and private sectors.

This forum attracted the participation of more than 50 experts from different fields of expertise, including government officials, scholars, and opinion leaders in anti-drug and rehabilitation issues all into discussing the future of Taiwanese youths.



Paintball Concerto

In 2013, the CTBC Charity Foundation organized a "Paintball Concerto" for children of the "Little Seedlings" program launched by Northern Region Children's Home. During the event, CTBC Charity Foundation Chairman Jeffrey Koo Jr.

joined CEO Roger Kao, 33 volunteers, and 23 children in an exciting paintball match, followed by a trip to see a musical performance.

Paintball requires not only teamwork, but smart strategy. The "Paintball Concerto" gave teenagers the chance to experience the fun of working together as a team and taught them to cherish the friends who accompany them through life's challenges. The musical performance "Together" told the story of two Taiwanese and Japanese childhood friends having coincidentally run into each other again while working in cross-border rescues. Together, they provided relief disaster victims in Taiwan and Japan during the 9/21 Earthquake, Typhoon Morakot of 2009, and the 2011 Tohoku earthquake and tsunami in Japan, and the performance explored the concepts of brotherly love and the importance of caring for other human beings in times of upheaval regardless of nationality. Through this musical performance, the CTBC Charity Foundation hoped to inspire teenagers to cherish the little things they have and to understand the value of life.

A Little Seedling Has Grown Up

The participant of this event was a juvenile named "Wu" (alias), a long-time member of the "Little Seedling" program from Northern Region Children's Home. Wu joined the "Little Seedling" program organized by the CTBC Charity Foundation during his sixth year of elementary school. Wu was a naughty, energetic, and stubborn child back then who troubled many volunteers assigned to his care. However, under the patient guidance of his volunteers, Wu eventually developed an interest in studying, and voluntarily opted for after-school tuition as he progressed into his junior high school years. In 2013, Wu scored exceptionally during his exams and was accepted by a private high school, enabling him to become a role model for how education can change one's life. Wu was glad to be reunited with the volunteers who had accompanied him through his childhood. He promised that some day, when he is able, he will also give back to society and help those in need.



Two Year Education Project: "Learning How to Be Financially Independent"

Since 2005, the CTBC Charity Foundation has provided care for kids in children's homes. During this time, the Foundation discovered that many children who left the institution between the age of 16 and 18 were prone to the poverty cycle due to their lack of education and social experience. To address this problem, the foundation introduced a two-year educational project called "Learning How to Be Financially Independent" in 2013. The course-based project consists of 5 training sessions and 2 practical workshops aimed to provide teenagers with useful financial knowledge and help them explore career opportunities so that they can "stand on their own two feet" while living independently.

For this practical workshop, Chairman Jeffrey Koo Jr. of the CTBC Charity Foundation invited 35 children from 7 institutions including Northern, Central and Southern Region Children's Home to a one-day career role play with more than 70 volunteers. This program was the first to involve 12 of CTBC Bank's business partners including hotels, auto accessory dealers, cosmetics, hairstyling, telecommunications, travel agencies and restaurants. Some of them were skeptical at first about the purpose of the activity, but eventually supported it upon seeing the sincerity of those involved. Some even expressed their willingness to cooperate on a long-term basis.

At the end of the two-year "Learning How to Be Financially Independent" program, the Northern, Central, Southern, and Eastern Region Children's Homes will each select 2 to 3 top-performing young adults to undergo an internship at CTBC Bank branches throughout Taiwan. This is CTBC's effort to prepare children for the challenges ahead and to help them open up new possibilities on their own!

Corporate Volunteer Services

Seeing the green vests worn by CTBC volunteers is like seeing angel's wings. At CTBC, volunteer service has become one of the most treasured aspects of our corporate culture, and it all began since the founding of the CTBC Charity Foundation. The foundation has been long devoted to helping disadvantaged children and families, and it

has three teams of volunteers to offer "school counseling," "English tuition," and "financial knowledge." On average, 1 out of every 6 CTBC employees is involved in volunteer services. As at the end of December 2013, the foundation had organized more than 1,324 voluntary activities, recruited more than 1,808 volunteers, and offered more than 142,962 hours of service to over 46,340 children.

Long-term Sustainable Charitable Efforts

Only a dedicated and sustained effort will truly extend substantial care to disadvantaged children and families who need assistance. The CTBC Charity Foundation understands this, which is why we coordinate and partner up with charity groups with long-term goals in mind. Our mission is to help foster a greater sense of hope in society one charitable project at a time.

Overseas Aid

Fulfilling corporate social responsibilities is an important core value at CTBC. As the company expands its overseas presence, we continue to impart this corporate culture to our branches abroad as well.

Earthquake Disaster Relief at Ya'an, Sichuan

In April 2013, a 7.0 earthquake caused widespread destruction in Lushan County, Ya'an City, Sichuan Province. CTBC donated NT\$ 25 million (equivalent to RMB 5 million) to help victims of the disaster in Sichuan, and also mobilized employees of various subsidiaries to make personal donations and assist in the relief effort.

NT\$10 Million Disaster Relief to Help Victims of Typhoon Haiyan

In November 2013, Typhoon Haiyan swept through the central part of the Philippines, causing more than 2,000 deaths and rendering hundreds of thousands homeless. In light of the disaster, CTBC Bank's Philippines Branch took the initiative to donate NT\$10 million (equivalent to 15 million Pesos) to help rebuild schools in Bogo City and Tabogon City. In addition to being used to repair and construct buildings and other facilities, the donation was also aimed at replenishing lost resources so that children could return to school and resume their education as soon as possible. Meanwhile, the Philippines Branch also organized an internal donation drive to help get the country back on its

Long-term Sustainable Charitable Efforts

The "Little Seedlings" Project	Since 2008, the CTBC Charity Foundation has been establishing counseling offices at 8 children's homes and hiring professional counselors to offer mental guidance to the children.
Donation of mobile story bus and books	The CTBC Charity Foundation has a long-term collaboration with ChangHua Neighbor Care Social-Welfare Association. It has donated a "mobile story bus" along with 800 copies of "World Cultural and Natural Heritage Sites" to 13 social welfare institutions to help develop reading habits in remote areas.
Scholarships for disadvantaged children	<ol style="list-style-type: none"> 1. "Chung Lung-Chi Scholarship" was first launched in 2007 to support the learning efforts of disadvantaged elementary, junior high, and high school students. As of 2013, a total of 218 students had benefited from the scholarship. 2. The "Little Seedling" program started in 2007; its purpose was to provide subsidies in ways that encourage disadvantaged juveniles to pursue higher education, and eventually turn their lives around. A total of 19 juveniles joined the program in 2013; except for the 13 children who were still in junior high school, 5 of those who graduated chose to pursue further education. 3. "CTBC Tertiary Scholarship Program" was launched in 2013 to relieve disadvantaged tertiary students from the need to earn tuition fees and living costs, and hence allow more time be spent on studying. A total of 30 students were accepted during the first launch in 2013.
Early Intervention Support Program for Disadvantaged Families	"CTBC Early Intervention Support Program for Disadvantaged Families" was first launched in 2007. The effort provides treatment resources for children with autism, developmental delays, craniofacial deformities and other special needs, so that they have a chance to receive proper education and medical attention.
Ongoing research with NTU Child and Youth Think Tank	The CTBC Charity Foundation has been working closely with "NTU Children and Family Research Center" on children's welfare issues. Being the first research center dedicated to children's welfare in Taiwan, the scope of its works include: 1. Sponsoring children's welfare studies; 2. Rewarding young scholars; 3. Organizing regular children's welfare forums; 4. Publishing children's welfare periodicals; 5. Publishing white papers on children's welfare policies; 6. Interacting with international academic institutions for greater global visibility.
Independence for disadvantaged teenagers	In 2013, the CTBC Charity Foundation launched a two-year "Practical Finance Course" in collaboration with 7 children's homes. The course was targeted at the 46 teenage residents in their second high school year, with the purpose of preparing them for adulthood.

feet in the wake of the disaster. During the "Reception to Commend the Relief Efforts for the Philippines in Wake of Typhoon Haiyan," the Ministry of Foreign Affairs had even commended CTBC for providing such an immediate relief.

Overseas Philanthropy through Philippines and Indonesia Branches

CTBC's Philippines and Indonesia branches are also devoted to local charitable efforts. In an effort to improve the reading skills of disadvantaged children in the Philippines, CTBC's Philippines Branch teamed up with National Book Store Foundation, Inc. (NBSFI) to launch the "Better Readers, Brighter Future" campaign. The campaign featured a mobile library built to travel deep into remote areas and increase literacy among Filipino students.

In addition, CTBC's Indonesia Branch donated more than NT\$15 million to Jakarta Taipei School, which allowed the

20-year old institution to begin construction of a second campus, creating additional space for its kindergarten and primary school as well as a dormitory for resident teachers — which include Taiwanese citizens and other foreign nationals — in order to reduce the turnover rate of the school's teachers and provide a greater benefit to the students.

Promotion of the Arts

"Where there is a world-class performance, there is applause from CTBC customers!" As part of its "We are family" spirit, CTBC has long-sponsored world-class performances and supported the expansion of quality arts and culture in Taiwan. As Taiwan continues working hard to gain the cultural exposure it deserves on the world stage, CTBC recognized the need for improvement and invested in the culture and creativity business as early as 2011 to inspire young people's talent toward the arts and creativity.



Concerned about helping disadvantaged children develop their reading skills, CTBC Bank(Philippines) employs sponsors school libraries so kids can experience the wonder of reading.

"When Children Meet Miro": Helping Rural Children See the World in a New Light



During summer vacation each year, the CTBC Charity Foundation invites children living in remote areas to "come and experience the city." Because our most recent event happened to coincide with the CTBC-sponsored "Women, Birds, Stars: Joan Miro Exhibition," CTBC took the opportunity to organize a "Meet Miro" event, giving children from remote areas the chance to learn from the creative mind of the Spanish surrealist master Miro himself. During the event, the foundation designed a series of activities including a quiz, drawing, and clay art to help with the children's learning and inspire their artistic potentials. At the end of the day, children were given the chance to make and keep their own clay creations. Chairman Jeffrey Koo Jr. of the CTBC Charity Foundation said that urban children are too occupied by electronic products which limit their imagination. In contrast, children living in rural areas are able to demonstrate more energy toward life and beauty due to the lack of distractions around them.

The First Financial Holding Company to Become Involved in Culture and Creative Industry with Investment in the Film "Step Back to Glory"

In response to the government's effort to promote the nation's culture and creativity industry, CTBC Venture Capital had participated in Ministry of Culture's "Enhanced Management Program for Culture and Creativity Industry" since 2011 and invested a total of NT\$500 million to help bring local creations onto the world stage.

"Step Back to Glory" was the third film that CTBC invested in in 2013. The film was based on the true story of a tug-of-war team from Taipei Jingmei Girls High School, which, comprising of students from disadvantaged families, endured all kinds of tough training to win a world championship. In addition to investing in the film, CTBC also made the commitment to give 5% of all profits made on the film back to Jingmei Girls Tug of War Team, which they may use to compete in the next world event.

Providing Sponsorships to Benefit Local Arts and Culture

CTBC has long been a sponsor of world-class exhibitions and performance. In recent years, CTBC helped hold various events in Taiwan such as "Women, Birds, Stars: Joan Miro Exhibition," "Monet: Landscapes of Mind," and "Chicago Symphony Orchestra: All-Beethoven Evening" to improve the artistic taste and lifestyles of local residents.

Meanwhile, CTBC also gave its full support to local arts and culture. It co-arranged "Pili Fantasy World of Puppet Art" with Pili International Multimedia Co., Ltd. and co-produced "Nanhai Stories" with National Taiwan Arts Education Center to give locals a deeper understanding into their culture.



CTBC and "Wonderland of Animals and Insects of Taiwan"

CTBC acknowledges how Paper Windmill Arts and Educational Foundation has devoted itself to artistic education, and therefore joined the foundation in 2009 for the nationwide tour of "First mile, kids' smile." The performance took on a tour throughout northern, central, and southern parts of Taiwan as well as remote areas such as Hualien, Taitung and Pingtung, giving all children of the country a chance to admire the works of Paper Windmill Theatre. To continue this passion, CTBC had once again joined Paper Windmill Arts and Educational Foundation in 2013 for the exhibition: "Wonderland of Animals and Insects of Taiwan." This was the largest and most mind-blowing creative exhibition by Paper Windmill; through the use of installation arts and the ability to interact up close, the exhibition served to inspire children's creativity and develop their sense of aesthetics.

Sponsoring Novel Hall

In an effort to improve the people's admiration for local arts, CTBC has funded the operations of Novel Hall since 1997 and helped organized performances by local and foreign artists. By the end of December 2013, Novel Hall

had hosted 3,280 performances and drew 1.96 million visits. Many of the nation's renowned performance groups, including "Comedians Workshop," "Cloud Gate Dance Foundation," "Taipei Li-yuan Peking Opera Theatre," and "If Kids Theater" all started and matured in "Novel Hall."

Athletic Sponsorships

It takes the effort of both the government and the private sector to nurture a fine athlete. What is left for companies to do is to devote long-term attention and provide a place where athletes can shine on the world stage. In addition to continuing its support for golf talents, CTBC had also devoted attention to local baseball talents by officially sponsoring the professional baseball team "Brother Elephants" in 2013.

Sponsorship of the Professional Baseball Team "Brother Elephants"

Baseball is one of Taiwan's national pastimes, and CTBC's return to professional baseball sponsorship in 2013 was to help inject new life into the one sport that has, time and time again, united the nation's spirit. CTBC's sponsorship of the Brother Elephants in 2013 came just at the right time to keep the team going, and gave the players greater career prospects and more games for fans to enjoy.

Sponsoring Professional Golfers and Golf Matches

Despite the fact that Taiwanese golfers have recently gained increasing attention in world golf events, the nation still lacks the adequate resources to keep the winning streak going. To support the growth of potential golf talents, CTBC has been working with University of Taipei in a "Golf Talent Training Program" since 2011 that provided long-term sponsorship of rising talents such as Yeh Hsin-Ning, Lin Tzu-Chi, Hsieh Yu-Ling, and Hsu Wei-Ling. Meanwhile, CTBC also offers scholarships to help University of Taipei train female amateur golfers, with the hope that someday they may shine in the world arena. In addition to training golf talents, CTBC also provided them the opportunity to perform. The 2013 "CTBC Ladies Open" was a milestone success as it attracted nearly one hundred contestants from ten countries, and helped Taiwan Ladies Professional Golf Association (TLPGA) reach the number of open tournaments needed for Rolex Rankings, thereby allowing

golfers to accumulate world scores from local games, making Taiwan an attractive place for world's top talents to compete.



CTBC sponsored the Professional Baseball Team "Brother Elephants" in 2013.



2013 CTBC Ladies Open was held September 19-21 at Taoyuan's Sunrise Golf Country Club.

The Winning Performance

CTBC's long-time sponsorship of professional golfers paid off in 2013, as Hsu Wei-Ling won the LPGA Symetra Tour held in New York State, making it the first win in Hsu Wei-Ling's professional golfing career, and making her the third player in history to win the game in their rookie year. Meanwhile, Lin Tzu-Chi won the China LPGA Tour Ningbo Challenge and Shandong Golden Mountain Challenge, and Hsieh Yu-Ling became the runner-up in the 2013 TLPGA Technology Cup and Yeh Hsin-Ning also performed admirably in Taiwan and China.

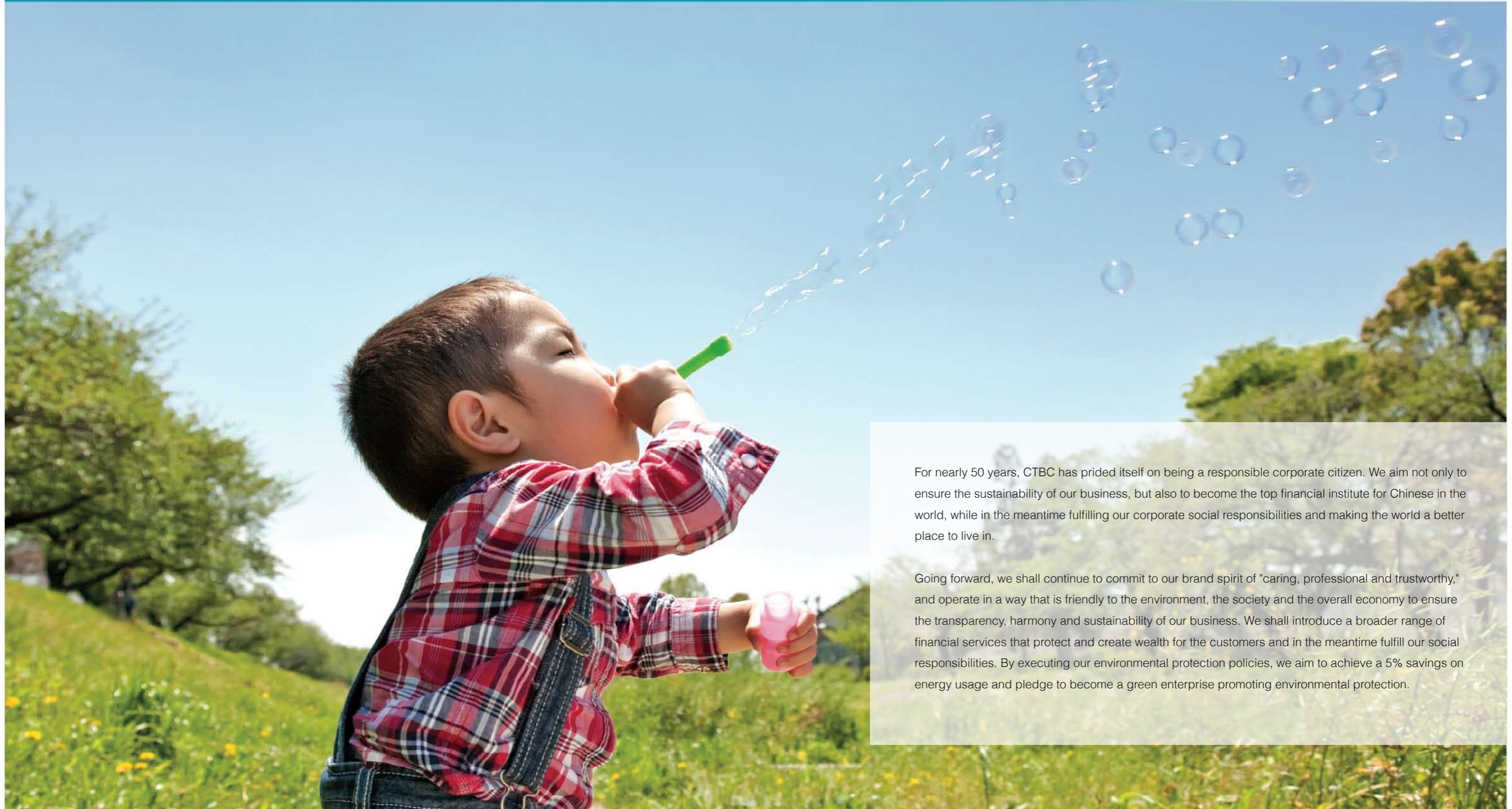
NT\$10 Million Donated to the "Young Talent Empowerment Program"

Before the official games of the "2013 CTBC Ladies Open" started, CTBC organized a special "Professional-Amateur Match" where customers and the sponsored athletes were invited to play for a prize. In the end, CTBC Bank and the CTBC Charity Foundation donated a total of NT\$10 million to sponsor the "Young Talent Empowerment Program," which was launched by Taiwan Fund for Children and Families, Chen Chou Boy's Home, The Mustard Seed Mission, Eden Social Welfare Foundation, ChangHua Neighbor Care Social-Welfare Association, and Make-A-Wish Taiwan to improve the lives of disadvantaged children. The 3-day tournament drew an attendance of nearly 800 spectators, who not only cared about the games but also the people that the event was organized to help. The spectators raised a total of NT\$56,450 in just two days, and the proceeds were donated to the "Young Talent Empowerment Program" to help children living in remote areas.

Fulfilling corporate social responsibilities has always been a key part in CTBC's business strategies, and the spirit is deeply embedded into our corporate culture. For nearly 30 years, CTBC has leveraged its influence in the financial industry to provide stable sources of funding to charitable organizations without concern for profitability. Helping the socially disadvantaged, supporting the arts, and sponsoring sports events are some of the ways in which we help give back to society. Going forward, CTBC shall continue to embrace its passion of imbuing love and compassion in the areas of society that need it most.



Vision for the Future



For nearly 50 years, CTBC has prided itself on being a responsible corporate citizen. We aim not only to ensure the sustainability of our business, but also to become the top financial institute for Chinese in the world, while in the meantime fulfilling our corporate social responsibilities and making the world a better place to live in.

Going forward, we shall continue to commit to our brand spirit of "caring, professional and trustworthy," and operate in a way that is friendly to the environment, the society and the overall economy to ensure the transparency, harmony and sustainability 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. By executing our environmental protection policies, we aim to achieve a 5% savings on energy usage and pledge to become a green enterprise promoting environmental protection.

INDEPENDENT ASSURANCE OPINION STATEMENT

2013 CTBC Financial Holding Company Corporate Social Responsibility Report

The British Standards Institution is independent to CTBC Financial Holding Company (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 2013 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 2013 CTBC CSR Sustainability Report Review provides a fair view of the CTBC programmes and performances during 2013. We believe that the 2013 economic, social and environment 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 compliance with the GRI guidelines 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 staff on CTBC's approach to stakeholder engagement. However, we had no direct contact with external stakeholders
- 12 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 G4.0 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; however, the future report should be further enhanced by the following areas:

- Encouraging update sustainable development trend about financial sector continuously and integrated with corporate core strategy and vision to put organizational CSR idea within its value chain into practice.

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; however, the future report should be further enhanced by the following areas:

- Establishing suitable criteria for determining material aspects according to identified organizational risks and opportunities within its value chain.

Responsiveness

CTBC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the CTBC Corporation is developed and provides the opportunity to further enhance the CTBC's responsiveness to stakeholder concerns. CTBC can timely respond to the stakeholder if the crisis events happened. 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 to 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 GRI G4.0 Guidelines: the Core option. 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:

- Encouraging systematize the data that cover all partial disclosure performance indicators toward full disclosure in the future in order to strengthen stakeholder's confidence.

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, 2014



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

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GRI 4		Description	Chapter	Page
Standard Disclosures : 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	5
G4-2	Provide a description of key impacts, risks, and opportunities.	○	Letter to Stakeholders	5
Organization Profile				
G4-3	Report the name of the organization.	○	About CTBC	25
G4-4	Report the primary brands, products, and services.	○	About CTBC	26-29
G4-5	Report the location of the organization's headquarters.	○	About CTBC	25
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	26-27
G4-7	Report the nature of ownership and legal form.	○	About CTBC	26
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	○	About CTBC	26-29
G4-9	Scale of the reporting organization.	○	About CTBC	26-31
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).	○	Employee Care & Career Development	76-77
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	○	Employee Care & Career Development	87
G4-12	Describe the organization's supply chain.	○	Stakeholder Engagement About CTBC	16 30
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.	○	Stakeholder Engagement About CTBC	16 26-31
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	○	Corporate Governance	51-53
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	○	Sustainable Environmental	99-100
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.	○	About CTBC	32-33
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.	○	About CTBC	30-31

GRI 4		Description	Chapter	Page
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.	○	Report Overview	3
G4-19	List all the material Aspects identified in the process for defining report content.	○	Stakeholder Engagement	17
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	○	Stakeholder Engagement	17
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.	○	Stakeholder Engagement	17
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.	○	Report Overview	3
Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.	○	Stakeholder Engagement	14-15
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	○	Stakeholder Engagement	14-15
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.	○	Stakeholder Engagement	14-16
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.	○	Stakeholder Engagement	14-16
Report Overview				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	○	Report Overview	3
G4-29	Date of most recent previous report (if any).	○	Last year's report was issued in July 2013.	-
G4-30	Reporting cycle (such as annual, biennial).	○	Report Overview	3
G4-31	Provide the contact point for questions regarding the report or its contents.	○	Appendix	136
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.	○	Report Overview	3
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.	○	Report Overview CSR Philosophy	3 8-11
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.	○	Corporate Governance	38-45
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 Philosophy	7-11

GRI 4		Description	Chapter	Page
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 Philosophy	7-11
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 Philosophy Corporate Governance	7-11 38-42, 56-57
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	△	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.	44-45
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).	○	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.	41
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	○	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.	41
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	△	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.	38-39 42-47

GRI 4		Description	Chapter	Page
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 Philosophy Each year, CTBC's business reports and operation plans are submitted to the auditing committee and board of directors for resolution and then to the general meeting of stockholders for review and passage.	7-11
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	○	Corporate Governance Arranging of courses and lectures for directors and supervisors.	42
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 Philosophy Corporate Governance	8-11 42-47
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.	△	Corporate Governance	50-56
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.	△	Corporate Governance	50-56
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 Philosophy	8-11
G4-49	Report the process for communicating critical concerns to the highest governance body.	○	CSR Philosophy	8-11
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 Philosophy	8-11
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	△	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 and 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.	40 46-50

GRI 4		Description	Chapter	Page
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.	△	Corporate Governance	40 50
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.	○	CSR Philosophy	8-11
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.	○	Employee Care & Career Development	87-88
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.	○	Employee Care & Career Development	87-88
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 Philosophy Stakeholder Engagement	8-11 14-16
DMA-EC	Disclosure on Management Approach "Economic Performance"	○	About CTBC	30-32
DMA-EC	Disclosure on Management Approach "Indirect Economic Impacts"	○	Customer Care	64-73
DMA-SO	Disclosure on Management Approach "Anti-corruption"	○	Corporate Governance	52-53
DMA-SO	Disclosure on Management Approach "Compliance"	○	Corporate Governance	53-56
DMA-PR	Disclosure on Management Approach "Customer Privacy"	○	There were 28 instances of customers lodging complaints with external authorities regarding privacy infringements and leaked personal information	-
DMA-PR	Disclosure on Management Approach "Product and Service Labeling"	○	Corporate Governance	52-53
Specific Standard Disclosures				
Economic				
G4-EC1	Direct economic value generated and distributed.	○	About CTBC	30-32
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	○	Sustainable Environment	104-105
G4-EC3	Coverage of the organization's defined benefit plan obligations.	○	Employee Care & Career Development	80-82
G4-EC4	Financial assistance received from government.	○	About CTBC	32
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	○	Employee Care & Career Development	79-80

GRI 4		Description	Chapter	Page
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	○	Employee Care & Career Development	77
G4-EC7	Development and impact of infrastructure investments and services provided.	○	Sustainable Environment	102-105
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	○	Customer Care	64-73
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	○	About CTBC	30-31
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.	NA
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.	NA
G4-EN3	Energy consumption within the organization.	○	Sustainable Environment	101
G4-EN4	Energy consumption outside of the organization.	◎	-	-
G4-EN5	Energy intensity	◎	-	-
G4-EN6	Reduction of energy consumption	○	Sustainable Environment	101
G4-EN7	Reductions in energy requirements of products and services	△	Sustainable Environment	104-105
G4-EN8	Total water withdrawal by source.	○	Sustainable Environment	100
G4-EN9	Water sources significantly affected by withdrawal of water.	○	Sustainable Environment	100
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.	○	CTBC is located in urban areas and does not have any land that can be construed as habitats for the protection of biodiversity, either conservation areas or otherwise.	-
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.	○	CTBC is located in urban areas and does not have any land that can be construed as habitats for the protection of biodiversity, either conservation areas or otherwise.	-
G4-EN13	Habitats protected or restored.	○	CTBC is located in urban areas and does not have any protected or restored habitats.	-
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)	○	Sustainable Environment	101
G4-EN16	Energy indirect greenhouse gas (GHG) emission (Scope 2)	○	Sustainable Environment	101
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	-
G4-EN18	Greenhouse gas emissions intensity	◎	-	-
G4-EN19	Reduction of greenhouse gas (GHG) emissions	○	Sustainable Environment	96-101

GRI 4		Description	Chapter	Page
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.	○	Sustainable Environment	100
G4-EN23	Total weight of waste by type and disposal method.	○	Sustainable Environment	102
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.	○	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.	○	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.	○	Sustainable Environment	100-105
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	○	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.	○	None	-
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.	○	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.	○	Sustainable Environment	99
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.	○	Stakeholder Engagement	16-17
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.	○	Employee Care & Career Development	78
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	○	Employee Care & Career Development	80-83
G4-LA3	Return to work and retention rates after parental leave, by gender.	○	Employee Care & Career Development	79
G4-LA4	Minimum notice periods regarding operational changes, including whether there are specified in collective agreements.	○	Employee Care & Career Development	88
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.	○	CTBC drew up its "Labor Safety and Health Guidelines" in 2011 clearly stipulating various standards for work safety and health to prevent accidents and injuries. It also set up its "Labor Safety Committee" in 2013.	-
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.	○	Employee Care & Career Development	90

GRI 4		Description	Chapter	Page
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	○	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.	○	CTBC has not set up a union.	-
G4-LA9	Average hours of training per year per employee by gender and by employee category.	○	Employee Care & Career Development	86
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	○	Employee Care & Career Development	85-87
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category.	○	Employee Care & Career Development	82-83
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.	○	Employee Care & Career Development	76-77
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	○	Employee Care & Career Development	80
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.	○	None	-
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	○	Employee Care & Career Development	87-88
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.	◎	-	-
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.	○	Employee Care & Career Development	86
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	○	Employee Care & Career Development	78
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.	○	Stakeholder Engagement Employee Care & Career Development	16-17 87-88
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.	○	Stakeholder Engagement Employee Care & Career Development	16-17 87-88
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.	○	Stakeholder Engagement Employee Care & Career Development	16-17 87-88
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.	◎	-	-

GRI 4		Description	Chapter	Page
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	○	None	-
G4-HR12	Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms.	○	Employee Care & Career Development	87-88
Social Society				
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	○	The proportion of community involvement is 100%.	-
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.	○	About CTBC Corporate Governance	26-27 51-53
G4-SO4	Communication and training on anti-corruption policies and procedures.	○	Corporate Governance	51-53
G4-SO5	Confirmed incidents of corruption and actions taken.	○	None	-
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	○	None	-
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.	○	Corporate Governance	53-56
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.	○	None	-
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 engaged, 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 engaged, 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.	NA	CTBC engages in the practice of 100% disclosure of financial services, including wealth management and insurance, that it provides to customers.	NA
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.	○	None	-
G4-PR5	Results of surveys measuring customer satisfaction.	○	Customer Care	62-63
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.	○	Corporate Governance	53-56
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	○	There were 28 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.	○	Corporate Governance	53-56

Financial Service Sector Supplement

GRI 4		Description	Chapter	Page
FS1	Policies with specific environmental and social components applied to business lines.	○	CSR Philosophy	8-11
FS2	Procedures for assessing and screening environmental and social risks in business lines.	○	Stakeholder Engagement Sustainable Environment	16-17 103-105
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	○	Sustainable Environment	103-105
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	○	CSR Philosophy	8-11
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	○	Customer Care Sustainable Environment Community Involvement	64-68 103-105 108-119
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	○	About CTBC	26-27
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	○	Handicap accessible ATM ATM wiring services for foreign workers	64-68
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	○	Sustainable Environment	100-105
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	○	Corporate Governance	52-53
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 Philosophy	8-11
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.	NA
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.	NA
FS13	Access points in low-populated or economically disadvantaged areas by type.	○	Customer Care	64-68
FS14	Initiatives to improve access to financial services for disadvantaged people.	○	Customer Care-Handicap accessible ATM	64-68
FS15	Policies for the fair design and sale of financial products and services.	○	Customer Care-Safeguard customer investments mechanism	70-71
FS16	Initiatives to enhance financial literacy by type of beneficiary.	○	Customer Care	70

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	Social investment	Community Involvement	108-119

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Category	10 Principles	Related CSR Report Section	Page(s)
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights;	Employee Care & Career Development	78
	Make sure that they are not complicit in human rights abuses	Employee Care & Career Development	78
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Employee Care & Career Development	87
	The elimination of all forms of forced and compulsory labor;	Employee Care & Career Development	78
	The effective abolition of child labor; and	Employee Care & Career Development	78
	The elimination of discrimination in respect of employment and occupation.	Employee Care & Career Development	78
Environment	Businesses should support a precautionary approach to environmental challenges;	Sustainable Environment	96-105
	Undertake initiatives to promote greater environmental responsibility; and	Sustainable Environment	96-105
	Encourage the development and diffusion of environmentally friendly technologies.	Sustainable Environment	103-105
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance	52-53



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