

3.2 Financial Health

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According to the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), financial health includes four elements: daily income and expenditure, financial planning, financial risk resistance and financial confidence. Through offering a diverse range of financial products and services, CUB aligns with the four elements of financial health and practices the value of financial inclusion. We promote anti-fraud awareness to help customers mitigate the impact of fraudulent activities. We promote digital transformation and innovate products to provide customers with convenient financial planning tools, assisting them in effectively managing their finances. We strengthen financial inclusiveness to enhance the resilience of diverse groups such as first-time homebuyers, middle-aged individuals starting families, or social enterprises against financial risks. We provide financial education to enhance the financial confidence of the public, supporting them in creating a confident and fulfilling life. Through these services, CUB hopes to enhance the financial health of our customers and build a solid foundation for a secure society.

3.2.1 Anti-Fraud Guard Network

As a D-SIBs, we shoulder the responsibility of building an anti-fraud guard network and protects daily life through comprehensive anti-fraud strategies and technologies such as online monitoring of new criminal activities, management of cash flow, improvement of information security, and integration of offline customer services. Our aim is to safeguard the security of daily financial transactions. Furthermore, we proactively enhance public awareness of fraud, reinforcing the first line of defense against fraudulent activities.

3.2.1.1 Anti-fraud Management Policy and Effectiveness

Under the leadership of the President, CUB has established a cross-departmental Anti-Fraud Taskforce, bringing together expertise from various departments to create a comprehensive anti-fraud governance structure. This Taskforce regularly reports its achievements to the Anti-Money Laundering and Combating the Financing of Terrorism Committee and the Treating Customers Fairly Committee, evaluates the effectiveness of anti-fraud measures, and continuously refines anti-fraud strategies.

To enhance our anti-fraud capabilities, CUB's Anti-Fraud Taskforce has formulated comprehensive anti-fraud strategies and management objectives. These include joining the "AI Intelligent Anti-fraud Alliance" and collaborating with Cathay FHC, the Ministry of Justice Investigation Bureau, and the Criminal Investigation Bureau to share fraud intelligence, and expand the reach of anti-fraud education and awareness initiatives. We've strengthened credit card transaction monitoring mechanisms and implemented measures such as linking credit cards to mobile devices for contactless payments (hereinafter referred to as International Pay), reducing fraud and unauthorized transaction risks. Through "Fraud Recognition and Prevention Workshops," training courses have been conducted to enhance the professional competence and anti-fraud awareness of employees in all 165 branches nationwide, particularly in handling abnormal situations at the counter. Each branch has designated "Fraud Prevention Seeds" and established an internal notification group called the "C_Team Anti-Fraud Vanguard," where these seeds can report on cases of attempted fraud or fraudulent activities intercepted at the counter. This facilitates simultaneous awareness among branches regarding interception situations and handling methods, reduces communication barriers, promotes mutual learning, and strengthens collaborative capabilities of the branches.

In addition, the Bank serves as the trial bank for the "Designated Account Reporting Platform," collaborating with the FSC and other financial industry peers to strengthen our anti-fraud defenses. We also work closely with institutions such as the Criminal Investigation Bureau, the 165 Anti-Fraud Center, and the Ministry of Justice Investigation Bureau to swiftly report and address fraudulent activities conducted through spoofed websites. Beyond focusing on immediate actionable measures, we plan to leverage the advantages of banking technology and data analysis to enhance the efficiency of automated fraud detection and response. Moreover, we aim to integrate internal and external resources to develop a comprehensive anti-fraud mechanism for the financial market, demonstrating our commitment to fulfilling our core financial functions and social responsibilities by safeguarding the assets of the public.

In 2023, CUB achieved the remarkable feat of topping the industry in thwarting fraudulent activities, successfully preventing a total amount of fraud that placed us at the forefront. This year, our efforts led to the effective takedown of 31 counterfeit websites and apps, the interception of 798 million worth of abnormal credit card transactions, the blocking of 2,305 instances of suspicious credit card bindings, and the prevention of 1,811 fraud cases. The total amount of prevented fraud reached 1.28 billion dollars. Additionally, our anti-fraud education and advocacy efforts garnered over 80 million exposures, significantly contributing to safeguarding customers from financial losses, exerting a positive influence, enhancing community awareness, showcasing our firm commitment to financial security, and solidifying our leadership position in the field of anti-fraud initiatives.



Establishing a cross-departmental Anti-Fraud Taskforce and conducting fraud recognition and prevention workshops nationwide to actively safeguard the financial security of the public

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3.2.1.2 Anti-Fraud Strategy

Faced with the rapid changes in financial fraud techniques, CUB actively adopts technological anti-fraud strategies, using cross-platform and cross-field data analysis to improve the automation and response speed of risk control, detect abnormal transaction activity combinations, and block suspicious transactions from occurring. This year, the Bank upgraded the Cathay Shield risk detection platform, developed risk control and management themed modules and combined them with advanced detection algorithms to improve the accuracy of monitoring abnormal cash flows. In addition, through the internal emergency response team, we collaborate with domestic security experts to jointly formulate specific executable practices and continuously adjust them on a rolling basis to respond to new types of digital fraud attacks. CUB uses technology to optimize both preventive measures and reactive responses to fraud, ensuring the safety of our customers' assets and fulfilling our role as a trusted guardian of financial security.

Assistance from technology is just one aspect of fraud prevention; human monitoring and anti-fraud awareness are equally crucial. Therefore, CUB requires all staff members to undergo "Fraud Recognition and Prevention Education," which includes conducting pattern analysis of suspicious accounts and discussing scenarios of fraudulent techniques during monthly branch operational meetings, offering key reminders. We organize "Fraud Recognition and Prevention Workshops" for operational supervisors to delve deeper into fraud identification and handling through scenario-based exercises. Manuals such as "Service Desk High-Risk Transaction KYC Communication Handbook" and "High-Risk Transaction Counter Communication Skills" are compiled to provide various practical questioning techniques. Weekly fraud prevention reports are issued to disseminate the latest fraud information from the Criminal Investigation Bureau and share exemplary cases of fraud prevention.

To prevent customers from falling victim to fraud or making decisions detrimental to their own interests, CUB specifies in its "Deposit and Remittance Operations Principle" the requirement for enhanced questioning of customers and internally establishes relevant audit items to remind staff of the focus areas, reviewing implementation status. For failed fraud interception cases at the counter, analysis and review are conducted, and explanations and reminders are provided during monthly branch operational meetings, strengthening the depth of customer questioning through inter-bank case analysis and feedback to reduce the opportunities of customers being deceived.

To enhance care for elderly customers, the Bank has added new questionnaire items related to "designated accounts," requiring colleagues to provide enhanced questioning for customers aged 65 and above when applying for designated accounts. Additionally, a system reminder has been

Fraud Prevention Performances	2022	2023
Number of Fraud Cases Blocked	880	1,811
Amount of Fraud Blocked (100 million)	4.72	12.83
Number of Employees Praised by Police Agencies	2,051	3,074

established so that when customers aged 65 and above apply for digital deposit accounts, the account opening review system prompts for enhanced communication. We regularly proactively provide account statements and phone calls to elderly customers on the high-priority list, confirming that they have received their account statements and understand the contents. The implementation of these educational training programs, enhanced care mechanisms, and systematic anti-fraud processes ensures that every employee in the branch operations department is equipped with professional knowledge in identifying fraud, understanding Know Your Customer (KYC) practices, and counter transaction care questioning techniques. This has led to a significant increase in successful fraud interception cases, serving as the first line of defense in safeguarding the financial assets of the public. CUB's anti-fraud achievements in 2023 have received commendation from law enforcement agencies, with 3,074 colleagues praised by law enforcement agencies. Furthermore, the Bank has been honored as the "Bank with the Highest Total Number of Group Fraud Interceptions" and the "Individual with the Highest Total Number of Fraud Interceptions" in Taoyuan City.

Using Technology to Prevent and Detect Fraud

Precautions Beforehand	
Detecting Fake Websites and Shutting Down Removal Operations	By purchasing the internationally renowned counterfeit and fraudulent website detection and removal service (RSA FraudAction Service), automated technology can be used to search for similar domain names, trademarks or website content. Once counterfeiting is discovered, the removal process will be immediately initiated, effectively stopping fraudulent activities from happening.
Collect Information on The Dark Web	By gathering intelligence from the dark web, we can promptly identify and address potential leaks of customer information (such as credit card numbers or account information) and take corresponding measures to protect customers from further losses.
Email Digital Signature Authentication	To enhance email security, CUB has introduced digital signature authentication to verify the authenticity of email sources for recipients. This measure strengthens defenses against social engineering fraud techniques (such as ransomware or phishing emails), and further educate customers on recognizing digital signatures through transaction notifications and electronic direct mail (EDM).
Strengthen The Identity Verification Mechanism of "International Pay"	In response to the risk of mobile payment theft or counterfeiting, we have actively responded to fake webpages or phishing SMS frauds that have been common in recent years and strengthened the "International Pay" card binding identity verification mechanism by comparing the "Phone number associated with the card binding device" and "Phone number registered at time of card application" consistency, strengthen the identity verification process, and instantly remind cardholders to stay alert.
Responses Afterwards	
Comprehensive Upgrade of The Risk Detection Platform "Cathay Shield 2.0"	CUB has actively upgraded the Cathay Shield risk detection platform this year. By integrating cross-scenario behavioral information, monitoring abnormal cash flows and credit card transactions, it has developed risk control themed modules and combined them with advanced detection algorithms to improve precision and efficiency of the real-time joint defense mechanism.
Establish an Emergency Response Team	A cross-departmental emergency response team was established to cooperate with domestic information security experts to share fraud techniques and prevention strategies and provide professional emergency response support, aiming to minimize customer losses.



Establishing a comprehensive anti-fraud service network across all 165 branches and customer service centers throughout Taiwan, enhancing frontline staff's professional training and recognition abilities for counter inquiries and care.

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3.2.1.3 Strengthen Anti-fraud Awareness

Financial institutions take the responsibility for the important mission of maintaining social financial order. In order to arouse the public's awareness of fraud prevention and improve the public's ability to detect fraud, CUB has cooperated with more than 20 police/ government units, banks, information technology industries, retail industries, e-commerce and Internet companies to launch the slogan "# Speak Up, Stop More People from Being Scammed", which promotes Taiwan's first large-scale anti-fraud initiative between the government and private organizations. In addition, we organized the first "Anti-Fraud Immersive Experience Exhibition" at the Huashan 1914 Creative Park, showcasing scenarios of "technology fraud," "telephone fraud," "investment fraud," and "shopping fraud" to expose new types of fraudulent techniques. Visitors could test their ability to decipher fraud in the interactive area of the exhibition, learn about the technology behind fraud groups' facial transformations, and experience phone scams from a third-party perspective. The event, conducted both online and offline, featured a "Fraud Prevention Advocacy Photobooth" where attendees could leave their images and upload them to their social media platforms, encouraging people to share their experiences with fraud through various channels. By using their own stories as warnings, we aimed to prevent more people from falling victim to scams. The four-day exhibition attracted over 2,000 participants, and garnered over 2,000 social media posts tagged with "#Speak Up." This novel and tangible experiential learning approach received widespread social recognition, effectively increasing public awareness of various new forms of fraud.





First Large-Scale Anti-Fraud Advocacy and Experience Exhibition in Taiwan advocates through immersive exhibitions, videos, and other creative ways, aiming to establish public awareness of anti-fraud through all channels.

The Bank also actively participates in the "Anti-Fraud Advocacy Campaign Across 368 Townships by Financial Institutions" organized by the Bankers Association. We integrate anti-fraud teaching content into local festivals and daily activities to enhance interaction with community residents. Through small-group communication and advocacy opportunities, CUB organized 16 events in 2023, connecting with 560 residents to build stronger bonds and consensus, fostering a safe community with heightened awareness of fraud prevention.

To continuously enhance customers' anti-fraud capabilities and extend the influence of anti-fraud advocacy, CUB regularly disseminates anti-fraud knowledge to customers through various channels such as email notifications (EDM), app push notifications, and LINE messages. Combining practical transaction activities, we send fraud prevention knowledge to users to establish anti-fraud awareness. In 2023, the number of EDMs and push notifications sent reached 44.99 million.

EDM and App Promotion Performance in 2023

Theme	Content	Number of Messages Sent (10 thousand)
 Anti-Fraud Knowledge Promotion EDM	Extensively publicize fraud prevention knowledge, including awareness of scams involving fake online shopping customer service, calls from impersonated banks or government agencies, live broadcast fraud and other fraud techniques. Aiming to strengthen customers' ability to recognize fraud and protect themselves.	3,268
 Anti-Fraud Service Promotion EDM and App Promotion	For the promotion of App's anti-fraud functions, including two-step verification function, enhanced security settings, reminders of common fraud cases encountered in actual transactions, and safety and health checks, users are reminded to make good use of App functions to protect personal information.	1,231

Furthermore, the Bank reaches out to more people through new media such as YouTube, Podcasts and online articles. CUB cooperated with Youtuber "HOOK" who has over one million followers, to produce an anti-fraud awareness video. Through HOOK's on-site interaction with branch staff, combining with interviews between the Bank's Anti-Fraud Taskforce and officers from the Criminal Investigation Bureau, it reminds the public of the latest Fraud techniques and fraud prevention knowledge. The video has reached 1.14 million views, significantly enhancing public awareness of fraud prevention. We also cooperated with Global Views Monthly to broadcast the "Investment and Financial Management" series of Podcasts, and published an online article "Early Trust to Establish Property Security Protective Net, Avoid Fraud Risks and Rely on Your Own Peace of Mind", which attracted more than 20,000 Podcast downloads and more than 10,000 online article views. In the future, we will continue to hold more anti-fraud activities, and actively maintain publicity channels to consolidate the anti-fraud defense line.