


5.7 Service Quality and Customer Rights

Customer Relationship and Service Management Approach

 Management Policies and Commitments	<p>To establish a corporate culture that values consumer protection in financial services, "Treating Customers Fairly (TCF)" is designated as a core corporate culture and a key principle of the Bank. It is made a core value and behavioral guideline for all employees of the Bank. Approved by the Board of Directors, the "TCF Policy Guidelines" is implemented to realize a customer-centric approach. Through continuous improvement of consumer service processes, we ensure a positive customer experience, providing secure and high-quality financial services. We have established policies, strategies, and internal regulations that exceed current regulatory requirements to promote sustainable innovation and inclusive financial services. The Board of Directors serves as the highest decision-making and supervisory body for the Bank's "TCF Policy Guidelines." Together with senior management, it leads the implementation of the Treating Customers Fairly Principle in the Bank. We have set up a Treating Customers Fairly Committee, chaired by the CEO, to promote related measures and financial-friendly services in accordance with the Bank's TCF Policy Guidelines, and to report regularly to the Board of Directors.</p>
 Corresponding to SDGs	
 Specific Performance	<ul style="list-style-type: none"> • Conduct training on the Treating Customers Fairly Principle. • Reduce customer complaints this year through the customer complaint reduction plan. • Customer service center scored 61.1 points in Transactional Net Promoter Score (tNPS) (reference standard is 60 points). • CUBE APP scored 42.9 points in NPS (reference standard is 30 points).
 Management Assessment Mechanisms	<ul style="list-style-type: none"> • Reporting to the Board of Directors every six months on the implementation of the Treating Customers Fairly Principle, and quarterly reporting review and improvement of complaint cases to the Board. • Directors and senior management lead the "Service Quality Team," introducing FinTech to enhance customer service quality. • Implement a digital platform NPS customer feedback collection mechanism to better align with customer needs.

 Optimization Measures	<ul style="list-style-type: none"> • Continuously update the implementation of the Treating Customers Fairly Principle, digital financial service processes, and privacy protection policies to comply with legal changes and adapt to the latest technological advancements. This ensures the organization's commitment to safeguarding customer rights and interests. • Utilize technology to develop inclusive digital financial products and services, catering to a diverse customer base. Enhance digital platforms and optimize smart assistant functionalities to deliver high-quality financial services, thereby expanding accessibility and affordability of financial services for all.
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5.7.1 The Treating Customers Fairly Principle and Implementation Status

The Bank is dedicated to implementing the Treating Customers Fairly principle, with the establishment of several key guidelines and committees: "TCF Policy Guidelines", "Treating Customers Fairly Committee Organization Regulations", "Consumer Dispute Review Committee Operating Rules", "Service Quality Team Establishment Guidelines". The Board of Directors serves as the highest decision-making and oversight body for the "TCF Policy Guidelines." The President is the committee chairperson and senior managers are members of the Treating Customers Fairly Committee. The Committee collaborates across departments in sales management, quality control and system development and report status to the Board of Directors every six month in order to improve continuously. The Board of Directors and the Audit Committee regularly review reports on customer complaints, compliance with laws and implementation of fair customer service, to ensure being effectively supervised.

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Treating Customers Fairly Principle Management Process

Planning Phase:

- Develop Products, Business, and Services Aligned with the Treating Customers Fairly Principle.
- Establish Contracts, Internal Regulations, and Codes of Conduct that comply with the Treating Customers Fairly Principle.
- Conduct Regular Employee Training Programs for tellers, enhance treating customers fairly awareness.
- Implement report and internal reward mechanisms, oversee and award tellers to comply with customer protection culture and guidelines.

Execution Phase:

- Adherence to the Treating Customers Fairly Principle when operating, selling products, and fulfilling contracts, to avoid disputes.
- Unit supervisors supervise each unit to implement the Treating Customers Fairly Principle and report risk events in a timely manner.

Management Phase:

- The business management unit handles customer complaints or consumer disputes prudently and provides reasonable and easy-to-use service consultation and complaint channels.
- Examine whether the consumer dispute resolution system violates the Treating Customers Fairly Principle. Review and revise the system in a timely manner.

To enhance customer service quality and ensure consumer rights, the Bank continues to develop digital financial services. We have introduced new features such as remote insurance application services, allowing customers to apply for insurance policies anytime and anywhere with a "zero-contact" process. Additionally, we have extended our video service hours to non-business days and introduced foreign currency scheduled transfer services. These innovations ensure that customers can access secure and high-quality services without needing to visit a branch, meeting their financial needs conveniently. We have also established a cross-departmental anti-fraud task force to enhance anti-fraud measures, reflecting our commitment to safeguarding customer assets and our ongoing efforts to prevent fraud.

The Bank continues to improve inclusive financial services to ensure that customers with different needs can use our services with confidence. This includes providing easy-to-read versions of banking services, QR code links to our standardized contract webpages, and QR codes in ATM service areas linking to text-based customer service. These measures help individuals with disabilities understand service details in advance or on-site, allowing them to obtain necessary consultation services.

Through continuous year-round training, we aim to enhance employees' awareness of treating customers fairly, ensuring that they strictly adhere to relevant regulations and the Bank's established standards in their daily work. Our Board Members, responsible person, and senior managers have all received inclusive financial education training, which includes content on the Convention on the Rights of Persons with Disabilities (CRPD) and the protection of rights for people with disabilities. The following outlines our treating customers fairly-related trainings for 2023:

Results of Treating Customers Fairly Training

Course Topics	Number of Participants in Training	Completion Rate
Employee Confidentiality Policy	10,859	100%
Banking Industry Self-Discipline Regulations for Fair Treatment of Elderly Customers	2,114	100%
Consumer Protection Principles: Standardized Contracts, Business Marketing, and Advertising	2,138	100%
The Treating Customers Fairly Principle	10,032	100%
Banking Industry Inclusive Financial Services	2,184	100%
Policy on Giving Gifts or Freebies	2,333	100%
Inclusive Financial Training	10,642	100%
Whistleblower System	10,900	100%
Regulations and Penalty Cases Concerning Stakeholders: Credit Transactions	4,894	100%
Recent Penalty Cases in the Banking Industry and Points to Note	2,423	100%
Integrity as the Foundation for Customer Protection	1,928	100%

5.7.2 Customer Care

CUB implements a "customer-centric" business model, where every service staff member interacts with customers based on the three key principles of "sharing wholeheartedly, touching sincerely, and caring attentively." By integrating warmth and sincerity into professional service, we have successfully created a culture of heartfelt service. In addition to actively addressing customer complaints, the Bank proactively manages customer feedback from the perspective of consumer rights. By systematically optimizing and adjusting consumer service processes, we ensure the maintenance of excellent customer experiences, reflecting the Bank's commitment to continuously enhancing customer satisfaction.

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Complaints Handling Channel

Dedicated Department	Financial Services Department
Channels for Complaint Submission	The Financial Services Department is dedicated to handling complaints. We have set up a 24-hour customer service hotline at (02) 2383-1000 or toll-free at 0800-818-001 for inquiries. Additionally, we provide various other channels for complaints, including service emails on our official website, intelligent customer service, branch offices, and written correspondence. We continuously enhance our intelligent services, integrating online and offline channels to improve operational efficiency and provide customers with a comprehensive 360-degree financial service experience. Customers are encouraged to utilize any of the aforementioned channels to provide feedback or share their thoughts.
Number of Complaints Received	In 2023, there were a total of 1,699 complaints filed.
Handling Mechanism	<ul style="list-style-type: none"> Cases are classified according to severity, and relevant business units are notified to enhance processing efficiency. Senior executives convene the "Consumer Dispute Review Committee" to effectively handle customer dispute cases. Educational training is conducted for common, recurring, or significant compliance cases to reinforce compliance with operational and sales standards among colleagues. Pain points in products or processes are reviewed to provide recommendations for root cause improvements, reducing the occurrence of customer disputes and enhancing service quality.
Status of Handling	For cases filed with the Financial Supervisory Commission's Banking Bureau's Public and Financial Ombudsman Institution, they are typically processed within an average of 15 business days. As for dispute cases, they are typically resolved within an average of 39 business days, with agreements reached with customers to conclude the process.
Improvement Measures	<ul style="list-style-type: none"> Expand the functionality of the AI assistant, "A Fa (阿發)," continuously adding self-service applications to create personalized digital services, with the aim of enhancing service processing efficiency. Present to the Board of Directors every six months the implementation status of the Treating Customers Fairly Principle, and report to the Board quarterly to track complaint cases and review improvement measures, ensuring the fair treatment of customers from top to bottom.
Industry Performance	In 2022, the Bank ranked first in the number of public petition cases among all banks. However, in 2023, we initiated a customer complaint reduction plan, resulting in a decrease in the number of cases. By the third quarter of 2023, our ranking in the number of cases dropped to fifth place.

CUB has established a "Digital Platform NPS Customer Feedback Collection Mechanism" to effectively gather user feedback on platform experiences through NPS surveys combined with customer interviews or usability tests. This approach allows us to design platform experiences that better meet users' actual needs and expectations, thereby enhancing overall customer satisfaction.

Our customer service center conducts Transactional Net Promoter Score (tNPS) surveys for customers who call in daily. This not only helps in promptly recording customers' feelings about the service but also assesses their satisfaction and loyalty. By analyzing questionnaire feedback, call reasons, and related product interactions, we delve into gaps in the customer experience. We then report these findings to relevant units monthly, allowing us to formulate service strategies that are more closely aligned with customer needs. In 2023, the tNPS for our customer service center was 61.1 points, while the tNPS for the CUBE APP was 42.9 points.

In 2023, facing significant challenges such as post-pandemic recovery and the expiration of the Costco contract, customers maintained a high level of satisfaction with our customer service center. We will focus particularly on key factors directly impacting customer satisfaction and continuously improve upon them to understand the service touchpoints better. Besides striving to meet customer expectations, we are committed to exceeding them and create more personalized and seamless service experiences. Through these efforts, we aim to solidify and enhance our position as a leading provider of financial services in the industry, while consistently delivering high-quality service experiences to our customers. This will further deepen the trust and loyalty between our customers and the Bank.

The Results of the 2023 Satisfaction Survey

Item	Year 2023	Goals for 2023
Satisfaction Survey	92.3%	90%

5.7.3 Customer Information and Privacy Protection

The Bank places great importance on the protection of customers' personal information and privacy. We have established the "Personal Information Management Guidelines and Related Operating Standards" and set up a "Personal Information Management Committee" responsible for supervising matters related to the personal information protection mechanism. We handle the collection, processing, and utilization of personal information and act in accordance with the "Personal Data Protection Act" and relevant laws and regulations. Before collecting information, we inform individuals the purpose of collection and sharing recipients, ensuring that it does not exceed the necessary scope for specific purposes. We explicitly define customers' rights regarding inquiries, requests for access, provision of copies, correction, supplementation, cessation of collection, processing, utilization, or deletion of personal information. Additionally, we require third parties to comply with the Bank's policies on personal information protection. Personal information is deleted, stopped from processing, or utilized when the specific purpose of collection disappears or when the deadline expires, unless otherwise stipulated by laws or contracts. We retain trace information or relevant evidence for at least five years.

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Our "Privacy Policy" statement outlines how we collect, apply, and protect personal information provided by customers. To safeguard users' personal information and maintain online privacy, we will update the privacy protection policy in accordance with changes in laws and the adoption of new technologies. This is to fulfill our mission of safeguarding customer rights. If there are any questions about the privacy protection policy or the use of personal information, individuals can contact the service windows through the contact information provided on the official website.

The Management Process for Customer Information and Privacy Protection

Personal Information Protection Policy Website	https://www.cathaybk.com.tw/cathaybk/personal/about/news/customer-benefits/client-privacy
Rules and Regulations for the Mutual Use of Customer Information Among Subsidiaries within the Group	Each subsidiary within the Group adheres to the "Financial Holding Company Act," "Personal Data Protection Act," "Rules Concerning Cross-Selling by Financial Holding Company Subsidiaries," and other relevant legal provisions for the collection, processing, storage, integration, and use of customer information. It is declared that subsidiaries involved in customer information undertake strict confidentiality measures when conducting related business and utilize the information in accordance with legal requirements.
Incident Response Procedure	The Bank has established an "Emergency Response Procedure for Personal Data Breaches" along with a drill mechanism. Through regular drills, the Bank aims to enhance employees' response and protection capabilities to prevent incidents from impacting the Bank and minimize harm to the parties involved. Simultaneously, these drills verify the effectiveness of internal procedures, identifying any inadequacies in personal information protection measures and continuously improving relevant safeguards. Additionally, the Bank conducts annual information protection training sessions for all employees to strengthen their awareness and reduce the occurrence of information breaches.
Audit Mechanism	Every year, The Bank undergoes third-party audits and verifications using the "BSI10012:2017 Personal Information Management System" and accounting firm projects for personal information protection, anti-money laundering, and counter-terrorism financing mechanisms. These audits are conducted to ensure the effectiveness of personal information protection measures.
Privacy Breach Incidents Involving Customers	We had 5 data breaches events in 2023, in which 100% of data breaches events was involved with personally identifiable information. 40 customers were affected by such violation. The latter incurred a fine of 125,000 dollars for violating the Personal Information Protection Act.

Personal Information Complaint Cases in 2023

Source of Cases	Confirmed Cases ^{Note}	Handling Situation
Internal (Customer Service Center, Official Website, Business Locations)	4	All cases have been properly handled, and the case processes have been reviewed and optimized. Employee trainings have been reinforced to strengthen awareness of personal information protection.
External Entities (including Assessment Centers)	1	The cases have been properly handled, and efforts have been made to enhance employee training, as well as increase audit frequency.

Note: "Confirmed Cases" refers to cases that have been verified to involve violations of the Personal Data Protection Act or relevant laws, regulations, administrative rules, or interpretations issued by regulatory authorities regarding personal data protection.