臺灣企銀
TAIWAN BUSINESS BANK

REMUNERATION DISCLOSURE UNDER CPS511 (PARAGRAPHS 91-98) FOR FINANCIAL YEAR 2024

APRIL 2025

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1. REMUNERATION GOVERNANCE FRAMEWORK

1.1 SOOA Oversight and Approval

The Senior Officer Outside of Australia (SOOA) is responsible for the implementation of Taiwan Business Bank Australian Branches (TBBAU)'s remuneration framework. The SOOA takes part in the review of TBBAU's remuneration framework. However, the ultimate approval of the framework lies with the Board of Directors, which include the Chairman and President.

1.4 Alignment with Business Plan, Strategic Objectives and Risk Management Framework

TBBAU's business plans and strategic objectives in Australia has always been to continue to maintain a stable and conservative business strategy.

In terms of products and services, TBB in Australia provide the following products for our customers:

- Deposit
- Consumer lending (mainly for residential property investment purpose)
- Commercial lending (mainly for commercial property investment purpose)
- Syndicated lending (participation only)
- Remittance
- Trade Finance

We also engage in security investments, which is mainly used to meet liquidity requirements. We do not provide security investment services to our customers.

Our target market is Australian individuals and companies especially to those with Taiwanese or Asian backgrounds. Under subsection 9(4) of the Banking Act 1959, foreign ADIs in carrying on banking business in Australia, shall not accept deposits or other funds for amounts which are less than AUD 250,000 from Australian residents. Therefore, TBB was not active in the retail banking business such as everyday transaction account.

We will try to expand our target market but we will not change our product base or engage in any new risky products. Risk management is our top priority.

As our focus is on syndication loans and wholesale banking business, therefore our remuneration policy also reflect our conservative business strategy and do not encourage excessive risk taking behaviours.

The remuneration of TBBAU's employees in Australia are based on the collective performance of the branch as a whole, not based on individual performance. There is also a cap on the amount of variable remuneration an employee can received. Performance bonus will be awarded if TBBAU's branch performance exceeds the performance budget. However, bonus will be deducted if there any of the following events occurs:

(a) misconduct leading to significant adverse outcomes;
(b) a significant failure of financial or non-financial risk management;
(c) a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
(d) significant adverse outcomes for customers, beneficiaries or counterparties.

This remuneration structure promotes the effective management of both financial and non-financial risks and long term soundness of TBBAU.

1.5 Remuneration Committee of Head Office

Under Head Office's Risk Management Framework, a Remuneration Committee is required.

The members of this committee shall be appointed by resolution of the Board of Directors. The number of members shall be three to five. A majority of the members shall be independent.

The term of office of the members of this Committee shall be the same as the term of the appointed Board of Directors. If the members of this committee are dismissed for any reason and the number of members of this committee is less than three, within three months, the board of directors will be convened to make additional appointments.

1.5.1 Qualifications of Members

Members of this committee should obtain one of the following professional qualifications and have more than five years of work experience:

- Lecturers in public or private colleges and universities in business, legal affairs, finance, accounting or related majors required for banking businesses.
- Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations and obtained certificates required for the banking businesses.
- Have work experience required in business, legal affairs, finance, accounting or banking.

Members of this committee shall maintain their independence within the scope of business execution and shall not have any direct or indirect relationship with the Bank.

1.5.2 Meeting Frequency

The Remuneration Committee shall meet at least twice a year and may hold meetings at any time as necessary. When convening a meeting, the reasons for the convening shall be clearly stated and all members shall be notified seven days in advance, except in the case of emergency situations.

The Committee may invite directors, relevant personnel of the Bank, appointed accountants, legal advisors or other personnel to attend the meeting and provide relevant necessary information. However, non-members should leave the meeting during discussions and voting.

The Human Resources Department is responsible for assisting the committee's agenda preparation, convening notices, proceedings, meeting minutes and other related matters.

1.5.3 Powers and Duties

The Remuneration Committee shall perform the following duties and powers:

- Establish and regularly review policies, systems, and standards for performance evaluation and salary remuneration of directors and managers.
- Regularly evaluate and determine the remuneration of directors and managers.
- Set performance appraisal standards and remuneration standards for business personnel. Business personnel are those who sell various financial products and services.

The salary and remuneration suggestions for directors and managers and the performance appraisal standards and remuneration standards for business personnel mentioned above shall be submitted to the board of directors for discussion.

When this committee performs its first duties, it shall do so in accordance with the following principles:

- The performance evaluation and salary remuneration of directors and managers should be comparable to peer banks and take into consideration factors such as the individual performance, the bank's operating performance and future risks.
- Remuneration for directors, managers and business personnel should not be guided to engage in behaviour that exceeds the bank's risk appetite in pursuit of salary remuneration.

1.5.4 Board of Directors Duties and Power

When discussing the Remuneration Committee's recommendations, the Board of Directors should comprehensively consider matters such as the amount of salary and remuneration, the method of payment, and the bank's future risks.

If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, more than two-thirds of all directors shall be present, and more than half of the directors' present shall agree to do so. The resolution shall be based on the comprehensive consideration and detailed explanation of the salary and remuneration approved should be publicly disclosed.

If the salary and remuneration approved by the board of directors is better than the recommendation of the committee, in addition to the discrepancy and the reasons for it, it should be stated in the minutes of the meeting, and it should be announced and reported to the public information observatory designated by the Financial Supervisory Commission within two days from the date of approval.

2. REMUNERATION STRUCTURE OF LOCAL EMPLOYEES IN AUSTRALIA

2.1 Fixed Component

The grading and minimum level of base salary of local employees is based on the *Banking, Finance and Insurance Award 2020*. The award is updated by Fair Work Australia annually at the beginning of each financial year (1 July).

When recruiting local employees, the HR Manager will negotiate and make an offer to the employee based on the employee's qualifications and experience. The base salary offer cannot be lower than the minimum amount set for each of the indicative levels in the *Banking, Finance and Insurance Award 2020*. Once the level of fixed salary is agreed between the HR manager and the employee then an application will be made to the HR Department in Head Office for approval. Once approved, an employment contract will be entered into between the parties.

The levels of fixed remuneration of local employees will be reviewed and adjusted according to inflation value, working performance, annual evaluation and market trends in the local finance and banking industry on an annual basis. Approval from relevant departments in Head Office is required.

2.2 Variable Components

Local employees are not entitled to any other variable remuneration except for the Annual Bonus described below.

2.2.1 Annual Bonus

Bonus may be paid in accordance with recommendation of the relevant Branch General Manager and subject to Head Office approval. Usually, the bonus amount is 1 month of the employee's salary. If the performance of the branch exceeds budget target, the Branch General Manager may request Head Office for an increase in the annual bonus. However, the maximum bonus amount that can be awarded will be 1.5 months of the employee's monthly salary rate.

For employees who have not completed the first 12 months of service at the end of the year, bonus will be based on working performance and calculated on a pro-rata basis according to the period of service.

3. REMUNERATION STRUCTURE OF EXPATRIATES EMPLOYEES FROM TAIWAN

The remuneration of staff expatriated from Taiwan follows the remuneration policy of Taiwan Business Bank, Head Office (TBBHO).

3.1 Fixed Component

Remuneration of all staff is separated into 15 position levels, from level 1 to level 15, with level 15 as the highest level. Each level has been set up to include several sub-grades, starting from level 1. Any employee who has reached the maximum salary rate for his/her level will not receive any increase in salary unless he/she is promoted to a higher level.

For employees who are hired, the rate of basic salary for these employees will be based on the job salary level and the experience of the employee. The appropriate salary level and grade may be assigned according to each individual.

The remuneration of employees appointed to overseas branches from Taiwan are calculated based on "Taiwan Business Bank Overseas Employees Remuneration Standards". The rate and allowance may be adjusted according to the rate of other Banks and the profit/performance

of TBB. Adjustments are made by the Remuneration Committee and approved by the Board of Directors in Taiwan.

3.2 Variable Components

Employees expatriated from Taiwan are entitled to bonuses under TBBHO's policies set by the Remuneration Committee and approved by the Board in Taiwan. Bonuses are categorised into three categories: Annual Festival Bonus, Performance Bonus and Excess Pre-tax Profit Bonus.

If the Pre-tax Profit exceeds the budgeted profit for the year, 20% of exceeded figure will be allocated to Excess Pre-tax Profit Bonus. The maximum amount of Excess Pre-tax Profit Bonus is up to one-month salary, and paid to employees together with performance bonus.

3.2.1 Annual Festival Bonus

There are three festival bonuses that employees can receive during the year. They are Lunar New Year Bonus, Dragon Boat Festival Bonus, and Mid-Autumn Festival Bonus. These bonuses are paid as follows:

- Lunar New Year Bonus - is awarded according to an employee's employment for the months of January to December of the previous year. If the employee works for the full 12 months then the bonus amount awarded will be 1 month of the employee's salary rate (calculated based on the employee's December salary rate). If the employee works for less than 12 months during the previous year then the bonus amount is calculated on a pro-rata basis.

- Dragon Boat Festival Bonus – is awarded according to an employee's employment for the months of January to March of the current year. If the employee works for the full three months from January to March then the bonus amount awarded will be 0.5 months of the employee's salary (calculated is based on the employee's March salary rate). If the employee works for less than 3 months during the period of January to March then the bonus amount is calculated on a pro-rata basis.

- Mid-Autumn Festival Bonus: is awarded according to an employee's employment for the months of January to June of the current year. If the employee works for the full 6 months from January to June then the bonus amount awarded will be 0.5 month of the employee's salary (calculated based on the employee's June salary rate). If the employee works for less than 6 months during the period of January to June then the bonus amount is calculated on a pro-rata basis.

Total Annual Festival Bonuses are normally around 2 months of an employee's salary.

The Annual Festival Bonuses will not be awarded to any employee who, before the day of festivals, has resigned, terminated, removed or suspended due to misconduct.

3.2.2 Performance Bonus

Performance bonus is calculated based on the performance of the whole TBB group including Head Office, domestic branches and overseas branches.

The bonus is calculated as follows:

If the net profit before tax for the year is achieved, to be multiplied by 2.6 months of salary, to be duly adjusted based on the annual financial index of business performance. The performance bonus shall not exceed the maximum of 2.6 months' salary but shall not be less than a minimum of one month's salary. If targets are 100% achieved, the formula for calculating the **"**Total Performance Bonus Pool**"** would be:

2.6 * G = T

G = Total Employee Monthly Salary Expense of TBB (as at 31 December of previous FY)
T = **Total Performance Bonus Pool**

In the case of any uncontrollable adverse factors taking place in a year which affect the net profits before taxes of that year, the amount of performance bonus shall be duly adjusted by the Remuneration Committee and approved by the Board of Directors in Taiwan.

From this pool of bonus, 4% will be set aside as special bonus. Taking into account the ranking of net income before tax for business units, performance appraisal ratings and personal factors such as special contributions, the bonus will be distributed to the units or individuals with exceptional performance, based on the recommendations from the President subject to approval by the Chairman of the Board.

After special bonus and employees' adjustments for awards and deductions from the total Performance Bonus Pool (T), the remainder will be distributed to four groups within the bank based on assessment results, unit distributed weightings and individual's allocation. The formula to calculate the remainder of the pool is as follows:

T – T * 0.04 – Adjustments= A

T = Total Performance Bonus Pool

Adjustments = Employees' adjustments for awards and deductions

The four groups that the amount **A** will be distributed to are:

- Group 1 - Senior Management
- Group 2 - HO Operation Units
- Group 3 - Domestic Branches
- Group 4 - Overseas Branches

Each employee in each group has his/her own weighting-adjusted salary (let's call it WAS), which is calculated based on the formulas below:

- For special KPI assessed General Managers (GMs) and Deputy General Managers (DGMs)

$$WAS_{special\ KPI} = S_{employee} * W_{special} * W_{unit}$$

$S_{employee}$ = Employees' salary as at 31 December of Previous Financial Year
$W_{special}$ = Special KPI assessed group weighting
W_{unit} = Unit distributed weightings

- For employees who are not GMs or DGMs

$$WAS_{Normal\ KPI} = S_{employee} * W_{rating} * W_{unit}$$

$S_{employee}$ = Employees' salary as at 31 December of Previous Financial Year
W_{rating} = Employee's assessed rating weightings
W_{unit} = Unit distributed weightings

Let's assumed that the total WAS of each group are as follows:

- Group 1 Total WAS = N
- Group 2 Total WAS = X
- Group 3 Total WAS = Y
- Group 4 Total WAS = Z

Total WAS for TBB = N + X +Y+ Z = S

The remainder of the bonus pool **(A)** above will be distributed to Group 1 first and then to the other groups based on their group WAS weighting.

3.2.2.1 *Performance Bonus Distribution to Senior Management (Group 1)*

The Senior Management consists of the following people:

- President (P)
- Vice Presidents (VP)
- Head Auditor (HA)

The performance bonus distribution to Group 1 (let's call that amount **B**) is calculated as per the formula below:

$$B = A * \frac{N}{S} * W_{approved}$$

$W_{approved}$ = Weighting approved by Chairman or President

The amount **B** will be distributed to members of the Senior Management based on their salary and assessment ratings. They will also get a share out of the **Special Bonus Pool** based on the distribution ratio decided by the President approved by the Chairman of the Board.

3.2.2.2 *Performance Bonus Distribution to Groups 2, 3 and 4*

The performance bonus distribution amounts to Groups 2, 3 and 4 (let's call it **C2, C3 and C4**) are calculated as per the formula below:

$$C2 = (A - B) * \frac{X}{(S - N)}$$

$$C3 = (A - B) * \frac{Y}{(S - N)}$$

$$C4 = (A - B) * \frac{Z}{(S - N)}$$

3.2.2.3 *Performance Bonus Distribution to Departments or Branches in Each Group*

The performance bonus distribution amounts to each department or branches within Groups 2, 3 and 4 (let's call it **D**), is calculated as per the formula below:

$$D = C * \frac{\text{(Department or Branch Total WAS)}}{\text{(Group Total WAS)}}$$

For example, the formula for calculating the bonus distribution for **Group 4 – Overseas Branch Group** is as follows:

$$D = C4 * \frac{\text{(Branch Total WAS)}}{Z}$$

To encourage hard work and competition amongst the overseas branches, performance bonus will be awarded to each branch base on the following rating:

Table 1

Rating	A	B	C
Performance appraisal position	Top 1/3	Middle 1/3	Bottom 1/3
Percentage issued (Weighting)	120%	100%	80%

3.2.2.4 *Performance Bonus Distribution to Individuals*

Performance bonus for individual expatriates consists of three parts: Fixed Assessment Bonus, KPI Bonus, and GM Discretion Bonus.

1. Fixed Assessment Bonus (F)

For this portion individuals are awarded based on the assessment made by the General Manager (GM) of the branch in accordance with the following formula:

F = Employee's Monthly Salary (as at 31 December previous FY) x Weighting of Assessment Rating

Assessment ratings are to be given to each individual expatriate employees by the GM of the branch in accordance with the table below, based on their general performance for the year:

Table 2

Rating	Excellent	Good			Average	Acceptable	Not Acceptable
Percentage	150%	A	B	C	40%	0%	0%

issued (Weighting)		125%	120%	115%			

GM and DGM that are rated "Good" will be given a fixed weighting of 125%.

After paying all expatriates their fix assessment bonus (let's called this amount E**),** any left over from the bonus pool (D) will be divided into 80% and 20%. The 80% portion will be distributed based on the expatriates' KPIs and the 20% will be distributed in accordance to the GM's discretion.

The formula for calculating the 80% KPI bonus pool and 20% GM discretion bonus pool are as follow:

E = Σ F

KPI Bonus Pool = D1 = (D – E) x 80%

GM Discretion Bonus Pool = D2 = (D – E) x 20%

2. KPI Bonus

The KPI bonus pool will be distributed to expatriate employees based on their individual KPI.

There are two types of KPI: Special KPI and Normal KPI

a) Special KPI applies to advisor, senior vice president, vice president/general manager and assistant vice president/ deputy general manager for each department, and administration staff of chairman office, president office, executive vice president office, and chief auditor office. It also applies to officers at representative office, officers in the domestic and oversea branches established for the year, and stationed guards. Special KPI ratings are shown in the table below:

Table 3

Rating category	General Managers	Deputy General Managers	Other special KPI applied employees
Percentage issued (Weighting)	120	110	100

b) Normal KPI: normal KPI applies to staff that are not mentioned in the Special KPIs categories.

Bonus for those falls under the Special KPI will be calculated first and based on the formula below:

$$\textbf{Special KPI Bonus} = G = D1 \times \frac{(WAS_{\text{Special KPI}})}{\textbf{(Branch Total WAS)}}$$

Total Special KPI Bonus = Σ G

Bonus for those falls under the Normal KPI will be distributed from the remaining amount after deducting the total Special KPI bonus amount of the Special KPI employees.

Normal KPI Bonus = H = (D1 – Σ G) x KPI score weighting

$$\textbf{KPI score weighting} = \frac{\textbf{Individual Normal KPI Score}}{\textbf{Total Scores of all Normal KPI Employees of the Branch}}$$

3. GM Discretion Bonus

The GM is given a small amount left over after the distributions of the Fixed Assessment Bonus and KPI Bonus to give out to employees in the branch who deserve extra bonus base on their performance and attitude throughout the year. The GM is to make a list of employees whom he/she thinks deserves a small additional bonus for hard work and good working attitude throughout the year. The list needs to set out the names of the people who bonus will be distributed to, the percentage and amount of bonus from the GM Discretion Bonus pool and the reason for awarding such bonus. The list needs to be submitted to Head Office's Human Resource Department for approval.

3.3 Adjustment for Awards/Deductions

a) Diligence and punctuality

- Arrive in the office late, leave the office early: deduction of 0.3% bonus for each time.

b) Incentive/ Disincentive

- TWD$2000 for each Commendation received, TWD$6000 for each Merit received, TWD$18000 for each Special Merit received.
- Reduction of TWD$2000 for each Reprimand received, 30% reduction in bonus if there is a Demerit record on balance, 40% reduction in bonus if there is a Demerit record on balance and there is 1 Reprimand record, 50% reduction in bonus if there is a Demerit record on balance and there is 2 Reprimand.
- For employees who receive GOOD etc. (inclusive) and above in the "Year-end assessment" but did not have an opportunity for promotion the bonus can be increased by 50% (based on the employee's salary as at December of the previous year), and can be paid from the "Operations Expense - Salary".

Adjusted performance bonus of an individual employee can be calculated using the following formula:

Adjusted Performance Bonus = Total Performance Bonus ± No. of Award or Reduction

3.4 Pro-rata Calculations of Performance Bonus

Pro-rata Performance bonus is awarded based on the following calculations:

For employees who are newly employed during the year or has returned to employment during the year, retired, made redundant, taken leave without pay, dismissed or death has occurred, and eligible for the awards of Performance Bonus and Excess Pre-tax Profit Bonus:
a) The bonus is calculated and distributed based on employees' KPI score weighting and the work period.
b) Others not listed above: the month end salary will be considered and the Bonus given proportionately to the work done. If an employee has been employed for less than 1 month, the employee shall be deemed to have worked for 1 month for the calculation of Bonus.

For employees who are eligible for the Performance Bonus and Excess Pre-tax Profit Bonus and are appointed to a new position during the year:
a) The bonus is calculated and distributed based on employees' KPI score weighting and work periods in each position.
b) Others not listed above: the bonus will be calculated according to the proportion of the work months in each position. The Bonus will be calculated based on the salary of the position with more work days in the year. In the event that the number of days is equal, the calculation will be based on the new salary.

4. REMUNERATION FRAMEWORK OF RESPONSIBLE MANAGERS IN AUSTRALIA

4.1 Fixed Component

4.1.1 Local Managers

Fixed remuneration component of Responsible Managers who are employed locally will be in accordance with part 2.1 of this document.

4.1.2 Expatriates Managers

Fixed remuneration component of Responsible Managers expatriated from Taiwan will be in accordance with part 3.1 of this document.

4.2 Variable Components

4.2.1 Local Managers

Variable remuneration component of Responsible Managers who are employed locally will be in accordance with part 2.2 of this document.

4.2.2 Expatriates Managers

Variable remuneration components of Responsible Managers expatriated from Taiwan will be in accordance with part 3.2 of this document.

5. REMUNERATION OF CHIEF RISK OFFICER IN AUSTRALIA

5.1 Fixed Component

Fixed remuneration component of Chief Risk Officer who is employed locally will be in accordance with part 2.1 of this document.

5.2 Variable Components

Variable remuneration component of Chief Risk Officer who is employed locally will be in accordance with part 2.2 of this document.

6. REMUNERATION OF ACCOUNTABLE PERSONS UNDER THE FINANCIAL ACCOUNTABILITY REGIME ACT 2023 AND CPS 511

6.1 Nominated Accountable Persons of TBBAU

In accordance with the FAR legislation, TBBAU has nominated the following persons as accountable persons:

- Senior Officer Outside Australia (SOOA)
- The Country Manager / General Manager of Sydney Branch
- General Manager of any other branches in Australia

6.2 Deferred Remuneration Obligation

Under Chapter 2 Part 5 of FAR, accountable ADIs that are Significant Financial Institutions (SFIs) are required to defer a minimum amount of an accountable person's variable remuneration for a minimum period of four years.

SFIs are defined based on assets size as per the table below:

Industry	Total asset thresholds for SFI
Authorised deposit-taking institution	>AUD$20 billion
General and Life insures	>AUD$10 billion
Private health insurers	>AUD$3 billion
Registerable superannuation entities	>AUD$30 billion

In financial year 2024, TBBAU's assets is less than AUD $20 billion, therefore the deferral requirement does not apply to TBBAU's accountable persons.

6.4 Claw-back of Variable Components of Remuneration of Accountable Persons

Accountable persons' variable remuneration may be subjected to claw-back if the following situations occur:

(a) misconduct leading to significant adverse outcomes;
(b) a significant failure of financial or non-financial risk management;
(c) a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
(d) significant adverse outcomes for customers, beneficiaries or counterparties.

The Board of Directors in Taiwan will determine what constitutes a “significant” event and will determine whether a claw-back of the accountable person variable remuneration is appropriate. The Remuneration Committee will decide the amount of claw-back and approved by the Board of Directors in Taiwan.