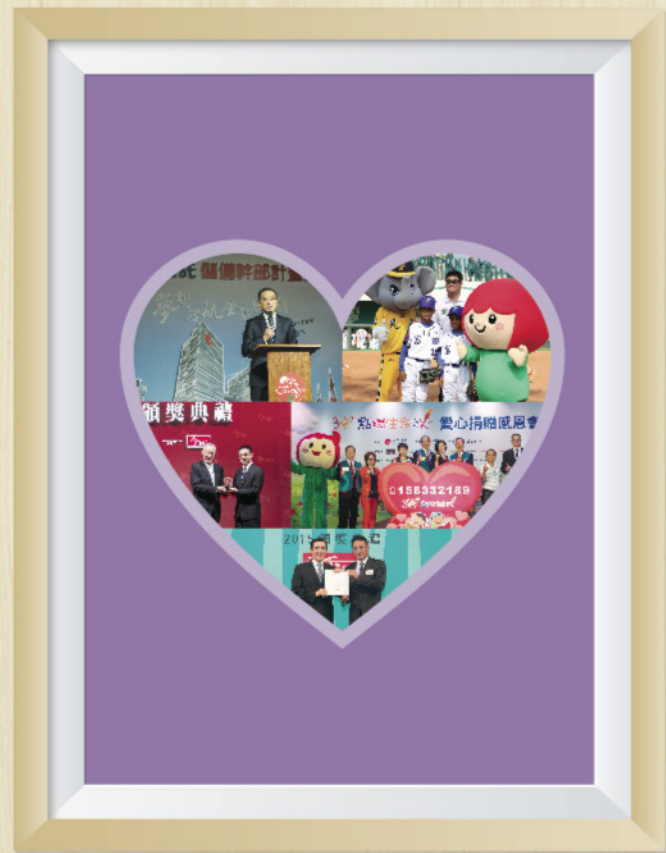


2015 CORPORATE SOCIAL RESPONSIBILITY REPORT



CTBC HOLDING



C O N T E N T S

02	Report Overview	76	Sustainable People Development
04	Letter of President	78	Safe, Equal Workplace
06	Sustainable Performance	78	Human Rights and Gender Equality
12	Stakeholder Engagement	82	Encouraging Talent Management and Training
14	Sustainable Development Continues to Evolve	83	Diversified Welfare Systems
17	Stakeholders and Material Issue Analysis	85	Steadily Growing Employees
24	About CTBC	88	Sustainable Environment
26	Corporate Social Responsibility Execution and Planning	90	Energy Efficient Carbon Reduction Management
27	CTBC Group Overview	93	Resource Management
29	Business Strategy and Direction of Expansion	94	Green and Open Space Allocation
31	Business Performance	95	Green Building
35	Community Organizations and External Communications	95	Green Purchasing
36	Shareholders' Equity	96	Green Finance and Green Services
38	Sustainable Governance	100	Social Involvement
40	Corporate Governance	102	Social Care
46	Remuneration Policy	110	Supporting Cultural and Creative Industries
57	Regulatory Compliance	112	Public Welfare Lottery
61	Risk Management	114	Appendix
63	Information Disclosure		
64	Sustainable Product Development & Client Relationship		
66	Digital Finance Roadmap		
68	Privacy and Personal Information Protection		
70	Strengthening Corporate Banking Services		
71	Listening to The Voices of Our Customers		
74	Product Risks		

Report Overview



This is the 2015 Corporate Social Responsibility (CSR) Report of CTBC Financial Holding Co., Ltd. (hereafter referred to as "CTBC"). A CSR report has been published by the CTBC on annual basis since 2007. The previous report was published in June 2015, and the next report will be published in 2017. The reports from every year are hosted on the CTBC website under the CSR section. They are also available for browsing and download in the electronic book format.

Report Scope and Boundaries

This report is a statement of the economic, social, and environmental performance of CTBC and its subsidiaries in 2015 (Between January 1, 2015 and December 31, 2015) and any significant changes in the aspect boundaries. Related statistical data is calculated based on common international indicators. The information and data in this report were all compiled by CTBC and its subsidiaries before being reviewed by the CTBC CSR Consultation Committee. All financial figures in the report are calculated in New Taiwan Dollars and are verified by CPAs.

Report Compilation Principles

This report was written in accordance with the guidelines and structure set forth in the Global Reporting Initiative (GRI) G4 guidelines (hereinafter referred to as GRI G4), and includes GRI G4 comparison tables. The contents of this report include major indices and relevant indicators as well as our performance in aspects of sustainable governance, sustainable product development, sustainable people development, sustainable environment and social involvement.

In addition to GRI G4, this report also took into account the Integrated Reporting framework formulated by the International Integrated Reporting Council (IIRC) to provide disclosure on the six capitals and strategic planning.

Report Certification

This report was created by the CTBC CSR Consultation Committee with input from top executives and the company chairman. The British Standards Institution (BSI) provided third-party verification on the materiality, inclusivity, and responsiveness of this report based on AA1000 assurance standards and the GRI G4 core options. The content herein has been determined to be in line with GRI G4 core options and has been verified by the BSI. For the BSI inspection report statement, please consult the appendix.

Letter of President



CTBC is celebrating its 50th anniversary this year. In its infancy, the bank was a small company with only 19 employees. However, upholding the concept of "Integrity and Caring Services" proposed by the founder, Mr. Jeffrey Koo Sr. and with all colleagues' hard work and effort as well as our clients' long-term support, CTBC has become a multinational financial group with eight subsidiaries, which encompass banking, life insurance, securities, venture capital, asset management, lottery and security. With more than 100 branches overseas, CTBC has become the most internationalized financial institution in Taiwan.

Although CTBC faced daunting challenges concerning the global economy over the past year, we were still able to deliver outstanding results. CTBC received 147 awards locally and internationally in 2015. The outstanding achievement in the operating performance, corporate governance and corporate social responsibility have been recognized by professional institutions at home, abroad and throughout all sectors of the community. Once again, CTBC has broken the record for the most awards won by a Taiwanese financial company. Meanwhile, the annual pretax profit of CTBC has passed the NT\$40 billion mark once again. In addition, with successful merge with Taiwan Life, CTBC has doubled the total assets of the insurance subsidiary to a scale of NT\$1 trillion. The total assets of CTBC Holding have also passed NT\$4.5 trillion. With the gradual formation of the two-engine profit model, CTBC will continue to have strong growth momentum in the future.

Making a company profitable is important, but what is more important is a company's contribution to and positive influence on society. Only continuous growth and positive contributions can allow sustainable corporate development. This is our commitment to business. CTBC has continued to expand the scope of social contribution since the charitable event "Light Up a Life" held 31 years ago, and has developed charitable programs in five areas, including charity, culture and education, sports, education, and anti-drug. Taiwan lottery, a subsidiary of CTBC Holding, established "CTBC Financial Management College" through donations last year. The college aims to create a new model of education that will achieve the goal of "Helping People Who Are in Need and Have Outstanding Abilities" with support from corporations. The college not only gives poor children a prospect of changing their lives but also provides students with job opportunities in the company upon graduation, thereby creating a new industry-academia cooperation model.

To help children in remote townships realize their dreams, CTBC Charity Park, the first baseball base in Taiwan, was built in Pingtung last year. The base provides baseball teams from remote townships with accommodation and nurtures their training needs. It also provides a place for CTBC Charity Foundation to hold relevant volunteer training and workshops for the Vulnerable Children and Family support program. As we have seen drug use problems become more and more serious in Taiwan, the CTBC Anti-drug Education Foundation was established with an aim to spread anti-drug awareness to children at an early age. The foundation also urges all sectors of the community to fight against drug problems and come up with solutions to achieve the dream of making Taiwan a drug-free nation.

Of course, giving-back is not a one-way street. When CTBC engages in social welfare, its efforts benefit the company as well. As the first financial holding company to become involved in cultural creativity, fostering the local cultural creativity industry is our way to show our responsibility for Taiwan. Over the last three years, we expanded our support for many companies that show potential in music, crafts and arts. This led to the Financial Supervisory Commission awarding CTBC with first place in "Financial institutions that demonstrate excellence in investing in or sponsoring of creative industries." CTBC was the only financial institution to win this award, highlighting all the hard work we have put into the cultural creativity industry. CTBC has continually demonstrated its care to society. It has devoted substantial talent and resources, launching projects one after another all for the purpose of creating "positive cycles" that contribute to a better world one step at a time.

We would like to thank our colleagues for having worked with us over the past 50 years. Your diligence and hard work are key factors that drive CTBC to continue to move towards excellence. We would also like to thank our clients who have been with us for the entire journey. Your trust is a force driving us to move forward. Facing the next 50 years, it is CTBC's responsibility to work harder to make Taiwan a better place. We will uphold the spirit of our "caring, professional and trustworthy" brand while paying attention to communication with our stakeholders and their feedback. We will advance ourselves in environmental, social and economic aspects, safeguard and create fortune for our clients, provide more diverse financial services and gradually move towards becoming a century-old enterprise. Meanwhile, we will actively fulfill our corporate social responsibilities and implement environmental sustainability goals, taking an oath to become a green financial institution that is "first in Taiwan, a leader in Asia and the best in the world."

Wen Long Yen
Chairman

Sustainable Performance

NET PROFIT
AFTER TAX
35.4 billion

By the end of 2015, CTBC Financial Holding reported consolidated profit before tax of NT\$41,05billion profit after tax of NT\$35.4billion return on equity (ROE) of 13.97%, return on assets (ROA) of 0.86%.

Economic

 **147** AWARDS

During the course of 2015, CTBC broke many new record and won 147 top domestic and foreign awards. This is the 4th consecutive year that CTBC has won more than 100 awards in one year.

CREDIT CARDS
 **No.1**

In 2015, CTBC Bank had the highest number of active cards with a market share of 15.1%.

In 2015, the net worth of CTBC Bank's mortgage business grew by NT\$79,5billion the most of any bank.


EARNINGS PER
SHARE (EPS)
NT\$ 2.10



CUSTOMER SATISFACTION

88%

Customer satisfaction surveys continued to track up to 32 items in 2015. Apart from existing surveys in basic areas such as branches, wealth managers, customer services, automated channels and application processes, service satisfaction surveys were also added for asset customer segments, corporate customers, salary transfer customers, and premium wealth management customers. Around 220,000 responses were recovered in 2015 and the average satisfaction rating was 88%.

Social

REBATES WERE DONATED

NT\$30 million



Continued to encourage customers to support charity through co-branded credit cards and about NT\$30,000,000 in cash rebates were donated in 2015.

THE AVERAGE PAY INCREASE

3.52%

The average pay increase at CTBC Holding was 3.52% in 2015, and the largest personal pay increase was 14.5% (including pay increase after promotion).



COMMUNITY INVOLVEMENT EXPENDITURES

651.47 million

CTBC contributed a total of NT\$651,476,017 to charity, arts and culture, sports, trade and economic development, education and disaster relief in 2015.

VOLUNTEERS

2,012 people

Since its creation, the CTBC Charity Foundation has recruited more than 2,012 volunteers, assisted disadvantaged children 58,485 times and granted 24,557 days of good deeds leave to date. This represented NT\$49,114,000 in additional paid leave costs.



REDUCTION IN CARBON EMISSIONS



715.836 ton-CO₂

In 2015, our 4 ISO 50001 demonstration sites (Yongji Building, Shuanghe branch, Songshan branch and Beixinzhuang branch) achieved total power savings of 1,373,966 kWh. This represented a 7.76% reduction in total power consumption compared to the baseline year (2014) and is equivalent to a reduction in carbon emissions of 715.836 ton-CO₂/year.

Environment

REDUCTION IN PAPER USE

10,812 pieces

The creation of the mobile rewards redemption platform "CTBC Creditcard App" is estimated to save 10,812 pages of paper per year and reduce annual carbon emissions by 235.49 kg.



INTERNET BANKING CUSTOMERS

13% UP



CTBC continued to encourage customers to use Internet banking, mobile banking and Internet ATMs to carry out transfers, pay bills, exchange currency, apply for golden passbooks or fund transactions in 2015. As of the end of December 2015, we had 2.81 million Internet banking customers, a 13% year-on-year increase. This effectively reduced paper and related energy consumption.

ZERO-CARBON EMISSIONS



132.192 ton-CO₂

The CTBC Financial Park is a diamond-grade green building that satisfies the 8 domestic green building indicators. It is estimated to create more than 8,240 tons of carbon storage (from CO₂ absorbed by plants) every year making it the role-model for energy conservation and carbon reduction among office buildings in Taiwan. The roofs of Building A annex and the south-side pedestrian walkway on campus have installed 699 sq.m. of solar power panels. In 2015, these generated 253,727.8 kWh of electricity for common use and helped reduce carbon emissions by 132.192 ton-CO₂/year.

GREEN PROCUREMENTS

NT\$ 271.52 million



In 2015, green purchasing amounted to NT\$271,520,075, the most of any financial company, an increase of NT\$4,540,000 in 2014. In 2015, CTBC was also recognized, for the 7th consecutive year, by the Taipei City Government's Department of Environmental Protection for "Outstanding Contribution to Green Purchasing by a Private Enterprise".



Stakeholder Engagement



CTBC recognizes the importance of stakeholder relationships. For the sustainability of this organization, we hope to create transparent and effective means of communication with all of our stakeholders. To strengthen capabilities of the CSR team, in 2015 CTBC upgraded the "CSR Taskforce Committee" to become the "CTBC CSR Consultation Committee" (hereafter referred to as the "CSR Consultation Committee"). The chairman of the CSR Consultation Committee is the president of CTBC, the deputy chairman is the chief secretary of CTBC, while the presidents of CTBC subsidiaries make up the members of the committee. In 2016, supervision by independent directors was incorporated to reinforce connections with the Board of Directors, strengthening management functions, refining each CSR aspect, and identifying stakeholders including: customers, investors, government agencies, members of the community, suppliers and employees. Every effort is made to maximize benefits to stakeholders while maintaining a range of open communication channels in order to identify problems and propose solutions. This not only enables CTBC to lay the foundations for national and social progress by taking on more responsibilities and challenges but also keep up with international trends.

Sustainable Development Continues to Evolve

CTBC has assembled a CSR unit and a CSR Consultation Committee to practice CSR on the organizational level and encourage the participation of all employees. Goals are set and resources are committed each year to maximize the outcome of its efforts. We know that in order to maximize the benefits of our corporate values we must develop a CSR strategy and culture appropriate to the enterprise itself and embrace them completely. This is what society and our customers expect of CTBC as well.

CTBC has adopted a top-down approach to the cultivation of its CSR culture and atmosphere. The president of CTBC directly oversees the "CSR Consultation Committee" with the General Administration Department serving as the integration unit. It encompasses all of the different functions essential to realizing corporate sustainability including human resources, corporate governance, legal affairs, audit, general affairs, risk management, personal banking and institutional banking. It regularly examines and discusses how the activities of each unit may affect or come into contact with stakeholders. It also allocates resources to each CSR aspect such as corporate governance, employee care, customer care, community involvement, and environmental protection. The top-down support for CSR activities ensure their effective implementation.

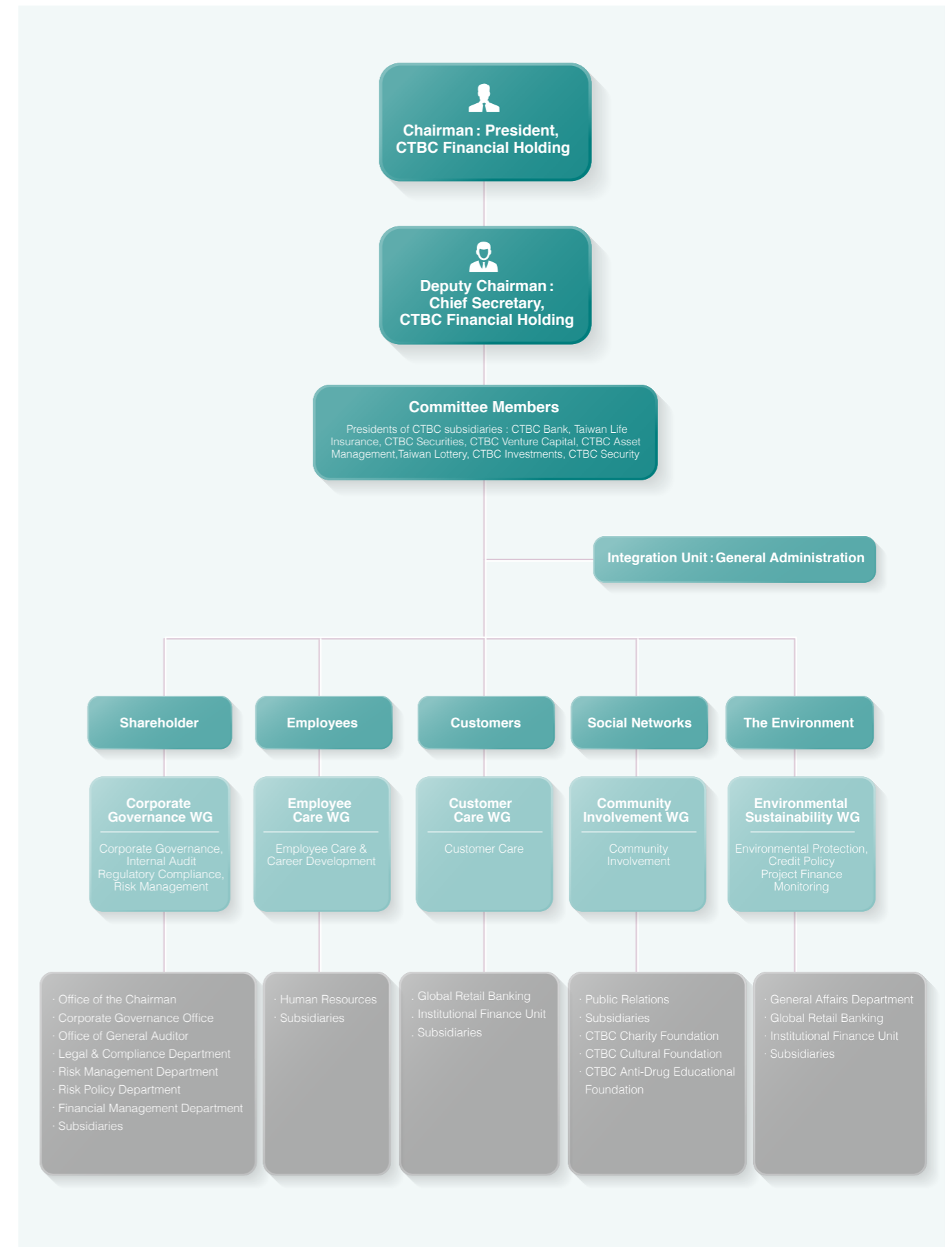
CTBC has established a dedicated CSR unit under the General Administration Department to plan and execute all CSR tasks throughout the company. The team comprises of 5 full-time staff, and reports to the President of CTBC Holding while material issues are escalated to the Board of Directors for a decision. By directly engaging senior management in CSR activities, we have been able to align employees' interests with CTBC's core CSR values and convince them to support the sustainable development of the company. Regular communications by the CSR Consultation Committee:

- Draft the annual CSR plan and CSR policy direction.
- Organizing projects and campaigns relating to stakeholder communication and assessing issues of concern.
- Evaluating, reviewing and following up on the effectiveness of each project.
- Sharing and reviewing of assessment results from external CSR awards.
- Sharing of CSR topics and international trends by external experts.
- Sharing CSR practices adopted by foreign financial institutions.

The CSR issues and policies of CTBC are proposed by the CSR Consultation Committee during the quarterly work meetings. Four meetings were convened in 2015 and once the proposals have been decided upon by the chairman (CTBC President), deputy chairman (CTBC Chief Secretary) and members (presidents of CTBC subsidiaries), they are then submitted to the Executive Committee for discussion. The policies are then revised or formulated before they are approved by the Board for announcement and implementation. Performance is regularly reviewed so that strategies can be adjusted when necessary. The CSR plan will be submitted to the Board in 2016 to strengthen the management function of the Board.

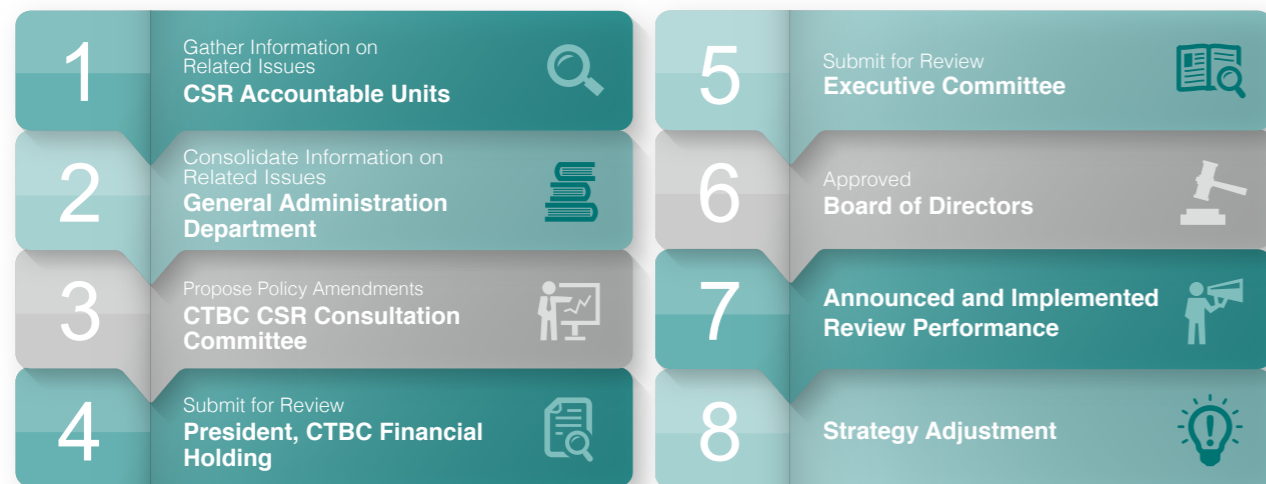


CTBC Corporate Social Responsibility Consultation Committee



- 2011**
 - Established CSR unit.
 - Dedicated personnel assigned to strategic planning and implementation of CSR.
- 2012**
 - An inter-departmental "CSR Taskforce Committee" was convened to oversee the implementation of CSR planning.
 - Corporate Social Responsibility Policy formulated.
 - The "CTBC CSR Best Practice Principles" was approved by the Board of Directors for CTBC Holding and its subsidiaries.
 - Support for green energy and environment protection-related industries through lending policies was incorporated into the "CTBC Credit Risk Management Policy."
- 2013**
 - Subsidiaries included in the "CSR Taskforce Committee" to ensure that the CTBC CSR philosophy is implemented throughout the group.
- 2014**
 - Strengthening of internal CSR education and training by inviting outside experts to speak on topics such as "corporate governance" and "international CSR trends."
 - Reviewed and carried out corrective action based on responses to international CSR organizations such as DJSI and CDP.
- 2015**
 - "CTBC CSR Taskforce Committee" upgraded to become the "CSR Consultation Committee."
 - The elevation of the "CSR Consultation Committee" means the chairman of the CSR Consultation Committee is the president of CTBC, the deputy chairman is the chief secretary of CTBC, while the presidents of CTBC subsidiaries make up the members of the committee. Its purpose include strengthening management functions and refining each CSR aspect.
 - External experts invited to analyze "Strategic CSR opportunities for the financial industry" and "International trends in DJSI and CDP" and provide a reference for adjustments to CSR activities.

Operational Framework of the CTBC CSR Consultation Committee



Supplier Corporate Social Responsibility Management

CTBC has implemented a "Supplier CSR Advocacy Policy" since 2012 that required suppliers to sign a commitment to business ethics, employee rights and assistance, environmental protection and other issues before executing any single transaction that amounts to NT\$1 million or above. CTBC had business dealings with 350 suppliers in 2015, 14 more than the previous year; 88% were in northern Taiwan, 8.6% were from central and southern Taiwan, and 3.4% were from overseas.



These suppliers have been classified into 9 categories, namely: security, insurance, office equipment, information, advertising & media, printing, gifts, travel, property maintenance, construction, and others. In 2015, 100% of suppliers signed their commitment to the policy. CSR issues were also included in the supplier advocacy items.

Stakeholders and Material Issue Analysis

Stakeholder Identification

The stakeholder identification process was conducted in accordance with AA1000 Stakeholder Engagement standard. The CSR Consultation Committee finalized the six key stakeholder groups as: customers, investors, government agencies, members of the community, suppliers and employees. After analyzing the issues of concern and verifying the channels of communication, the issues of concern were included into routine CSR activities and the annual work plan.

Material Issue Analysis

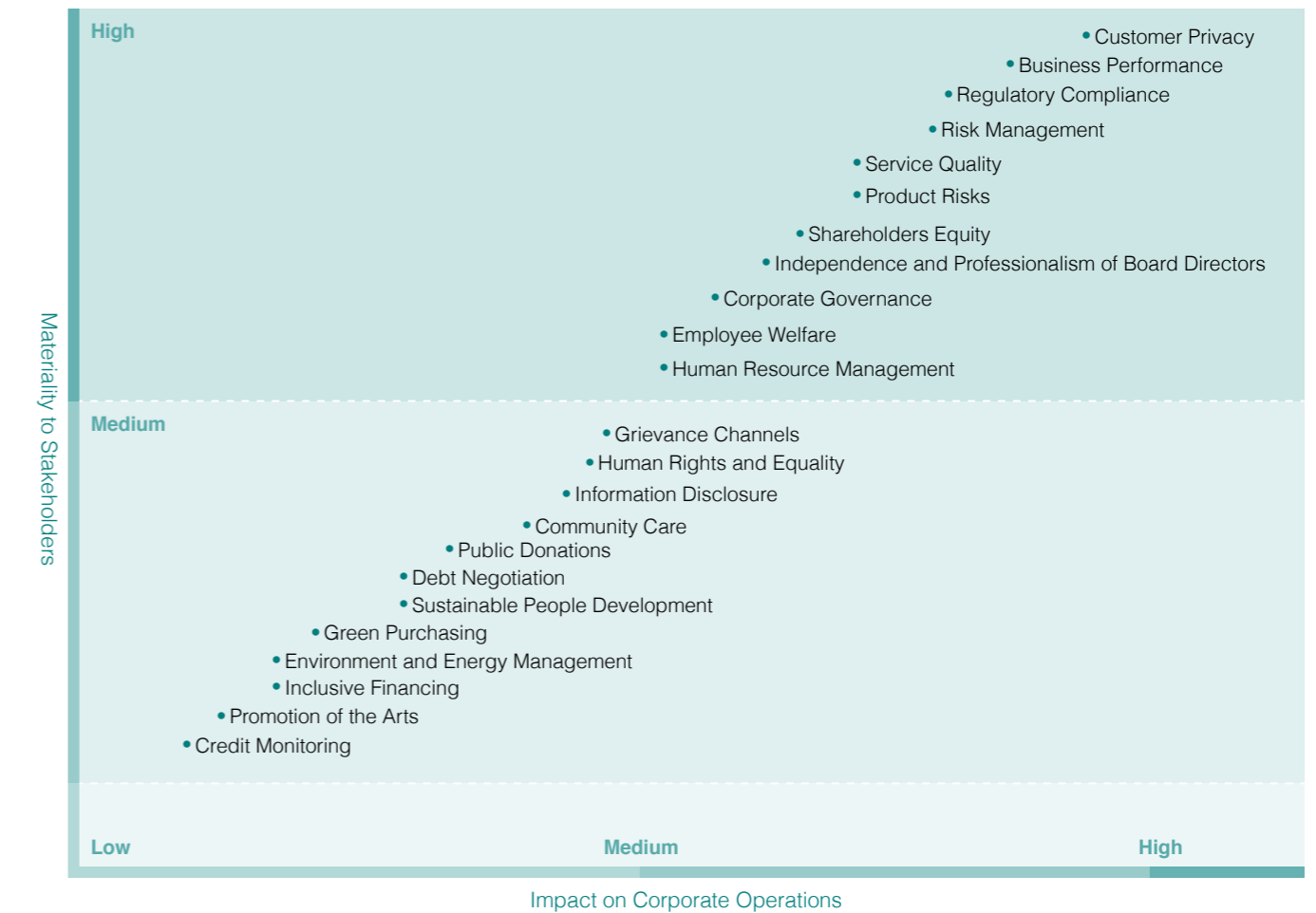
According to the report "Defining Materiality: What Matters to Reporters and Investors" jointly published by GRI and RobecoSAM in 2015, reporters and investors shared much in common on their perception of materiality issues. Sorting and screening of material issues by CTBC.

- Each department gathers sustainability issues relevant to the six stakeholder groups and then pass the issues to the CSR Consultation Committee for discussion and finalization.
- A survey was added to the CSR section of the CTBC website to collect stakeholders' responses to issues of concern. In 2015, a total of 124 survey responses were collected. As much as 96.78% of stakeholders believed that the CTBC CSR Report enhanced public understanding of CTBC's CSR efforts.
- The 23 relevant issues were compiled and sent to each department for scoring. These were then submitted to the manager-level meeting of each business unit for approval.
- The relative priority of each issue was checked by senior executives and a total of 11 material issues of high concern were identified and organized into the "Materiality Matrix." Their external and internal effects on the organization were also analyzed so that appropriate management policies can be proposed.

Material Issue Response and Communication

Stakeholders	Main Responsibilities	Concerned Issues	Communication Methods and Channels
 Customers	Providing Convenient Products and Good Service Improving Customer Satisfaction	Product Risks Service Quality Debt Negotiation Customer Privacy Grievance Channels Inclusive Financing	<ol style="list-style-type: none"> 1. Implementation of a "Voice Of Customer" (VOC) platform that gathers customers' opinions through branches, business units, and customer service centers. 2. 24-hour toll-free customer service hotline, web call, and mailbox. 3. Monthly e-newsletters. 4. Customer satisfaction surveys, conducted quarterly or yearly depending on the types of services involved. 5. Regular financial seminars and health conferences. 6. Internet and mobile banking.
 Investors	Information Disclosure and Transparency	Business Performance Risk Management Corporate Governance Regulatory Compliance Directors' Independence And Professionalism Information Disclosure Shareholders Equity	<ol style="list-style-type: none"> 1. Website announcements. 2. Established "Investor Information" section containing contact details and contact form. 3. Annual general meetings. 4. Monthly business performance announcements. 5. Quarterly investor seminars.
 Government Agencies	Compliance Payment of Taxes Consultation for Policy-Making Regulatory Promotions	Corporate Governance Regulatory Compliance Information Disclosure Energy Conservation & Carbon Reduction Greenhouse Gas Survey	<ol style="list-style-type: none"> 1. CTBC assists the authority in supervision and audit by providing relevant information. 2. CTBC supports the authority's policies and participates in relevant meetings, and offers suggestions and promotes financial knowledge at times deemed appropriate.
 Community Members	Respect to Local Cultures Participation in Local Charity Events	Community Care Public Donations Promotion of the Arts Green Building	<ol style="list-style-type: none"> 1. Participation in public conferences. 2. Hosting of press conferences. 3. Sponsorship to arts, culture, sports, academic and environmental protection activities. 4. Hosting of charity events.
 Vendors	Fair Purchasing	Green Purchasing	<ol style="list-style-type: none"> 1. Hosting of business seminars and pricing conferences to promote awareness of CSR and employees' health and safety. 2. Random on-site audits on employee health and safety.
 Employees	Human Rights Fair Treatment Employee Health Promotion	Employee Welfare Sustainable People Development Performance Evaluation Work Environment Human Rights and Equality Communication Channels	<ol style="list-style-type: none"> 1. Employee conferences are held on a quarterly basis to convey the company's business policies, business performance, missions and visions. 2. A "Manager's Column" has been created in the e-newsletter "Peoples Monthly", where senior managers are able to share with employees on the company's business strategies, management philosophies, work environment, and communication. 3. Employee hot line and grievance mailboxes. 4. Employee health seminar. 5. "Employee Satisfaction Survey" and "Organizational Climate Survey," conducted anonymously at irregular intervals.

Materiality Matrix



The offering of convenient financial products and services by the financial service industry means an increasingly close relationship between the CTBC and the general public. To better respond to the issues of concern for each type of stakeholder, CTBC will give its full support to the "CSR Consultation Committee" in the formulation of CSR policies and execution of sustainability projects; stakeholder communication will also be strengthened to incorporate their responses and opinions into the decision-making process when adjusting the future direction of development for CTBC. As the "Best financial brand in Taiwan", we strive for sustainable corporate development and maximizing returns to shareholders in order to make our contribution to social progress.



CTBC Core Material Issues

Material Issues	Business Impacts	Strategy	Targets
Customer Privacy	Due to The Development of Digital Financial Services, the Innovation of Information Threats Such as Internet Extortion, Mobile Security Threats, Malicious Ads are monitoring by CTBC In order to Provide Complete Customer Privacy Protection.	<ul style="list-style-type: none"> ISO 27001 ISMS Information Safety Management System. Continue to Provide Current and New Employee with Training Related to Information Security. Implementing Evaluation of Information Security. Build up In-Time Monitoring Indicators of Information Security, Increase Efficiency of Information Security management. 	<ul style="list-style-type: none"> Completion rate of Training of Information Security and Personal Information to All Employees over 95%. Achievement Rate of User Account Inventory Over 95%.
Risk Management	As the international situation evolves, the financial business is faced with stricter international financial management requirements, which causes risks to exist as different models among different types of trading methods, products, and daily operations. Major risks are categorized according to the business characteristics and risk attributes of the Bank as: credit risk, financial market risk, liquidity risk, operational risk, and national risk.	<ul style="list-style-type: none"> According to the Corporate Finance Core Credit Risk Management Policy, Completing Our Responsible Investment. Implementing Financial Products Risks Overview. 	<ul style="list-style-type: none"> Implementing Regulatory Compliance Preparations such as Basel 3, IFRS 9. Implement International Management and Support Business Growth.
Service Quality	Apart from consistently producing diverse products and satisfying customers' needs, the company also prides itself in its excellent service quality that helps increase customer loyalty and strengthens the commitment between the Bank and its customers.	<ul style="list-style-type: none"> Expand Digital Finance. Expand On-Line Financial Services in Response to Bank 3.0. Corporate Banking Department Keep Promoting Service Level Agreement. Increase Number of Clients and Business Service Hours 	<ul style="list-style-type: none"> Maintain Corporate Finance Customer Satisfaction Level Over 85%. Increase Individual Finance Customer Satisfaction Level Over 86%.

KPI

Issues	KPI	Goals of 2015	Degree of Compliance	Goals of 2016
Customer Privacy	Completion rate of Training of Information Security and Personal Information to All Employees.	>95%	Complied	>95%
	Violation of the Law or Regulations	0	Complied	0
	Achievement Rate of User Account Inventory.	>95%	Complied	>95%
Risk Management	Early Response International Management Regulation	In Response to America's Request to Strengthen Prudential Supervision Norms, Implement Completed and Related Programs, and Revise the Policy Before the End Of The Year.	Complied	Early Response International Management Regulation
	Strengthen Risk Management Measure Technique and Mechanism	Implement Financial Corporation Integrated Risk Management and Report. Strengthen Risk Management System.	Complied	Strengthen Risk Measure Technique and Mechanism
	Support Local and International Business' Needs, and Assist in Business Growth	Assist Local Individual and Credit Finance Businesses in Achieving AP/EP Goal	Complied	Support Local and International Business' Needs, and Assist in Business Growth
Service Quality	Percentage of Regular Customer Income	80%	Complied	80%
	(Individual Finance) Customer Satisfaction Level	85%	Complied	86%
Environment and Energy Management	Conserve Electricity	86,591,559 (kw/h)	Complied	Decrease 2%
	Conserve Water	810,426 (m³)	Complied	Decrease 1%
	Reduce Waste	481,680 (kg)	Complied	Decrease 1%
	Reduce Coal	45,114.2 (ton- CO² / year)	Complied	Decrease 2%
Talent Management	Course Satisfaction	4.5 Score	Complied	4.5 Score
	Completion Rate of Competency Assessment	90%	Complied	100%
Charity	Charity Award Category	7	Complied	7

Material Aspects Table

Materiality Issues	Material Aspects	Organizational Impact		Corresponding Section	Corresponding Page	
		Internal	External			
Customer Privacy	Indirect Economic Impacts	V	V	Sustainable Product Development & Client Relationship	68-70	
	Customer Privacy	V	V			
Business Performance	Economic Performance	V	V		About CTBC	24-37
	Indirect Economic Impacts	V	V			
Regulatory Compliance	Indirect Economic Impacts	V	V		Sustainable Governance	59-60
	Regulatory Compliance	V	V			
Risk Management	Economic Performance	V	V		Sustainable Governance	61-62
	Indirect Economic Impacts	V	V			
	Regulatory Compliance	V	V			
Shareholders Equity	Economic Performance	V	V		About CTBC	24-37
	Indirect Economic Impacts	V	V			
	Regulatory Compliance	V	V			
Independence and Professionalism of Board Directors	Indirect Economic Impacts	V	V	Sustainable Governance	40-46	
	Indirect Economic Impacts	V	V			
Information Disclosure	Indirect Economic Impacts	V	V	Sustainable Governance	63	
	Regulatory Compliance	V	V			
Service Quality	Indirect Economic Impacts	V	V	Sustainable Development	75	
	Product and Service Labeling	V	V			
Product Risks	Indirect Economic Impacts	V	V	Sustainable Development	75	
	Product and Service Labeling	V	V			
Employee Welfare	Recruitment	V	V	Sustainable Product Development & Client Relationship	76-87	
	Employment Diversity and Equal Opportunity	V	V			
Human Resource Management	Recruitment	V	V	Sustainable Product Development & Client Relationship	76-87	
	Training and Education	V	V			
	Labor Practices Grievance Mechanism	V	V			



Recipient of **147** Major Awards

CTBC has a decades-long involvement in the development of the financial sector. Our solid management has won the support of customers and society alike. We have also been a long-time contributor to society. Our continued focus in sustainable business development and customer management has been recognized by the government and other institutions, resulting in countless local and foreign accolades over the years. In 2015, CTBC received 147 major domestic and foreign awards for excellence in corporate governance, wealth management, foreign exchange trading, consumer banking, institutional banking and CSR.



Corporate Social Responsibility Award

Asiamoney
 Corporate Governance Asia
 The Asset
 Commonwealth Magazine
 Global Views Magazine
 Taiwan Institute for Sustainable Energy (TAISE)
 Wealth Magazine
 Excellence



Best Bank in Taiwan

Euromoney
 The Banker
 FinanceAsia
 Asiamoney
 The Asian Banker
 Commonwealth Magazine
 Business Today
 Wealth Magazine
 Manager Today
 Management Magazine
 Readers Digest



Best Corporate Governance

Asiamoney
 Corporate Governance Asia
 The Asset



Best Private Bank

Global Finance
 Euromoney
 The Asian Banker
 Asiamoney
 The Asset
 FinanceAsia
 Global Views Magazine
 Business Today



Best Trade Financing

Global Finance
 Global Trade Review
 The Asset
 The Asian Banker

About CTBC



CTBC Holding was established on May 17, 2002. As the leading brand in Taiwan's financial industry, CTBC is committed to the spirit of honesty and integrity, professionalism and leadership, caring and contribution, equal workplace and sustainable development as well as its brand value - "We are family," the corporate mission "to protect and to create," and characterize as a "caring, professional and trustworthy" service provider. In creating value for all employees, customers, investors and residents, CTBC aims to establish its brand as the "No. 1 in Taiwan and best in Asia" in order to become our customers' most dependable financial service institution.

The 8 subsidiaries of CTBC Holding are CTBC Bank, Taiwan Life (formerly CTBC Life Insurance), CTBC Securities, CTBC Capital, CTBC AMC, CTBC Investments, CTBC Security and Taiwan Lottery. Together they employ more than 25,000 people around the world.

CTBC Financial Holding Co., Ltd.

Date of Establishment	May 17, 2002
Headquarters Location	No. 168, Jingmao 2nd Road, Nangang District, Taipei, Taiwan, R.O.C.
Authorized Capital	NT\$180,500,047,806
Total Assets	NT\$4,596,200,026,754
Number of Employees	25,555
Industry	Finance & Insurance
Stock Code	2891

Corporate Social Responsibility Execution and Planning

Corporate Social Responsibility (CSR) has been listed by CTBC as a part of its business strategy with extensive manpower and resources invested into the aspects of "corporate governance, customer relations, employee care, environmental protection, and social involvement." The CSR report has been produced since 2007 and in 2010, CTBC became the first in Taiwan's finance industry to pass international certification by the British Standards Institution (BSI). The BSI certification has been issued for 7 consecutive years to date.

As the leader in the finance industry, CTBC has been building on its success and embracing international standards by preparing CSR reports using Global Reporting Initiative's (GRI) G4 standards since 2013 to give the public and stakeholders a better understanding of the company's philosophy. The corporate organization is also being progressively improved to help CTBC become an even better corporate citizen.

CTBC Corporate Social Responsibility Policies

Corporate Governance	Maintain integrity and uphold the trust of our stakeholders
Customer Relations	Create and protect customers' assets through leading professional services
Employee Care & Career Development	Develop a fair and learning-based work environment that cater for employees' mental and physical development
Environmental Protection	Protect the planet through sustainable development, environmental protection and energy conservation
Community Involvement	Care for and give back to society; contribute to the creation of a harmonious world

CTBC Group Overview

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

In May 17, 2002, CTBC Holding is headquartered in Taipei City, Taiwan and employs over 25,000 people worldwide with business involvement spanning eight major areas, including banking, life insurance, securities, venture capital, asset management, investment trust, security, and lottery.

CTBC Holding's main subsidiary - CTBC Bank currently has 149 branches in Taiwan and 100 branches overseas spread across 14 countries including USA, Canada, Japan, Indonesia, the Philippines, India, Thailand, Vietnam, Hong Kong, Singapore, Myanmar, Malaysia, Australia and China, making it the most globalized financial institution in Taiwan.

CTBC Bank Co., Ltd. (CTBC Bank)

CTBC Bank was formerly known as China Securities Investment Co., Ltd., which was founded in 1966. CTBC Bank's business activities include deposit, loans, guarantees, foreign currency, offshore banking unit (OBU), trust, credit card, securities, bonds, proprietary futures trading, derivatives, factoring, safety deposit boxes, electronic banking, public welfare lottery and insurance broker.

In October, 2015, CTBC Bank received regulator approval to become the first bank in Taiwan licensed to operate as an insurance broker. On November 30, 2015, CTBC Bank and CTBC Insurance Broker Co., Ltd. (CTBC Insurance Brokers) were merged. The CTBC Bank became the surviving company and acquired the customers of CTBC Insurance Brokers.



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

CTBC expanded into the insurance industry in 2012 to strengthen the scope and diversity of financial services it can provide to customers. This includes personal and group insurance coverage (but not including trust services). Channels such as sales representatives, telemarketing, banks and insurance agents are used to provide the public with personal financial coverage and risk planning.

On May 12, 2015, the Board of CTBC Holding approved a share-swap with Taiwan Life Insurance Co., Ltd. (hereafter referred to as "Taiwan Life") in order to expand the size of its insurance business. The share swap was completed on October 15, 2015, with Taiwan Life becoming a wholly owned subsidiary of CTBC Holding's. CTBC Holding subsidiaries Taiwan Life and CTBC Life Insurance were merged in early 2016 to become "Taiwan Life Insurance" in the interests of resource consolidation and expansion of the insurance business. The merger of the CTBC and Taiwan Life brands will produce new synergies.

CTBC Securities Co., Ltd. (CTBC Securities)

CTBC Securities was formerly known as Pou Chen Securities established in 1989. In addition to the head office, the company also has regional branches in Zhongxiao, Kaohsiung, Sanchung, Yongkang, Wenxin, Hsinchu, Taoyuan, Songjiang, Chiayi, Shuanghe and Zhongli to serve customers in the trading of securities listed on TSEC/GTSM/Emerging Stock Market and futures. CTBC Securities has now established an Offshore Securities Unit (OSU) to expand its international business and increased the diversity of financial products. These developments will extend the potential of the securities business.

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

CTBC VC is the first venture capital company in the CTBC family and was established in 2003. It invests mainly in businesses such as information, communication, biotech, healthcare, culture, creativity, alternative energy, and conventional industries of sound potential. The professional management team at CTBC VC backed by the financing resources of CTBC Holding and its subsidiaries make it the perfect partner for entrepreneurs looking to grow their business.

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

Founded in 2003, CTBC AMC's business activities include the purchasing and managing of bank debts as well as leasing and investments. In light of the increasingly competitive environment, CTBC AMC will be shifting its investment focus towards the leasing business. An investment company was set up in Hong Kong in April 2012 to invest in the leasing industry in China.

CTBC Investments Co., Ltd. (CTBC Investments)

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

CTBC Security Co., Ltd. (CTBC Security)

CTBC Security was established in 1995 and became a subsidiary of CTBC Holding in 2005. Its main business activity is the protection of corporate property, equipment and personnel safety. Its services include designing and consulting for fire safety systems, disaster prevention systems, and stationary security. The company primarily serves financial institutions.

Taiwan Lottery Corporation (Taiwan Lottery)

Founded in 2006, Taiwan Lottery is a subsidiary of CTBC Holding and is mainly involved in the issuance, sale, marketing, redemption and management of public welfare lottery for CTBC Bank. CTBC Bank has obtained distribution rights to the 4th lottery issue, which is valid from January 1, 2014 until December 31, 2023.

CTBC secured the distribution rights to the "Public Welfare Lottery" to support the lottery's mission of creating jobs for disadvantaged groups, looking after disadvantaged groups, creating more public welfare dividends and enhancing social

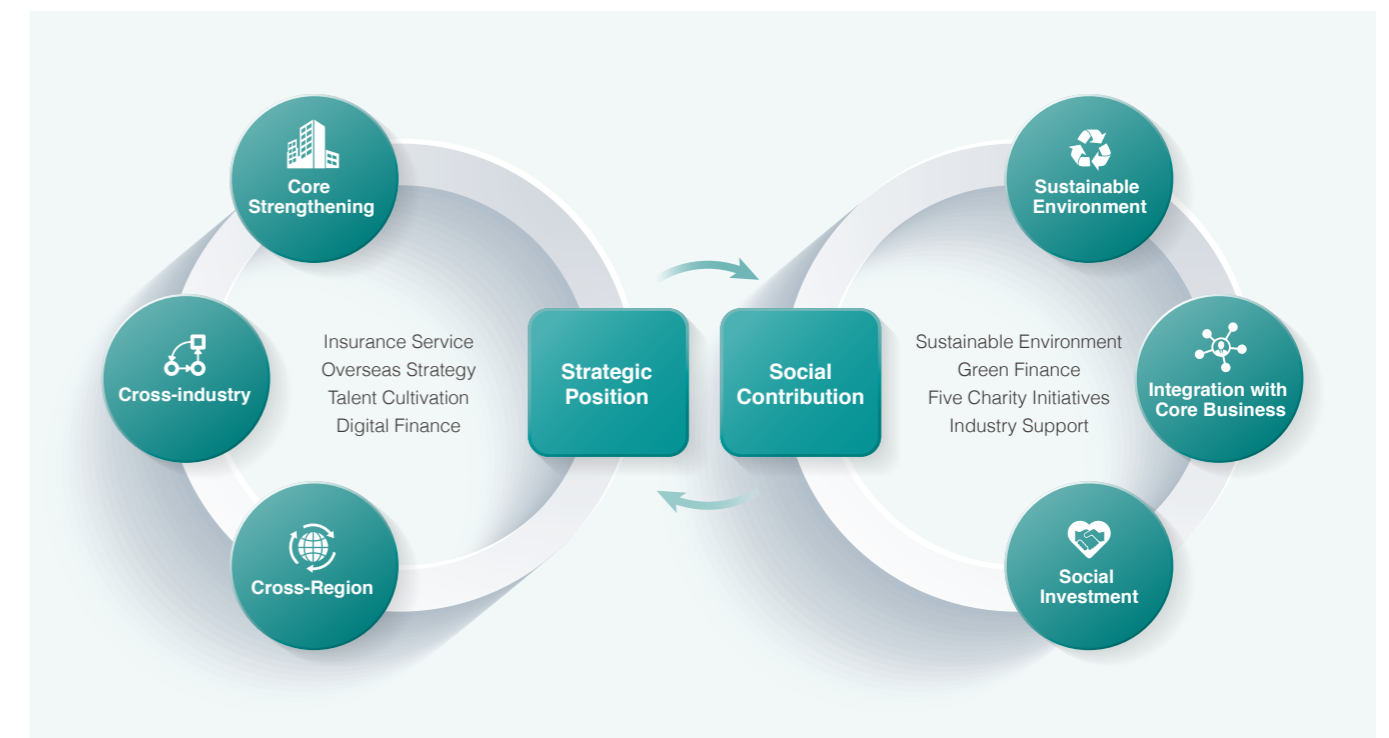
welfare. The Taiwan Lottery generates approximately \$25 billion in additional revenue for the government each year and provides \$2.7 billion of funds each year which the government may spend on social welfare programs. Over its lifespan, the Taiwan Lottery has generated the largest cumulative amount of charitable contributions in the world.

Business Strategy and Direction of Expansion

CTBC has always focused on the development of our core business. We are also committed to giving the results of our development back to society. The rapid change in today's financial market and the introduction of new digital technologies has made us recognize the need to push for constant innovation as a member of the finance industry. We must not only demonstrate our commitment through the best products and services but also to give back to society in different and tangible ways.

After acquiring Tokyo Star Bank in 2014, CTBC has continued to strengthen our services in the Japanese market to provide a complete service platform for Taiwan-Japan trade. We hope this will bring about an East Asian business sphere centered around Taiwan. CTBC maintained its interest in China, Japan and Southeast Asia as part of its strategy in 2015. Future business development will remain self-driven while maintaining the search for external growth opportunities. Talent cultivation and the application of new digital finance technologies will be used to expand our overseas presence as well as strengthen the quality of products and services as part of related business planning.

Social contributions will take the form of greater support for local innovative industries as part of our continued push for sustainability. CTBC believes that continued growth and active contribution form the core of any sustainable enterprise.



Strengthening of Operations and Businesses

In 2015, CTBC adopted four key strategic directions for business development:

- Extension of Insurance Services
- Expansion of Overseas Market
- Talent Cultivation
- Digital Finance

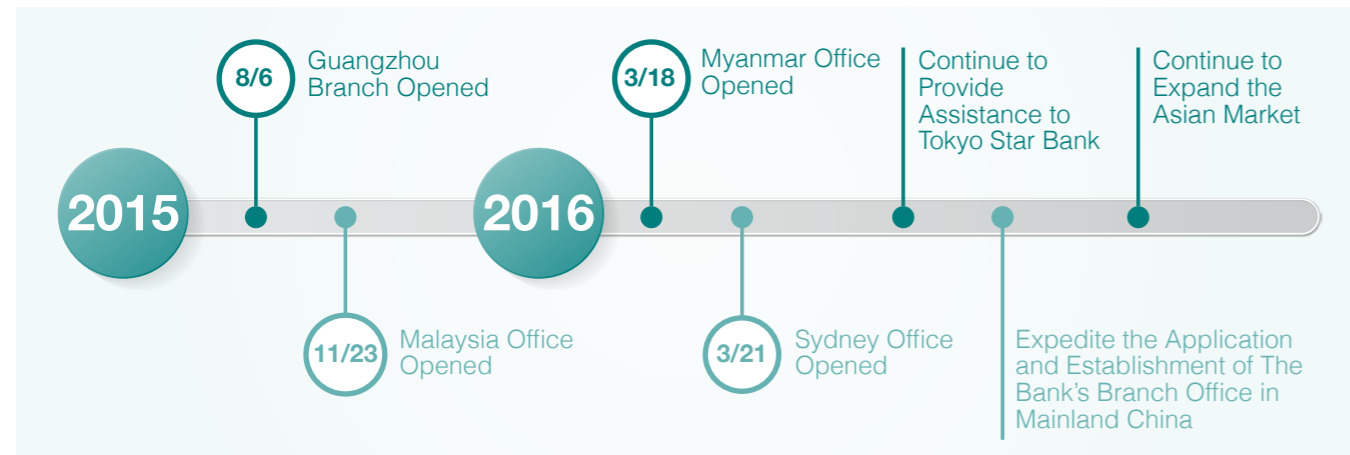
Extension of Insurance Services

Under a business strategy of "Banking and Life Insurance as the Twin Engines of Growth", CTBC Holding successfully acquired "Taiwan Life" to expand the scale of our life insurance operations. In the future, CTBC will concentrate on integrating the platforms and resources of its subsidiaries to maximize their synergies. CTBC will also continue to aggressively search for development opportunities in the international market and establish an internationalized platform in order to consolidate our position in the global Chinese-speaking market and actively response to the market trend of globalization.

Expansion of Overseas Market

CTBC was actively engaged in the opening of branches for its overseas channels in 2015. It also hoped that developments in securities and life insurance will pave the way for the creation of a comprehensive finance platform in the future. This together with new business outlets throughout Asia will boost our competitiveness in the Asia Cup.

Talent Cultivation



People have always been the most important asset for CTBC. If talent can't keep pace with expansion then this will hold back the development of the financial holding business. In the future, we will focus on the cultivation and accumulation of business management talent both in Taiwan and overseas. In 2015, CTBC also stepped up the recruitment of personnel related to risks in the strong development of digital finance and overseas service requirements.

Digital Finance

Digital finance is an inevitable trend and CTBC is actively responding to the constantly changing consumption modes and lifestyle habits of our customers. Internet banking services will continue to evolve towards a one-stop service experience with further improvements to the customer platform experience. The Digital Finance Section was also formed this year with responsibility for the overall digital finance development strategy and roadmap. This will hopefully bring about a breakthrough in the digital finance industry and create new innovative services such as finger-vein authentication for ATM services and CTBC Home Bank +. Other new services are planned in the future as well. Future banks will not just work to actively meet the needs of customers. Instead, all interactions will be customer-centric in order to connect lifestyles with finance.

Social Contributions Linked to Sustainability

CTBC believes that making a positive contribution to society is more important than profits. This has always been the corporate character of CTBC. Since our creation of Light Up a Life, we have continued to expand the ways in which we give back to society. We have recently begun linking our business with social contributions as well. Our support for the local cultural creativity industry is an expression of CTBC's responsibility to Taiwan. As the first financial holding company to become involved in cultural creativity, CTBC now has more than 5 years of experience in the industry. In the last 3 years, we also expanded our support for many companies that show potential

in music, crafts and arts. This led to the Financial Supervisory Commission awarding CTBC with first place in "Financial institutions that demonstrate excellence in investing in or sponsoring of the creative industries." CTBC was the only financial institution to win this award, highlighting all the hard work we have put into the cultural creativity industry.

Business Performance

Intense competition in the financial market as well as the unsettled global economy all pose great challenges to business management. In 2015, the global economy was beset by weak economic growth, weakness in emerging markets and the Chinese economy, terrorist attacks, the Greek crisis, deflation, and poor returns in investment markets. All of these led to constant downward revisions in economic growth. Though the market challenges showed no signs of easing, CTBC still managed to draw on its many years of experience in finance to maintain stable operations and produce an excellent performance in the Asian market. In 2015, the CTBC Group reported net profit after tax of NT\$35,402,042, return on equity for ordinary shares of 13.97% and an budget execution after tax of 99%. This made us one of the top performers among all listed financial holding companies in Taiwan.

Aggressive "Asian Cup" Strategy

In response to the regulators' push for an "Asian Cup" strategy, CTBC not only acquired the Tokyo Star Bank in Japan and signed a strategic framework agreement with the "Asia Financial Cooperation Association" but also adopted an aggressive overseas strategy in search of cross-industry alliances.

Greater China Strategy

• Corporate Acquisitions & Cross-industry Alliances

In 2015, CTBC introduced China CITIC Bank, a member of the CITIC Group in China, as a strategic investor through private placement. At the same time, CTBC also acquired 100% of China CITIC Bank International, another subsidiary of the CITIC Group. CTBC will also form a joint venture with the JINYUAN GROUP and GOME Holdings in China to set up a consumer finance company. The joint venture will not only become the first example of mutual share-holding in cross-strait finance but also make the Asian business of CTBC more complete.

At the same time, CTBC has also signed an agreement with Fujian Investment & Development Group and Fujian Electronics & Information Group to jointly invest 800 million RMB in the Fujian Pilot Free Trade Zone ("Fujian FTZ") to set up a fully licensed securities company. CTBC will invest 392 million RMB in exchange for a 49% share-holding and involvement in business operations. This will become the first cross-strait jointly-owned full-license securities company. CTBC will become the first Taiwanese financial institution to launch a full-license securities business in China as well.

In 2015, CTBC completed its share-swap with Taiwan Life. Taiwan Life became a wholly-owned subsidiary of CTBC. On January 1, 2016, the merger of Taiwan Life and CTBC Life Insurance took place with "Taiwan Life Insurance" as the surviving brand. The merger means Taiwan Life, a subsidiary of CTBC, now has total assets in excess of NT\$1 trillion, making it one of the top six life insurance companies in Taiwan. CTBC's life insurance platform in China has also surpassed its main life insurance competitors in Taiwan.

• Opening of the Guangzhou Branch

As part of CTBC's finance strategy for Greater China, group subsidiary CTBC Bank opened its Guangzhou branch in August, 2015. Thanks to the loosening of restrictions on foreign banks by Chinese regulators, CTBC Bank Guangzhou branch's application for a full RMB business license was recently approved. The new branch will become the first Taiwan-owned bank in Guangzhou to provide RMB and foreign currency services. In the future, the CTBC Bank Guangzhou branch will connect with the Taiwan, Hong Kong and other overseas branch node platforms to provide local customers and Taiwanese businesses with the best financing service based on the philosophy of "the locally-connected bank from Taiwan with the best service and value."

• First Taiwan-owned Bank to Operate in Malaysia

The CTBC Bank Kuala Lumpur Representative Office was opened on November 23, 2015, after receiving approval from the Malaysian central bank (Bank Negara Malaysia). This made CTBC Bank the first Taiwan-owned bank to open a Malaysian office in 17 years and represents a major breakthrough for Taiwan-owned banks seeking to enter Southeast Asia.

Malaysian financial regulators began deregulating the financial industry in 2010. Prior to these no banking license had been issued to a foreign-owned bank for more than a decade. The Malaysian financial regulator has strict controls in place and new foreign-owned banks must bring unique value to the Malaysian finance industry and economic development to have a chance of approval. The fact that CTBC managed to overcome the many restrictions and become the first to open a representative office is proof that CTBC's long-term engagement has been recognized.

Capital Investment

This report also took into account the Integrated Reporting framework formulated by the International Integrated Reporting Council (IIRC) for the first time to provide disclosure on the six capitals and strategy planning. The effects and impacts of related performance indicators will provide an important guide during for continued monitoring and management by CTBC.

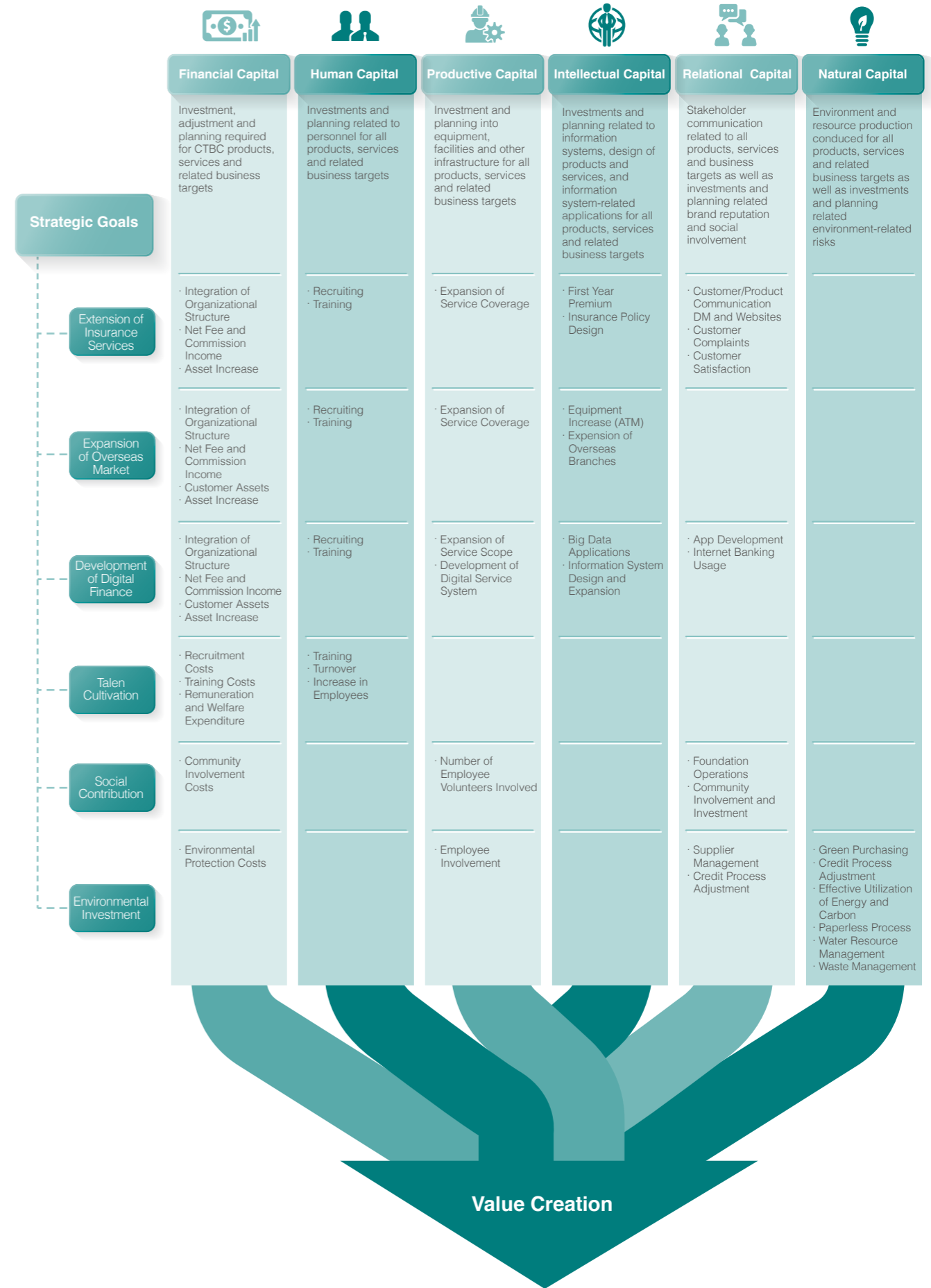
CTBC actively invests in related operational and business targets. In accordance with the Integrated Reporting framework, capital investments in related targets during the quantitative performance of the aforementioned capital investments during 2015 are shown in the following table.

Operating Efficiency & Profitability

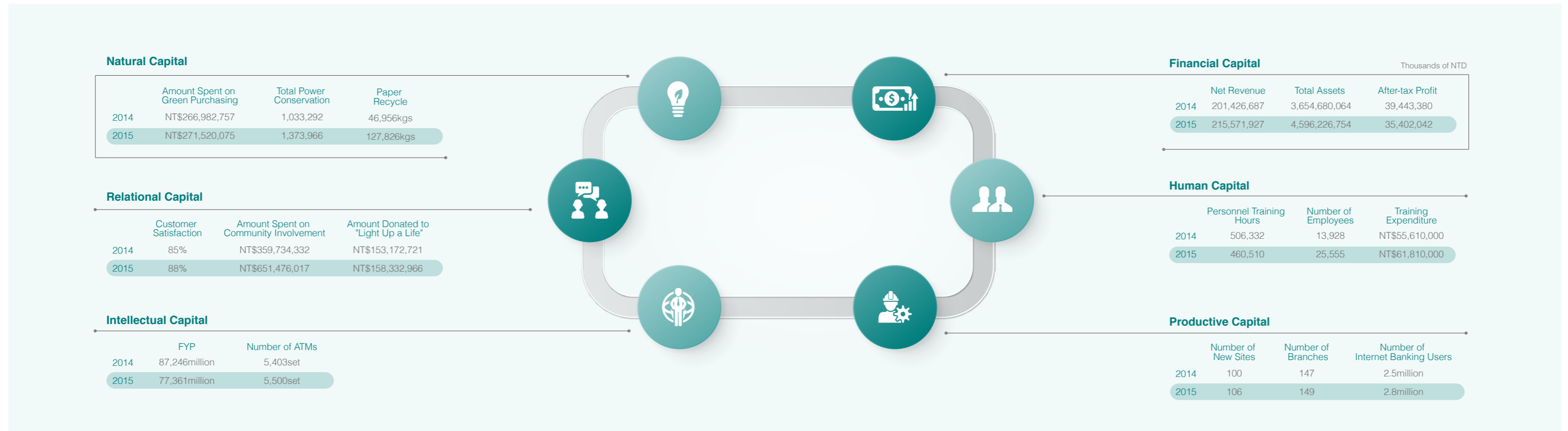
At the end of 2015, CTBC's net revenues and net profit after tax were both reached record highs of NT\$215,600,000,000 and NT\$35,400,000,000 respectively. Earnings per share reached NT\$2.10, whereas total assets grew by NT\$941,500,000,000 to reach NT\$4,596,200,000,000. After-tax return on equity was 13.97% and surpassed all other publicly listed financial holding companies in Taiwan.

Category / Year	2015	2014
Net Revenue (Thousand of NTD)	215,571,927	201,426,687
Total Assets (Thousands of NTD)	4,596,226,754	3,654,680,064
Shareholders Equity (Thousands of NTD)	277,594,246	229,439,398
After-Tax Profit (Thousands of NTD)	35,402,042	39,443,580
Revenue Per Employee (Thousands of NTD)	8,436	11,843
Profit Per Employee (after-tax) (Thousands of NTD)	1,385	2,319
Earnings Per Share (NTD)	2.10	2.39
Return on Assets (%)	0.86	1.30
After-Tax Return on Equity for Ordinary Shares (%)	13.97	18.69

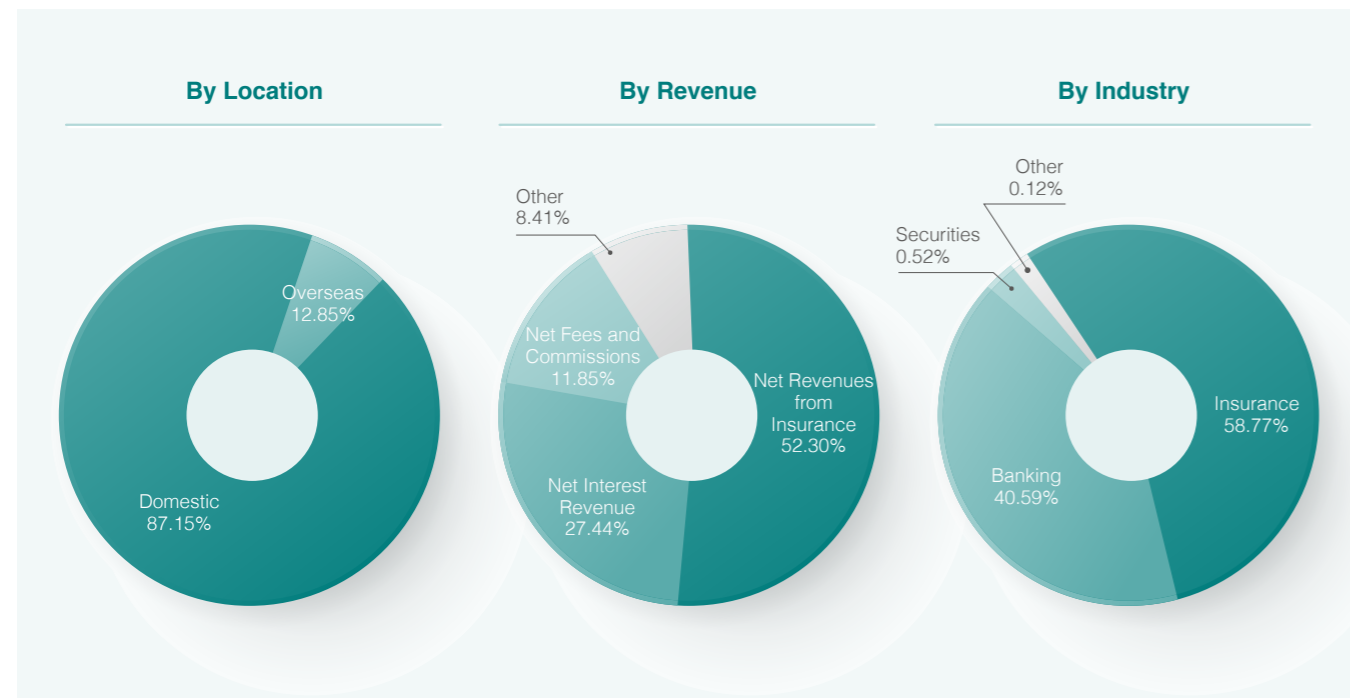
Note 1: The company's consolidated financial statements have been prepared in accordance with FSC approved IFRS, international accounting standards, and interpretations thereof (referred to as IFRS).
 Note 2: In 2014, group subsidiary CTBC Bank acquired the Tokyo Star Bank in Japan while the subsidiary CTBC Life also acquired Manulife, producing gains on bargain purchases. This led to net profits after tax in 2015 being lower than the same period last year. This also meant that earnings per share, after-tax return on assets and net return on ordinary shares after-tax were all lower than 2014.



The qualitative performance are described in the corresponding chapters of this report.



Percentage of Business Activities



Taiwan was CTBC's main base of operations in 2015. Local vendors were preferred for all procurements (except for items that involve specific technologies or stability concerns), which helped boost the local economy. In 2015, 96% of CTBC's purchases were made with local vendors. For more information, please refer to the annual reports of CTBC Holding at: www.ctbcholding.com.

Community Organizations and External Communications

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

• Corporate Governance-Related Organizations

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

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

• CSR Organizations

CSR is important to CTBC so it is a member of the "Social Enterprise Commitment Foundation" (SECF). President Daniel Wu also serves as the president of SECF and supported its proposal of "Social Enterprise Commitment" as the 7th ethic. Its five key themes of compassion (care for the disadvantaged), green (protect the planet), health (respect for human dignity), happiness (trust in society) and growth (continued development) offer fundamental principles for guiding the relationship between enterprise and society as well as between mankind and the Earth's environment so that Taiwanese society can truly enter an age where "green is part of the economy."

In an attempt to gain the most up-to-date information on corporate social responsibilities, CTBC has been participating in various conferences and seminars organized by Taiwan Institute for Sustainable Energy (TAISE) and Foundation of Taiwan

Industry Service, where it shared its CSR experiences with peers. In 2015, CTBC was once again invited to participate in the DJSI (Dow Jones Sustainability Index) review, during which it was issued a series of questionnaires to assess how the company had performed in terms of CSR. Once the results of the review were published, any weaknesses identified were targeted for corrective action and future improvement.

Environmental Organizations

"Green enterprise" is the ultimate goal of CTBC. In 2012, CTBC assumed the role of supervisor in the Taiwan Business Council for Sustainable Development (BCSD) and supported all BCSD's CSR initiatives through concrete action. This helped raise awareness of carbon management and climate change issues among the Taiwanese people. CTBC also actively uses a variety of channels to learn about the latest international developments.

To support the new energy policies introduced by the Bureau of Energy, MOEA, CTBC has been working with "Taiwan Green Productivity Foundation" since 2012 to develop a customized energy management system that takes into account the organization's structure, policies and energy requirements. Furthermore, CTBC has voluntarily participated in the Carbon Disclosure Project since 2010. In 2015, it was invited to become a signing party of CDP, making CTBC one of the few financial institutions in Taiwan to actively support the organization.

Shareholders Equity

In addition to maximizing shareholders' values, a company must also take shareholders equity into account. CTBC's efforts to build a sound management system with reasonable rules and clear targets have been successful. We have become an enterprise trusted by investors and customers alike, allowing us to maximize the returns to shareholders. The following actions have therefore been carried out by CTBC:

- Strive to increase revenue, improve profitability, and reduce impact of asymmetric information on investors.
- Prepare prospectuses or annual reports according to the rules and disclose business decisions and financial data.
- Announce important decisions of the board of directors or important news promptly.
- Hold regular investor seminars.
- Regular disclosure of business performance, earnings per share, and financial data as well as file said information with the competent authority as required.

Shareholder Structure

Baseline Date: April 26, 2016

Shareholder Structure	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions and Individuals	Individuals	Treasury Stock	Total
Quantity							
Number of People	9	92	901	1,590	426,787	1	429,380
Number of Shares Held	6,663,363	2,367,954,589	3,258,883,114	6,746,079,867	5,648,031,629	27,168,003	18,054,780,565
Ownership Ratio (%)	0.04%	13.12%	18.05%	37.36%	31.28%	0.15%	100.00%

Dividend Distribution

Unit: NTD

Category	Year	2015	2014	2013
Cash Dividend Per Share		0.81	0.81	0.38
Dividend Per Share		0.80	0.81	0.37
Total		1.61	1.62	0.75

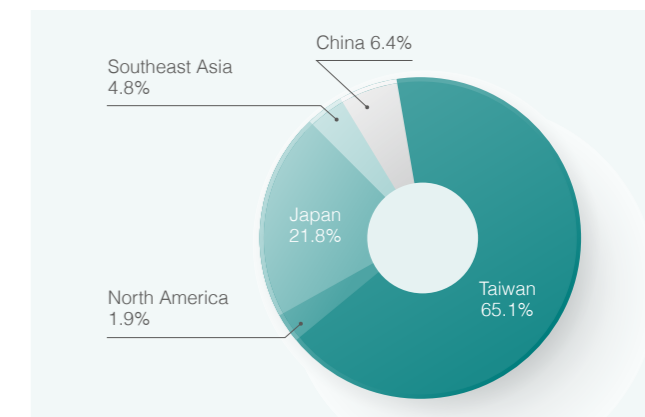
Note: The above year is the year in which the dividends are issued

Taxes

CTBC respects the importance of tax governance and is committed to the following tax governance principles:

- Pay an appropriate amount of taxes in adherence to taxation laws.
- Use advance tax assessment to avoid double taxation, reduce taxation costs and create shareholder value.
- Maintain open and appropriate relations with tax agencies.
- Maintain the transparency of tax information as well as comply with financial reporting standards and the rules governing disclosure in annual reports.
- Effective management of taxation risks.

Proportion of Taxes Paid Worldwide in 2015



In 2015 CTBC paid approximately NT\$8.7 billion in taxes worldwide. Taxes paid in Taiwan accounted for 65% of all CTBC taxes. Taiwan was the main source of revenues and bore the majority of the tax burden. Tax payments in Taiwan over the last three years are shown in the following table.

Unit: NTD

Year	2015	2014	2013
Income Tax	2,276,379,943	3,048,639,727	2,779,063,028
Business Tax	3,193,020,214	2,897,896,575	1,743,086,702
Stamp Duty	179,977,142	172,054,932	142,327,302
Investment Tax Credits	-	25,160,147	1,954,298

Donated and Sponsored Amount

Unit: NTD

Type	2015	2014	2013
Arts and Culture	43,341,922	61,801,788	117,015,250
Economic Development and Trade	600,000	14,002,500	17,210,000
Charities	62,117,213	58,505,126	45,990,807
Educational Support	172,620,000	13,693,579	882,780
Athletic Sponsorships	362,796,882	189,762,839	14,926,000
Emergency Relief	10,000,000	21,968,500	34,020,000
Subtotal	651,476,017	359,734,332	230,044,837

NOTE: "Art and Culture" category amount difference, because banks in 2015 after the enactment of "CTBC Bank (shares) donated cum sponsor management approach" due to differences in accounting is recognized.

In the face of rapid global economic change, CTBC will continue to adhere to the principles of sound management by providing customers with the most professional and trustworthy service even as it creates value for employees, customers, shareholders and society. In addition, CTBC will strive to integrate the platforms and resources of its subsidiaries in order to maximize their synergies. In the short-term, CTBC will seek to expand its sources of revenue, reduce operating risks, enforce risk management while maintaining rigorous control over asset quality. The long-term strategy is to cultivate the Chinese-speaking market, construct an international platform and continue to actively search for development opportunities international market in order to maximize shareholders equity.

Sustainable Governance



Corporate governance is the foundation of corporate sustainability. The CTBC drew up its corporate governance code of practice in 2011 in accordance with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" issued by the Taiwan Stock Exchange. A second edition was issued in 2015 to strengthen our corporate governance practices. To prevent money laundering and combat terrorism financing risks, the "Anti-Money Laundering and Counter-Terrorism Financing Policy" was formulated in 2015. The "CTBC Bank Anti-Money Laundering and Counter-Terrorism Financing Committee" was established under the policy and the "Rules Governing the Establishment of the CTBC Bank Anti-Money Laundering and Counter-Terrorism Financing Committee" drawn up.

CTBC was ranked among the top 5% of businesses in the 2nd Corporate Evaluation for 2016. In 2015, the progress made by CTBC in corporate governance saw it garner 10 top awards including first place in Asiamoney magazine's "Best Managed Companies" for the third time, The Asset magazine's "Platinum Award for All-Round Excellence in Financial Performance,



Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations", as well as the Best CSR Award from the Corporate Governance Asia magazine. The awards demonstrated that CTBC's longstanding commitment to CSR, corporate governance and sustainable development issues has won the recognition of professional domestic and foreign institutions.

Corporate Governance

CTBC is keenly aware of how its stakeholders all expect higher standards from the finance industry in corporate governance. A series of initiatives covering policies, regulations, enforcement, execution, review and refinement have therefore tried to make corporate governance an integral part of corporate culture in order to maximize value for the company and balance the interests of stakeholders.

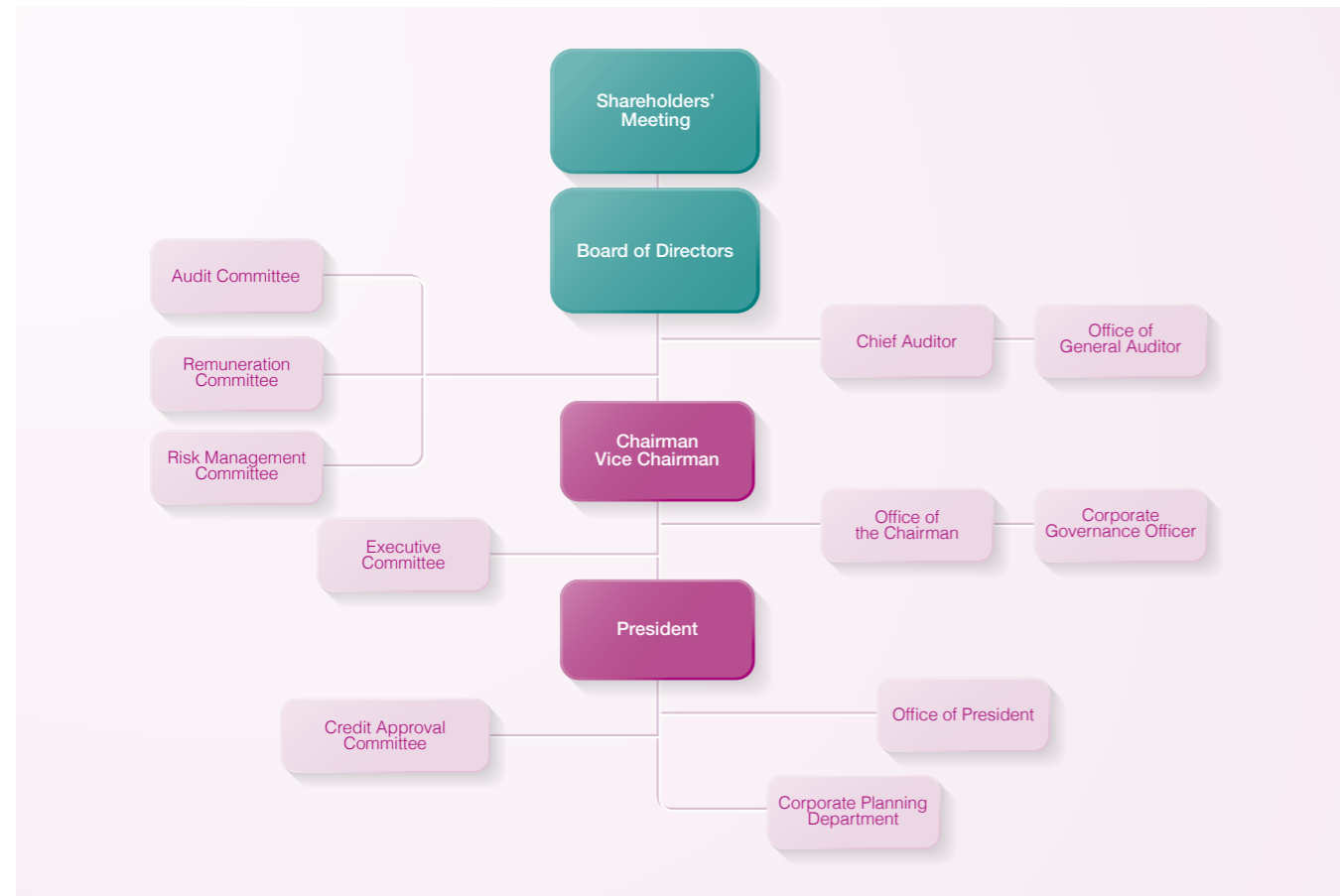
Board of Directors System of Operation

The effective operation of the Board as well as its ability to supervise and direct the management departments have a direct effect on the business performance of the company. Four of the nine directors on the board of CTBC Holding are independent directors. Under the principle of separation between business and management.

• Organization Chart

The Board oversees the functional committees for Audit, Remuneration, and Risk Management to fulfill the company's corporate social responsibilities and achieve sustainability goals. The Audit Committee is made up of all independent directors, the Remuneration Committee is made up of 3 independent directors, and the Risk Management Committee is made up of 1 director and 2 independent directors. The company began digitizing the pre-meeting procedure for the Board of Directors in 2012. The system is now used for all board meetings held across the group.

Organization Chart



Convening of Board Meetings in 2015

	Meetings Convened	Director/Committee Member Attendance
Board of Directors	19	92.40%
Audit Committee	16	96.88%
Risk Management Committee	11	93.94%
Remuneration Committee	10	100%

• Establishment of a Corporate Governance Office

In order to establish a robust board of directors system and enable effective oversight of the company by the government and shareholders, CTBC has initiated a series of corporate governance reforms since 2007 including the appointment of a dedicated "Corporate Governance Officer" who reports directly to the Chairman's Office. The Corporate Governance Officer is responsible for ensuring that a sound corporate governance structure is implemented by all subsidiaries and assisting with their smooth function.

Sound Corporate Governance

CTBC oversees a total of 8 subsidiaries. For ease of management, CTBC has devised a set of subsidiary management regulations and is actively implementing the parent company's organization, policies and philosophies in each of its subsidiaries. Some of the universal rules implemented include: "Directors and Supervisors Remuneration Policy," "Policy for Subsidiary Governance," and the "Capital Expenditure Approval Authority" established in 2013. Meanwhile, the company participated in the "CG6008 Advanced Corporate Governance" assessment, during which an independent third party (Taiwan Corporate Governance Association) conducted a field inspection on how directors and the management have run the company, and assisted in determining whether the company's corporate governance practices were adequate to protect shareholders' interests. On December 27, 2013, CTBC Life passed the "CG6008 Corporate Governance for Life Insurance Companies" certification. CTBC Financial Holding, CTBC Bank and CTBC Securities were subsequently awarded with the "CG6008 Advanced Corporate Governance" certification as well on January 3, 2014.

• Diverse and Balanced Board Composition

To enhance the independence of the Board of Directors as well as the professionalism and diversity of the directors, CTBC actively recruits outside directors to the Board and many board members come from non-management backgrounds. In accordance with the law, board members to possess specialties in sales, legal affairs, finance or accounting. The directors on the board of CTBC Holding also each possess business experience from the main subsidiaries; the "Operating Guidelines for Appointment of Directors and Supervisors for Subsidiaries" requires the all board members of subsidiaries to be rigorously vetted on their professional ability based on the nature of the industry. The board composition is also carefully balanced to strengthen the supervisory capabilities of the directors and supervisors. With regards to the proportion of female directors, the level of female involvement in decision-making will be increased in accordance with the principle of diversity in the future.



CTBC evaluates directors on their professionalism and suitability for the role in December every year. The "Board of Directors Evaluation Guidelines for CTBC Financial Holding and its Subsidiaries" were revised in 2015 to not only evaluate the overall operation of the Board, but also require a self-assessment to be performed by each director; the overall evaluation of the CTBC board of directors cover the five following aspects: level of participation in company operations, improving the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls; the performance evaluation of board directors cover the following six aspects: grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls. The evaluation is scored on a scale of five: excellent, good, average, acceptable, needs improvement; the evaluation result is reported to the Board by the Secretariat along with recommendations for improvement.

• **Review and Revision of Internal Regulations**

CTBC conducts annual reviews on its course of action over the previous year and devises more complete internal regulations and policies as required by the competent authority for the new fiscal year in the interest of pursuing more stable and sustainable growth.

In 2015, CTBC Holding revised the "Corporate Governance Best Practice Principles", "Code of Ethics", "Ethical Corporate Management Best Practice Principles" and "CSR Best Practice Principles". The "Ethical Management Procedure and Conduct Guide" was also added. An investigation into ethical management within the group is now conducted every 6 months and the results reported to the Board. All cases of unethical behavior are then published on the corporate website and 3 such cases were published in 2015. Due to changes to the Company Act, changes were made to the text relating to remuneration for directors and employee dividends in the corporate charter. The "Subsidiary Management Regulations" were also revised again in 2015 to establish a mechanism for the "regular review of business management at subsidiaries", inspect the management performance of subsidiaries, make adjustments to the business direction or investment strategy of the subsidiary when necessary, and to set out clear standards for subsidiaries on when the use of common/social welfare investment programs in strategic investments, real-estate investments or insurance cases should be reported to CTBC Holding.



• **Strengthen the Roles and Powers of the Board of Directors**

Directors play a critical role in deciding important company policy. CTBC Holding and CTBC Bank have 9 and 11 directors who are outside directors respectively. These directors do not also hold a management position. To help directors understand more about CTBC's businesses and hence make the right decisions for the company's overall business development, CTBC has arranged for directors to undergo regular training and field observation both local and abroad. This allows them to be better informed on events that are happening around the world. Meanwhile, an electronic proposal system has been implemented to support the board's managerial role, and measures have been taken to insure shareholders against losses caused by directors' conducts.

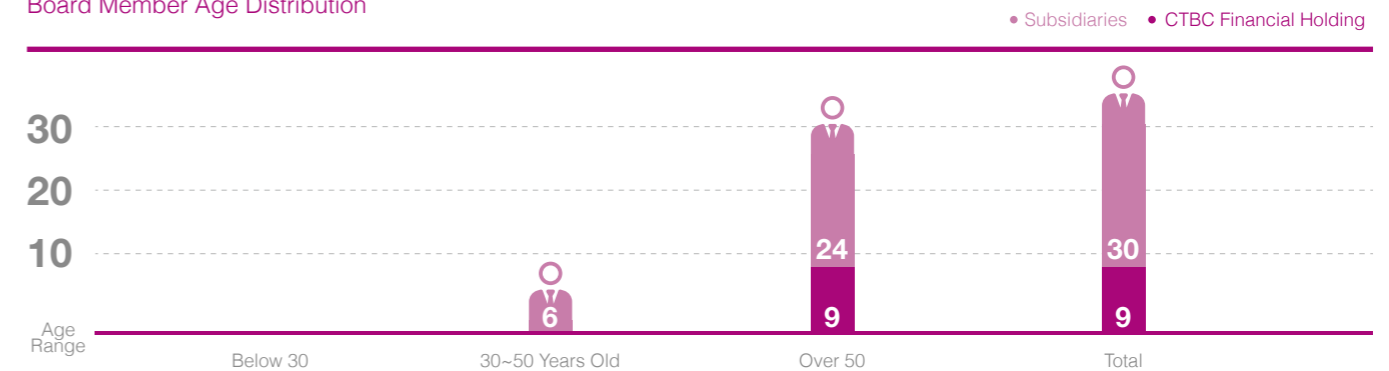
• **Director Selection and Decision**

To ensure segregation of managerial and supervisory roles, CTBC Holding has implemented a policy stipulating that no manager may concurrently serve as the director or supervisor of the respective company. This ensures the board's independence and diversity in its members. The election rules for directors also specifies the fundamental knowledge, skills and characters that board members are expected to possess. To bring more gender variety into the board of directors, CTBC subsidiary Taiwan Lottery has introduced another female director into its board, increasing the total number of female directors to 2. The company has adopted the candidate nominee system since 2014 for all director elections (including ordinary and independent directors).

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

Regarding business travel, CTBC implements the Guidelines for Directors Claiming Business Travel Expenses to provide a basis for claiming expenses. In addition, CTBC Holding purchases liability insurance for directors as protection against the any liabilities incurred during the performance of their duties. In order to enhance supervisory and management efficiency in overseas subsidiaries, CTBC arranges for the directors to visit overseas subsidiaries so they will be better equipped to make appropriate decisions. When a new director or supervisor takes office, CTBC will provide education and training materials on ethical management. Ethical management training is also provided to all directors and supervisors as necessary. CTBC summarizes reports of unethical conduct every six months and submits them to the board of directors in order to ensure effective ethical management.

• **Board Member Age Distribution**



Note: The male to female ratio of directors of CTBC Holding and its subsidiaries is 5.13 : 94.87

• **Making Arrangements for Continuing Education and Training**

In an effort to enhance directors' professional knowledge that would contribute towards corporate governance, CTBC directors and supervisors undertake annual training to keep them up to date on local and foreign regulatory developments. The "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies" requires that all directors and supervisors of TWSE/GTSM listed companies undergo a minimum of six hours of continuing education every year starting from 2015. CTBC had satisfied this requirement in 2014 and a total of 75 training hours were completed in 2015.

Continuing Education for CTBC Holding Directors and Independent Directors

Date		Name	Organizer	Course Name and Type
Start Date	End Date			
2015.3.26	2015.3.26	Thomas K.S. Chen	Taiwan Academy of Banking and Finance	Digital Finance "Digital Finance 3.0" Big Data and Trends in Financial Innovation Symposium
2015.5.5	2015.5.5	Frank Ling	Taiwan Academy of Banking and Finance	Corporate Governance Global Perspectives and the Taiwanese Experience Seminar
2015.5.27	2015.5.27	Frank Ling	Securities and Futures Institute	Corporate Governance Ethical Leadership for Listed Companies Forum
2015.06.26	2015.06.26	Chung-Yu Wang	Taiwan Stock Exchange Corp.	Corporate Governance "Corporate Governance, Financial Supervision and the Law" International Symposium
2015.7.7	2015.7.7	Frank Ling	Taiwan Insurance Institute	Corporate Governance 2015 Insurer Corporate Governance Symposium
2015.8.18	2015.8.18	Jie-Haun Lee	Taiwan Corporate Governance Association	Corporate Governance Independent director is an "Outsider" but has a greater responsibility? An examination of independent directors' legal liability
2015.8.25	2015.8.25	Jie-Haun Lee	Taiwan Corporate Governance Association	Corporate Governance How to perform effectively as an independent director
2015.9.1	2015.9.1	Jie-Haun Lee	Taiwan Corporate Governance Association	Corporate Governance Independent directors and functional committees in practice
2015.10.6	2015.10.6	Wen-Long Yen, H. Steve Hsieh, Chao-Chin Tung, Thomas K.S. Chen, Frank Ling, Chung-Yu Wang, Wen-Chih Lee, Jie-Haun Lee, Yen-Lin Wu	Taiwan Corporate Governance Association	Corporate Governance Regulations and Enforcement - Business Management and Corporate Governance Discussed
2015.10.6	2015.10.6	Wen-Long Yen, H. Steve Hsieh, Chao-Chin Tung, Thomas K.S. Chen, Frank Ling, Wen-Chih Lee, Yen-Lin Wu	Taiwan Corporate Governance Association	Corporate Social Responsibility Utilizing CSR to Create Common Values between Business and Society
2015.10.7	2015.10.7	Chung-Yu Wang	Taiwan Academy of Banking and Finance	Risk Management Trust Supervision Personnel (including in-service) Development Course

Avoiding Conflict of Interest by Directors in Agendas

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

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

Proposals Involving Board of Director Conflicts of Interest in 2015

Session	Content of the Proposal	Name	Nature of Dispute	Vote Result
2015.1.27 5th Session 9th Board of Directors	The distribution rules for stock appreciation rights in 2014 and proposed distributions to the chairman and the vice chairman are hereby submitted. [The proposal was approved and recorded by the 8th meeting of the 3rd Remuneration Committee on January 26, 2015.]	Wen-Long Yen H. Steve Hsieh	Personal conflict of interest	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
	The proposed 2014 annual bonuses for the chairman and vice chairman of the company. [The proposal was approved and recorded by the 8th meeting of the 3rd Remuneration Committee on January 26, 2015.]	Wen-Long Yen H. Steve Hsieh	Personal conflict of interest	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
	The proposed 2014 annual bonuses for the independent directors of the company.	Chung-Yu Wang Wen-Chih Lee Jie-Haun Lee Yen-Lin Wu	Personal conflict of interest	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
2015.3.31 5th Session 12th Board of Directors	Proposed pay raise proposal for the chairman and vice chairman of the company in 2015. [The proposal was approved and recorded by the 10th meeting of the 3rd Remuneration Committee on March 30, 2015.]	Wen-Long Yen H. Steve Hsieh	Personal conflict of interest	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
2015.7.29 5th Session 20th Board of Directors	Proposal to distribute directors' remuneration totaling NT\$ 249,929,047 from 2014 earnings according to the percentages outlined in the company's "Non-independent Directors Remuneration Policy." [The proposal was approved and recorded by the 12th meeting of the 3rd Remuneration Committee on July 28, 2015.]	Wen-Long Yen H. Steve Hsieh Chao-Chin Tung Thomas K.S. Chen Frank Ling	Personal conflict of interest	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other independent board members in attendance.
2015.8.28 5th Session 21st Board of Directors	Proposal to strengthen the capital and financial structure of the subsidiary "CTBC Investments Co., Ltd." in order to comply with the regulatory requirement that the net value of each share exceeds its face value and to meet the future operational requirements of the company by first reducing its capitalization by NT\$60,000,000 (6,000,000 shares) to make up for losses the issuance of common stock for cash up to NT\$210 million. [The proposal was approved and recorded by the 18th meeting of the 3rd Audit Committee on August 27, 2015.]	Thomas K.S. Chen	Chairman of the company	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
	Proposal to strengthen the capital and financial structure of the subsidiary "CTBC Investments Co., Ltd." (CTBC Investments) to comply with the regulatory requirement that the net value of each share exceeds its face value and to meet future operational requirements by a capital increase not exceeding NT\$210 million. [The proposal was approved and recorded by the 18th meeting of the 3rd Audit Committee on August 27, 2015.]	Thomas K.S. Chen	Chairman of the company	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
2015.9.25 5th Session 22nd Board of Directors	Proposal to merge the wholly-owned subsidiaries TSB Capital, Ltd. and Tokyo Star Business Finance, Ltd. of Tokyo Star Bank (Japan) as of February 1, 2016. [The proposal was approved and recorded by the 19th meeting of the 3rd Audit Committee on September 24, 2015.]	Chao-Chin Tung	A director of the company	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.

2015.10.15 5th Session 23rd Board of Directors	Proposal for the subsidiary "Taiwan Life Insurance Co., Ltd." to conduct an issuance of common stock for cash through private placement. [The proposal was approved and recorded by the 20th (extraordinary) meeting of the 3rd Audit Committee on October 15, 2015.]	Frank Ling	A director of the company	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
	Proposal to strengthen the financial structure of the subsidiary "Taiwan Life Insurance Co., Ltd." (Taiwan Life) and to meet future operational requirements by purchasing all common stock issued by Taiwan Life through the latest private placement not exceeding NT\$12 billion based on a provisional subscription price of NT\$30 per share for 400 million shares. [The proposal was approved and recorded by the 20th (extraordinary) meeting of the 3rd Audit Committee on October 15, 2015.]	Frank Ling	A director of the company	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
	Proposal by subsidiary "Taiwan Life Insurance Co., Ltd." for early redemption of series A preferred stocks and capital reduction. [The proposal was approved and recorded by the 20th (extraordinary) meeting of the 3rd Audit Committee on October 15, 2015.]	Frank Ling	A director of the company	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
	Proposal for to company to acquire 100% of "Taiwan Life Insurance" through a share-swap agreement by issuing 58,000,000 series A preferred stocks on the share-swap baseline date (October 15, 2015), with a face value of NT\$10 per share and an issuing price of NT\$35 per share, for a total of NT\$2,030,000,000; once regulator approval has been granted in accordance with Article 6-4, Paragraph 1, Subparagraph 10 of the corporate charter, all of the shares will be repurchased at the issuing price and canceled before the execution of capital reduction. [The proposal was approved and recorded by the 20th (extraordinary) meeting of the 3rd Audit Committee on October 15, 2015.]	Frank Ling	A director of the company	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.
	Proposal to merge the subsidiaries "Taiwan Life Insurance Co., Ltd." and "CTBC Life Insurance Co., Ltd." [The proposal was approved and recorded by the 20th (extraordinary) meeting of the 3rd Audit Committee on October 15, 2015.]	Frank Ling	A director of the company	The interested party did not participate in the discussion and voting; the proposal was approved by an unanimous vote of all other board members in attendance.



Procedure for Deciding Remuneration

According to the "Management Remuneration Regulations" of CTBC Financial Holding and subsidiaries, the compensation structure of managers are based on market salary surveys as well as annual market competition analysis to ensure that their standard of remuneration are in line with market rates. In accordance with regulatory and actual operational requirements, the Board of Directors authorizes the Remuneration Committee and the Chairman to determine the remuneration for individual managers based on their rank and the remuneration scale authorized by the board. The Remuneration Committee also assists the board in assessing and supervising remuneration throughout the company as well as the defining and promoting of remuneration regulations and policies in order to protect the interests of shareholders. The distribution of company profits are submitted to the shareholders meeting for approval each year in accordance with the company charter.

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

CTBC Financial Holding and all companies included in the consolidated statements paid remunerations totaling NT\$901,769,000 to the directors, president and vice presidents of CTBC Holding in 2015 (representing 2.55% of 2015

consolidated after-tax profit). Although the amount of remuneration paid in 2015 was 30.64% more than the NT\$690,293,000 paid in 2014, the increased remuneration was largely due a difference in the number of stock appreciation rights exercised and changes to the directors, president and vice presidents.

Please refer to CTBC Financial Holding's annual report for directors' profiles (including independent directors) and remuneration paid to directors, the president and vice presidents in 2015. Company website: www.ctbcholding.com.

Remuneration Policy

Remuneration Policy

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

The company's remuneration to managers include 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 are designed to correlate with share price movements so they share in the company's future business risks as well.

Income to Pay Rise Ratio of CTBC Holding Employees in 2015



Basic Information of Directors (Including Independent Directors)

Reference date: April 26, 2016

Title	Nationality or registered place	Name	Date of taking office	Office term (Note 2)	Date first elected	Shares Owned upon Assignment		Presently Owned Shares		Shares Owned by the Shareholders, Spouse and Children under the Legal Ages		Shares owned in the name 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	Relationship
Chairman	Republic of China	Wei-Fu Investment Co., Ltd. Representative:	2014.6.20	3 years	2001.6.29	71,296,370	0.48%	79,922,733	0.44%	84,494,547	0.47%	-	-	Vice Chairman of Kainan University Department of Economics, Soochow University, Taiwan	Director of CTBC Bank (Co.) Ltd Chairman of Kainan University Chairman of Kainan High School of Commerce and Industry 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 Hong Investment Co., Ltd. Supervisor of United Construction Co., Ltd. Director of Evergreen Foundation for Culture and Education	-	-	-
Vice Chairman	Republic of China	Representative of Yi Chuan Investment Co., Ltd.: H. Steve Hsieh	2014.6.20	3 years	2011.6.10	40,670,079	0.28%	56,800,805	0.31%	-	-	-	-	Secretary General of Executive Yuan Independent Director of Lite-On IT Corporation PhD in Biochemical and Molecular Nutrition, University of Wisconsin, USA	Director of CTBC Bank Co., Ltd. Chairman of Taiwan Lottery Co., Ltd. Director of CTBC Foundation Director of Taiwan Institute of Economic Research Director of CTBC Anti-drug Education Foundation Director of ROC-USA Business Council Managing Supervisor of Chinese International Economic Cooperation Association Supervisor of Chinese National Association of Industry and Commerce	-	-	-
Director	Republic of China	Representative of Chang Chi Investment Co., Ltd.: Chao-Chin Tung	2014.6.20	3 years	2011.6.10	1,422,857	0.01%	1,595,012	0.01%	256,285	0.00%	-	-	Director of CTBC Life Insurance Co., Ltd. Chairman of CTBC Capital Co., Ltd. Chairman of CTBC Asset Management Co. M.S. in Material Science, University of Rochester, U.S.A.	Chairman of CTBC Bank Co., Ltd. Chairman of CTBC Capital Corp. Chairman of CTBC Bank Corp. (USA) Director of Tokyo Star Bank Chairman of Showa Denko HD TRACE Corp. Director of Straits Exchange Foundation	-	-	-
Director	Republic of China	Representative of Yi Chuan Investment Co., Ltd.: Thomas K.S. Chen	2014.6.20	3 years	2011.6.10	40,670,079	0.28%	56,800,805	0.31%	1,147,048	0.01%	-	-	CTBC Bank Corp.(USA) Chairman Secretary General of CTBC Financial Holding Co., Ltd. Bachelor of Public Finance, National Chengchi University, Taiwan	Vice Chairman of CTBC Bank Co., Ltd. Chairman of Chinatrust Securities 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 of Taipei International Community Cultural Foundation Director of CTBC Anti-drug Education Foundation	-	-	-
Director	Republic of China	Representative of Chung Yuan Investment Co., Ltd.: Frank Ling (Note 3)	2015.1.27	3 years	2015.1.27	36,816,421	0.25%	41,270,950	0.23%	2,265,045	0.01%	-	-	CEO of Insurance Business of CTBC Financial Holding Co., Ltd. General Manager of CTBC Life Insurance Co., Ltd. Chairman of CTBC Life Insurance Co., Ltd. Committee Member of Insurance Council, Department of Finance Committee Member of Financial Supervisory Commission General Manager of Taiwan Life Insurance Co., Ltd. Adjunct Professor of Department of Finance of National Taiwan University Inaugural Chairman of Department of Insurance Operation, National Kaohsiung First University of Science and Technology PhD in Insurance, Georgia State University, USA	Director of CTBC Bank Co., Ltd. Chairman of Taiwan Life Insurance Co., Ltd. Director of TLG Insurance Co., Ltd. Director of Life Insurance Educational Foundation Director of Life Insurance Association of the R.O.C. Managing Supervisor of Life Insurance Management Institute of the Republic of China Director of CTBC Anti-drug Education Foundation Director of Financial Planning Association of Taiwan	-	-	-

Title	Nationality or registered place	Name	Date of taking office	Office term (Note 2)	Date first elected	Shares Owned upon Assignment		Presently Owned Shares		Shares Owned by the Shareholders, Spouse and Children under the Legal Ages		Shares owned in the name 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	Relationship
Independent Director	Independent Director	Chung-Yu Wang	2014.6.20	3 years	2008.6.13	-	-	-	-	-	-	-	-	Chairman of China Steel Corporation Chairman of Tong Lung Metal Industry Co., Ltd. Chairman of Kaohsiung Rapid Transit Corporation Managing Director of Bank of Kaohsiung Director of China Development Financial Holding Corporation. Board Director of Taiwan Steel & Iron Industries Association Chairman of International Iron and Steel Institute CEO of State-owned Enterprise Commission, Ministry of Economic Affairs Chairman of ROC-USA Business Council Legislator Honorary Doctorate from Chung Yuan Christian University	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	Republic of China	Wen-Chih Lee	2014.6.20	3 years	2009.6.26	-	-	-	-	-	-	-	-	Dean of College of Management, National Kaohsiung University of Applied Science Director of Institute of Finance and Business Decision-making, National Kaohsiung University of Applied Science Professor and Director of Department of Accounting, National Kaohsiung University of Applied Science Member of Kaohsiung City Economic Development Committee Independent Director of Bank of Kaohsiung PhD in Accounting, College of Accounting, National Taiwan University	Independent Director of CTBC Bank Co., Ltd. Professor at Department of Wealth and Taxation Management, National Kaohsiung University of Applied Sciences	-	-	-
Independent Director	Republic of China	Jie-Haun Lee	2014.6.20	3 years	2011.6.10	-	-	-	-	1,400	0.00%	-	-	CEO of EMBA program, National Chengchi University Vice President of Takming University of Science and Technology Chairman of Department of Finance, National Chengchi University Chairman of Department of Finance, National Central University Professor of Department of Finance, National Central University Director of Central Deposit Insurance Cooperation Member of RTC Committee, Executive Yuan External Member and Index Editor of Taiwan Stock Exchange Corporation Securities Listing Review Committee Charitable Director of Securities Investment Trust & Consulting Association of ROC PhD in Finance, Louisiana State University, USA	Independent Director of CTBC Bank Co., Ltd. Director of Taiwan Finance Association Professor at Department of Finance, National Chengchi University	-	-	-
Independent Director	Canada	Yen-Lin Wu	2014.6.20	3 years	2014.6.20	-	-	-	-	-	-	-	-	Managing Director and Sales Director of Fixed-income of Mizuho Securities Asia Limited Managing Director, Sales Director of Structural Solution of Financial Institutions, Director of Financial Derivatives of Asian Equity Fund and Director of Financial Derivatives of London Global Equity Fund of Rabobank Director of Barclays Managing Director and Vice President of Debt Capital Markets of Bankers Trust New York Corporation Executive Director of Goldman Sachs MBA, McGill University, Canada	Independent Director of CTBC Bank Co., Ltd.	-	-	-

Note 1: The above shares are common stocks and exclude preferred stocks.

Note 2: The term of the 5th Directors of the Company is from June 20, 2014 to June 19, 2017. The position of supervisors has been replaced by "Audit Committee" established on June 26, 2009.

Note 3: Sung-Chi Chien, the representative of Corporate Director Chung Yuan Investment Co., Ltd., resigned on January 27, 2015. The representative Yin-Pao Ling was assigned and the term is from January 27, 2015 to June 19, 2017.

Remuneration Paid to Directors, Supervisors, the President and Vice Presidents in 2015

• Directors' (Including Independent Directors) Remuneration

Unit: NTD, in thousands

Title	Name	Director's compensation								Percentage of after-tax net profit of categories A, B, C and D		Compensation as company employee												Percentage of after-tax net profit of categories A, B, C, D, E, F and G		Compensation from investments other than subsidiaries		
		Compensation (A)		Pension (B)		Remuneration (C)		Business expenses (D)		This company	All companies in the financial report	Salary, bonuses and special expenses (E)		Pension (F)		Employee remuneration (G)				Employee stock options (H)		New restricted employee share options acquired		This company	All companies in the financial report			
		This company	All companies in the financial report	This company	All companies in the financial report	This company	All companies in the financial report	This company	All companies in the financial report			This company	All companies in the financial report	Cash value	Share value	Cash value	Share value	This company	All companies in the financial report	This company	All companies in the financial report							
Chairman	Wei Fu Investment Co., Ltd.	-	-	-	-	50,584	50,584	-	-	0.14%	0.14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%	0.14%	None
Vice Chairman	Yi Chuan Investment Co., Ltd.	-	-	-	-	50,584	50,584	-	-	0.14%	0.14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%	0.14%	None
Director	Yi Chuan Investment Co., Ltd.	-	-	-	-	50,584	50,584	-	-	0.14%	0.14%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%	0.14%	None	
Director	Chang Chi Investment Co., Ltd.	-	-	-	-	50,584	50,584	-	-	0.14%	0.14%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%	0.14%	None	
Director	Chung Yuan Investment Co., Ltd.	-	-	-	-	50,584	50,584	-	-	0.14%	0.14%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%	0.14%	None	
Chairman	Wei Fu Investment Co., Ltd. Representative-Wen-Long Yen	95,561	223,717	108	217	-	-	6,190	11,788	0.29%	0.67%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.29%	0.67%	None
Vice Chairman	Yi Chuan Investment Co., Ltd. Representative-H. Steve Hsieh																											
Director	Chang Chi Investment Co., Ltd. Representative-Chao-Chin Tung																											
Director	Yi Chuan Investment Co., Ltd. Representative-Thomas K.S. Chen																											
Director	Chung Yuan Investment Co., Ltd. Representative - Frank Ling (Note 1)																											
Director	Chung Yuan Investment Co., Ltd. Representative - Song-Chi Chien (Note 2)																											
Independent Director	Chung-Yu Wang																											
Independent Director	Wen-Chih Lee																											
Independent Director	Jie-Haun Lee																											
Independent Director	Yen-Lin Wu																											

Note 1: 2015 term: January 27, 2015 ~ December 31, 2015.

Note 2: 2015 term: January 1, 2015 ~ January 26, 2015.

Note 3: Company compensation to chauffeurs is NT\$0 thousand. In the consolidated report all companies pay chauffeurs NT\$2,079,000 but this does not include remuneration.

Note 4: The chairman and vice chairman's limousines are leased. The leasing and fuel costs are included in the business expenses. The cost to the company is NT\$3,530,000 and in the consolidated reports the cost to the company is NT\$3,530,000.

Note 5: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

• Compensation Scale for Directors

Compensation scale for directors	Name of Director		Name of Director	
	Total amount of the first four remuneration categories (A+B+C+D)		Total amount of the first seven remuneration categories (A+B+C+D+E+F+G)	
	This company	All companies in the financial report	This company	All companies in the financial report
Less than NT\$2,000,000	Chao-Chin Tung, Thomas K.S. Chen, Frank Ling, Song-Chi Chien	Song-Chi Chien	Chao-Chin Tung, Thomas K.S. Chen, Frank Ling, Song-Chi Chien	Song-Chi Chien
NT\$2,000,000 (inclusive) to NT\$5,000,000	Chung-Yu Wang, Wen-Chih Lee, Jie-Huan Lee, Yen-Lin Wu	-	Chung-Yu Wang, Wen-Chih Lee, Jie-Huan Lee, Yen-Lin Wu	-
NT\$5,000,000 (inclusive) to NT\$10,000,000	-	Chung-Yu Wang, Wen-Chih Lee, Jie-Huan Lee, Yen-Lin Wu	-	Chung-Yu Wang, Wen-Chih Lee, Jie-Huan Lee, Yen-Lin Wu
NT\$10,000,000 (inclusive) to NT\$15,000,000	-	Yin-Bao Ling	-	Yin-Bao Ling
NT\$15,000,000 (inclusive) to NT\$30,000,000	-	-	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000	H. Steve Hsieh	H. Steve Hsieh, Thomas K.S. Chen	H. Steve Hsieh	H. Steve Hsieh, Thomas K.S. Chen
NT\$50,000,000 (inclusive) to NT\$100,000,000	Wen-Long Yen	Wen-Long Yen, Chao-Chin Tung	Wen-Long Yen	Wen-Long Yen, Chao-Chin Tung
Over NT\$100,000,000	-	-	-	-
Total	10 people	10 people	10 people	10 people

Note: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

• Compensation for President and Vice Presidents

Unit: NTD, in thousands

Title	Name	Compensation (A)		Pension (B)		Bonuses and special expenses (C)		Employee remuneration (D)				Percentage of after-tax net profit of categories A, B, C and D		Employee stock options		New restricted employee share options acquired		Compensation from investments other than subsidiaries
		This company	All companies in the financial report	This company	All companies in the financial report	This company	All companies in the financial report	This company		All companies in the financial report		This company	All companies in the financial report	This company	All companies in the financial report	This company	All companies in the financial report	
								Cash value	Share value	Cash value	Share value							
President and Acting CEO of Insurance Business	Daniel Wu	48,829	106,358	916	5,557	92,920	283,147	18,066	-	18,066	-	0.45%	1.17%	-	-	-	-	None
CEO, Banking Business	James Chen																	
Chief Risk Officer	Jack Cheng																	
Chief Secretary	Roger Kao																	
CEO, Japan Business	Yong-Jin Chen																	
Chief Administration Officer	Yung-Jinn Chen																	
CEO, China Business	Cliff Chen																	
Chief Auditor	Albert Hu																	
Chief Financial Officer	Rachael Kao																	
Accounting Officer	Sung-Ming Yang																	
Chief Compliance Officer	Elaine Yeh																	
CEO, Insurance Business	Frank Ling (Note 1)																	
CEO, Investment Business	Winston Hsia (Note 2)																	

Note 1: 2015 term: January 1, 2015 – January 26, 2015.

Note 2: 2015 term: September 1, 2015 – December 31, 2015.

Note 3: NTD 0 was paid as remuneration to chauffeurs

Note 4: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

• Compensation Scale for President and Vice Presidents

Pay grades at which the company's President and Vice Presidents were remunerated	Name of President and Vice Presidents	
	Total amount of the first four remuneration categories (A+B+C+D)	
	This company	All companies in the financial report
Less than NT\$2,000,000	Sung-Ming Yang	-
NT\$2,000,000 (inclusive) to NT\$5,000,000	James Chen, Jack Cheng, Roger Kao, Yong-Jin Chen, Yong-Jin Chen, Cliff Chen	-
NT\$5,000,000 (inclusive) to NT\$10,000,000	Pai-Bao Ling, Albert Hu, Rachael Kao, Elaine Yeh	Pai-Bao Ling, Sung-Ming Yang, Elaine Yeh
NT\$10,000,000 (inclusive) to NT\$15,000,000	-	Yong-Jin Chen, Albert Hu
NT\$15,000,000 (inclusive) to NT\$30,000,000	Winston Hsia	Winston Hsia, Yong-Jin Chen, Cliff Chen, Rachael Kao
NT\$30,000,000 (inclusive) to NT\$50,000,000	-	Jack Cheng, Roger Kao
NT\$50,000,000 (inclusive) to NT\$100,000,000	Daniel Wu	James Chen
Over NT\$100,000,000	-	Daniel Wu
Total	13 people	13 people

Note: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

• Name of Managers and Allocation of Employee Numeration In 2015

Unit: Thousand shares: NT\$1000
Reference date: December 31, 2015

Title	Name	Share value	Cash value	Total	Ratio of total amount to net profit (%)
President and Acting CEO of Insurance Business	Daniel Wu	-	18,066	18,066	0.05%
CEO, Banking Business	James Chen				
Chief Risk Officer	Jack Cheng				
Chief Secretary	Roger Kao				
CEO, Japan Business	Yong-Jin Chen				
CEO, Investment Business	Tsai-Hsiang Hsieh (Note 1)				
CEO, Insurance Business	Frank Ling (Note 2)				
Chief Administration Officer	Yung-Jinn Chen				
CEO, China Business	Cliff Chen				
Chief Auditor	Albert Hu				
Chief Financial Officer	Rachael Kao				
Accounting Officer	Sting Yang				
Chief Compliance Officer	Elaine Yeh				

Note 1: 2015 Term: January 1, 2015 ~ January 26, 2015.

Note 2: 2015 Term: September 1, 2015 ~ December 31, 2015.

Note 3: The total remuneration to the employees in 2015 was NT\$18.066 million. Please refer to the list approved by the Board of Directors of the Company for the employees actually received remuneration.

• List of Employees with the Top 10 Numeration in 2015

Unit: Thousand shares: NT\$1000
Reference date: December 31, 2015

Title	Name	Total numeration of employees	
		Cash	Shares
President and Acting CEO of Insurance Business	Daniel Wu	18,066	-
CEO, Banking Business	James Chen		
Chief Risk Officer	Jack Cheng		
Chief Secretary	Roger Kao		
CEO, Japan Business	Yong-Jin Chen		
CEO, Investment Business	Tsai-Hsiang Hsieh		
Chief Administration Officer	Yung-Jinn Chen		
Chief Auditor	Albert Hu		
Chief Financial Officer	Rachael Kao		

Note: The total numeration to the employees in 2015 was NT\$18.066 million. Please refer to the list approved by the Board of Directors of the Company for the employees actually received remuneration

Regulatory Compliance

CTBC has paid close attention to trends in domestic and overseas industrial development and changes in financial policies, laws and regulations. We strictly abide by applicable laws and regulations as we actively develop and expand our business. As part of CTBC's regulatory compliance policy, we constantly create, update and revise internal rules to reflect newly enacted laws and regulations. Every department and subsidiary under CTBC is required to conduct compliance self-assessment every 6 months to ensure that all service activities comply with regulations.

CTBC Regulatory Compliance Framework

CTBC has implemented its "CTBC Financial Holding Legal Compliance Officer Policy" since 2010 to serve as a guideline upon which subsidiaries may develop their own compliance systems. In 2014, the policy was renamed "CTBC Financial Holding Regulatory Compliance Policy" with adjustments made to conform with FSC's latest revisions to the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." In 2016, the CTBC Bank established the "CTBC Bank Regulatory Compliance Committee" and defined the "Rules Governing the Establishment of the CTBC Bank Regulatory Compliance Committee."

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

• Internal and External Compliance Guidelines

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

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



• Compliance Rating System

CTBC conducts regulatory compliance self-assessments every 6 months to determine whether violations have been committed and improved upon in any part of the group. To ensure effective execution of the regulatory compliance policy, CTBC and its banking and insurance subsidiaries have implemented a rating system that each of the compliance units uses to evaluate degree of compliance within the organization. Deficiencies identified by the company and its subsidiaries through regulatory compliance self-assessment operations in 2015 have all since been corrected through process improvements and/or increased awareness.

• Training and Communication System

CTBC has implemented a system that enables communication, consultation and coordination of regulatory affairs between departments and subsidiaries. Each compliance unit constantly provides regulatory updates and changes to its regulatory compliance officers. Training sessions, conferences and forums are also regularly held to highlight important laws and regulations. In 2015, compliance officers at the company and its subsidiaries all completed 3 hours of training during the first half and the second half of the year. In addition, regular meetings are held with subsidiaries' regulatory compliance officers to convey the company's main policies and systems. The meetings are used for the coordination, exchange and sharing of experiences to ensure consistency throughout the group.

Discipline and Protection of Customer Interests

The "CTBC Employee Code of Conduct" outlines the basic principles that employees are expected observe with regards to employment ethics, legal requirements, employee relations, gifts policy, protection of client privacy, protection of intellectual property rights, anti-money laundering, prevention of discriminatory behavior, anti-bribery, avoiding conflicts of interest, and protection of the company's capital and reputation. The separation of business and execution units as well as monitoring by compliance and risk management units are also used by CTBC to ensure that sales discipline for financial products are followed to protect the interests of customers and reduce negative impacts on business reputation. Investment units are required to rigorously adhere to financial product regulations and sales discipline during the execution of investments, review of product designs and marketing/advertising.

• Protection of Personal Privacy and Intellectual Property

To ensure compliance with "Personal Information Protection Act," CTBC has established a set of internal procedures including "Personal Data Management Policy" and "Personal File Security Policy" since 2012. Professional consultants have also

been retained to assist with the planning and execution of personal information protection measures throughout the Group. Personal information protection operations have been carried out since 2013 to ensure the legitimate gathering and use of personal information from customers and employees.

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

• Related Prevention Policies

The "Customer Background and Anti-Money Laundering Policy" was first defined by CTBC Holding 2010 to provide a guide to compliance by the company, subsidiaries and local/overseas branches. The "Anti-Money Laundering and Counter-Terrorism Financing Policy" was formulated by the CTBC Bank in 2015. The "CTBC Bank Anti-Money Laundering and Counter-Terrorism Financing Committee" was established under the policy and the "Rules Governing the Establishment of the CTBC Bank Anti-Money Laundering and Counter-Terrorism Financing Committee" drawn up to effectively control and prevent risks from money-laundering and counter-terrorism financing.

In 2015, CTBC established its "Insider Trading Prevention Policy" which stated that, upon gaining confirmed material information that is capable of influencing a company's share prices or solvency, the information holder—whether request board members, managers, employees or other insider of the company would be prohibited to trade in related securities up to 18 hours before and after the publication of the information. This is to prevent potential conflicts of interests at the company from employees violating their trust or engaging in unethical behavior.

• Establishment of Rotation and Reporting Mechanisms

CTBC Holding has established a job rotation procedure for managing training as well as eliminating incompetency, idleness and corruption. In addition, the business units have established job rotation procedures for branch staff, and will keep records of job rotations in branches and conduct regular reviews. In addition, we have also established an internal report mechanism. Any unethical or illegal behavior by employees can be reported to the management the employee complaints hotline, mailbox or in writing.

Penalties Imposed on CTBC Financial Holding By The Competent Authority and Improvement Measures Taken in 2015

1	<p>In September, 2013, CTBC Life Insurance underwrote the "CTBC Life Insurance Fu Jia Bao Insurance Policy" purchased by Mr. OOWu from an insurance agent over the phone. The underwriter however failed to follow internal procedures for reviewing the insuree's health and financial status. The cursory nature of the underwriting process and risk of unsound business practices violated Article 7, Paragraph 1, Subparagraph 8, Items 2 and 6 as well as Article 17 of the "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises" defined under the authority of Article 171-1, Paragraph 5 of the Insurance Act and Article 148-3, Paragraph 2 of the Insurance Act. A fine of NT\$1,800,000 was therefore imposed by the Financial Supervisory Commission (FSC) in accordance with Article 149, Paragraph 1 of the same act. CTBC Life Insurance was also ordered to remove the underwriters involved in the case, cease conducting "telemarketing sales of new life insurance policies" from the day after the sanction is delivered in writing, retain all underwriting evaluation documentation, and report on corrective actions taken within one month. Telemarketing sales may only resume once the report is approved by the FSC. <2015.03.03 Jin-Guan-Bao-Shou No. 10402542311></p> <p>Improvement Measures:</p> <p>(1) Removed the underwriters involved in the case from their position as of March 6, 2015.</p> <p>(2) Announced the suspension of telemarketing sales for new life insurance policies on March 5, 2015. Corrective actions taken by CTBC Life Insurance were submitted in writing on March 9, 2015, and acknowledged by Jin-Guan-Bao-Shou No. 10400024570 on March 13, 2015. Approval was also granted for CTBC Life Insurance to resume telemarketing sales of new life insurance policies the day after written approval is delivered.</p>
---	---

In the case of the former CTBC Bank employee by the name of Yao misappropriating customer funds and withdrawing the insurance policies of clients without authorization, the bank was found to have deficiencies in the internal controls and failed to conduct effective checks in a way that represented risk to sound management in violation of Article 45-1, Paragraph 1 of the Banking Act. Under Article 129, Subparagraph 7 of the same act, a fine of NT\$3,000,000 was imposed. CTBC Bank was also directed to remove Yao from employment in accordance with Article 61-1, Paragraph 1, Subparagraph 3 of the same act. <2015.8.27 Jin-Guan-Yin-Kong No. 10400194951>

Improvement Measures:

- (1) CTBC Bank has strengthened verification and notification for the transfer of funds to a designated account belonging to another person through Internet banking.
When a new addition is being processed by the wealth manager, new rules now require the supervisor or an employee who is not a wealth manager must verify the change with the customer. Controls over withdrawal from multiple insurance policies over a short period of time have also been strengthened as part of systematic management improvements.
- (2) Employees are once again reminded to not make cash deposits or withdrawals on customers' behalf. The verification mechanism has also been strengthened for bank employees conducting field services/transactions. Random inspections of cash transactions have been increased along with monthly reviews of video recordings. E-mail, statements and announcements on the CTBC Bank website were used to remind customers that CTBC Bank employees are prohibited from acting as the custodian for customer seals, pass books or making cash deposits/withdrawals on their behalf.
- (3) The case was submitted to the disciplinary committee and the employee removed. A request was also sent to CTBC Insurance Brokers Co., Ltd. to de-register the bank employee as an insurance agent. The de-registration procedure has been confirmed as complete.

Taiwan Life Property Insurance

- (1) During a general review of Taiwan Life operations, the FSC found that the underwriting process for the "Car Insurance Fleet Clause" used by the company failed to abide by the approved product adjustment rates. This violated Article 7, Paragraph 1, Subparagraph 8, Item 2 and Article 17 of the "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises" defined under the authority of Article 148-3, Paragraph 2 of the Insurance Act. A fine of NT\$1,200,000 should therefore be imposed in accordance with Article 171-1, Paragraph 5 of the Insurance Act. Taiwan Life Property Insurance was also ordered to stop selling new insurance policies for leased vehicles for one month starting from January 15, 2016, in accordance with Article 149, Paragraph 1 of the same act.
- (2) During a general review of Taiwan Life Property Insurance operations, the FSC found that the underwriting process for personal injury insurance used by the company failed to collect premiums in accordance with the approved product rates. This violated Article 7, Paragraph 1, Subparagraph 8, Item 2 and Article 17 of the "Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises defined under the authority of Article 148-3, Paragraph 2 of the Insurance Act." A fine of NT\$1,200,000 should therefore be imposed in accordance with Article 171-1, Paragraph 5 of the Insurance Act.
- (3) During a general review of Taiwan Life Property Insurance operations, the FSC found that the rates for the high-coverage commercial fire insurance offered by the company was lower than the minimum risk rates calculated by the "Commercial Fire Insurance High Coverage Non-Natural Disaster Rate Review Mechanism." This violated Article 8 of the "Regulations Governing Pre-sale Procedures for Insurance Products" defined under the authority of Article 144, Paragraph 1 of the Insurance Act, and Article 5, Paragraph 1, Subparagraph 1 of the "Implementation Rules of Internal Audit and Internal Control System of Insurance Enterprises" defined under authority of Article 148-3, Paragraph 1 of the same act. A fine of NT\$1,200,000 should therefore be imposed in accordance with Article 171-1, Paragraph 4 of the Insurance Act. Taiwan Life was ordered to stop the selling new high-coverage commercial fire insurance policies for one month starting from January 15, 2016, in accordance with Article 149, Paragraph 1 of the same act. <2015.12.29 Jin-Guan-Bao-Shou No. 10402527301>

Improvement Measures:

- (1) Improvements were completed on October 1, 2015. Adjustments were changed to conform to the approved product rates and the information systems updated accordingly.
- (2) A. Group insurance cases were corrected on October 1, 2014, and premiums now charged according to the approved product rates.
B. Premiums for personal injury cases were already charged according to the approved product rates starting from August 1, 2015.
C. The information system was also configured so that policies can no longer be issued using other rates; rates are now checked on a monthly basis starting from 2016.
- (3) Corrective actions were completed on April 30, 2015. The working draft has been revised to improve checkpoints for comparing rates and premiums. The draft copy is now completed by the preliminary review personnel then submitted to the secondary review and head office for underwriting review.

Note: This table provides disclosure on penalties in excess of NT\$1 million. For full information please visit the annual report section of the CTBC Financial Holding website: www.ctbcholding.com.

Risk Management

Financial trends and the changes in international politics and the economy are closely correlated. The financial services industry must now face even more international financial supervision. Risks exist in a variety of forms in the transactions we make, the products we offer, and the daily tasks we perform. Main risks that are common to all companies within CTBC can be categorized by business characteristics and risk attributes as: credit risks, financial market risks, liquidity risks, operational risks, and country risks. In order to satisfy the International Financial Reporting Standards (IFRSs), we introduced various risk quantification data on a consolidated basis, thus allowing the supervision mechanisms and market participants to better understand the risk status of integrated assets.

CTBC's objective in terms of risk management is not to completely eliminate risks, but to achieve an optimal balance between risk and return by using active risk management techniques so that resources are allocated efficiently to create core competencies leading to capital appreciation and shareholder return.

Establishment of Risk Management Policies

To ensure appropriate management of various risks borne by CTBC Group, CTBC Financial Holding has established various risk management policies to convey the risk management system and mechanisms approved by the board of directors and the executive management., This provides a set of consistent regulations for CTBC and its subsidiaries to adhere to.

• **Risk Information Disclosure and Integration**

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

• **Core Policy on Risk Governance**

The "Core Policy on Risk Governance" is the top-level guidelines for risk management procedures for formulating risk management units and responsibilities, implementing risk identification, measuring, monitoring, reporting and disclosure. Each subsidiary then defines their own risk management policies and regulations based on the nature of their own business operations, risk characteristics and management requirements in accordance with the governance directions issued through the policy. To support the ideals of CSR, this policy expresses support for credit loans, investment strategies, underwriting, venture capital investments or fund issues that support the green energy industry, environmental issues, or based on the Equatorial Principle. Risk management units should provide their utmost assistance and develop appropriate risk management mechanisms. Business dealings related to illegal organizations and terrorist activities are strictly prohibited; no assistance is to be provided to customers engaging in illegal, extra-legal, fraudulent, whitewashing, tax-evasion or money-laundering transactions; care should taken with political and military-related businesses to avoid problematic businesses that may violate human rights (including labor rights); for customers planning to engage in stakeholder transactions or unconventional arrangements, check whether this is reasonable and legal.

• **Risk Management Committee**

The Risk Management Committee was officially established in June 2011 under the board of directors to reinforce the board's communications, reports and recommendations regarding risk management. The Risk Management Committee also follows guidance and requirements of international financial regulators and strengthens the responsibilities of the Risk Management Committee as needed. In 2014, the "Enhanced Prudential Standards for Foreign Banking Organizations" under the U.S. Federal Reserve's Enhanced Prudential Standards require that a holding company's risk management committee ensure that its U.S. operations enforce their respective risk management systems.

Enforcement of Internal Control and Internal Audit Systems

To ensure proper implementation of internal controls and operating procedures, CTBC conducts a full-scale review over its own internal policies to identify any discrepancies with external regulations, and therefore avoid operational risks and

violations. CTBC also requires all internal departments to conduct self-audits on various aspects such as risk identification, segregation of duties, information, communication, supervisory activities, and corrective measures.

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

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". An internal audit unit that reports directly to the board of directors has also be set up to conduct audits in an independent and objective manner as well as provide suggestions for improvement when appropriate to ensure the effective implementation of the internal control system. The internal audit unit shall conduct a full-scope audit of the company at least annually, and limited-scope audits on its and all its subsidiaries' financial, risk management, and legal compliance functions at least semiannually.

Communicate Risk Management Information

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

Credit Rating

Rating Type	Rating Agency	Credit Rating		Outlook	Effective Date
		Long-term	Short-term		
International Rating	Fitch	A	F1	Negative	2015.9.25
	Standard & Poor's	BBB	A-3	Positive	2014.7.22
	Moody's	Baa1		Stable	2016.4.6
Domestic Rating	Fitch	AA+(tw)	F1+(tw)	Negative	2015.9.25
	Taiwan Ratings	twAA-	twA-1+	Stable	2014.7.22

Information Disclosure

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

Establishment of Information Publishing Guidelines

Given the importance of information disclosure, CTBC makes disclosure of key information and online reporting of mandatory information disclosure by adhering strictly to the rules.

Regular Financial Reports and Investor Seminars

CTBC hosts regular investor seminars or participates in local and foreign investor forums or roadshows organized by securities traders to explain to the investor public the company's business situation, financial performance, strategic development or business direction. Important Board decisions or information are also announced in a timely manner. The company held a total of 4 investor seminar sessions and took part in more than ten local and foreign investment forums and roadshows in 2015. In addition, the official CTBC website also provides an investor relations section in both Chinese and English, enabling investors to inquire and download the company's financial reports and access other key financial information.

Disclosure of Corporate Social Responsibility Report

To give the public an understanding of the company's operations, CTBC prepares regularly prospectuses or annual reports to disclose its business decisions and financial data. CTBC also follows the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and prepares corporate social responsibility reports. Links to the reports are created on the company's website by June 30 every year, and also filed with the Market Observation Post System.

The corporate website has a CSR section where all CSR information can be downloaded: http://www.ctbcholding.com/care_index.html. Full disclosure of CSR-related information is provided and CSR reports from 2007 to 2015 are available for download in the PDF format. The report for the current is provided in the electronic book format for the general public to browse and download. The electronic book allows for a range of convenient operations including: keyword search, page tag, notes, switch to select tool, and download a single page or full report for offline viewing, which makes it easier to share online the current page or an entire online report through email or on Facebook or other networking websites. The company also distributes printed versions of its CSR report at nationwide branches, national and municipal libraries, financial peers, and technology companies. We have also been invited to share and exchange our CSR experience in various forums.

Appointment of Contact for Stakeholders

The contact area for stakeholders is displayed on the company's website: The spokesperson, deputy spokesperson, convener of the Audit Committee, and contact for institutional investor relationship, shareholder affairs, customer services are all disclosed. Employees can use international hot line such as e-mail or in writing to send their feedback.

The sustainable development of an enterprise must follow the principles of respect, support and engagement. Only by increasing motivation through "external drive and industry competition", building trust through "information transparency and credibility", and expanding the level of engagement through "industry cooperation and strategic partnership" can mutual goals be established for sustainable development and long-term business development while also achieving the effect of encouragement improvement. In the future, CTBC will continue to prevent risks related to money-laundering and counter-terrorism-financing without compromising on compliance, practice sound corporate governance and strengthen controls over the overall business framework in the hopes of creating sustainable governance.

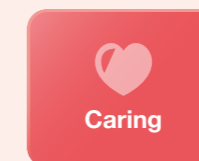
Sustainable Product Development & Client Relationship



In "Bank 3.0", Brett King, the father of innovation in global banking, mentioned that internet banking, social networks and mobile devices has changed how consumers shop and act. Future financial product services will become consumer-centric and no longer constrained by time and location. Banks must accelerate the pace of innovation and transformation, rethink the value of products from the customer's perspective, then develop secure and appropriate financial application environments that realize sustainable finance.

In Taiwan, the development of mobile payment products and related legislation were completed in 2015. The FSC is also loosening related regulations and allowing for online purchase of insurance. For financial holding companies, this year will see mobile and digital payment providers all compete for a slice of the pie. In banking, life insurance and investment trusts, CTBC is leveraging the convenience of the Internet, mobile devices and social networking tools to launch innovative mobile payment, online insurance, online loan application and online share trading solutions. These will provide well-thought out, real-time, fast and secure services that customers can appreciate.

CTBC Core Values



Caring



Professional



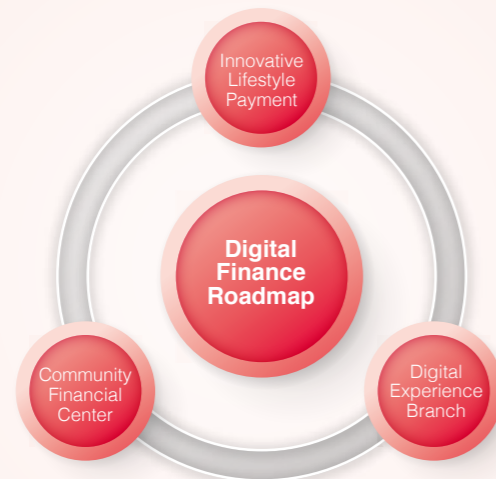
Trustworthy

To implement sustainable management, CTBC Bank also ensures social contribution while engaging in business transformation and innovation and development. Although there are many types of payment services offered by banks in Taiwan, and these services are well developed, they remain incapable of satisfying the requirements of micro-entrepreneurs. Most of micro businesses or individual sellers have insufficient funding because of their limited operations, incapacitating them from establishing a comprehensive range of online payment services. In 2014, CTBC Bank established a third-party payment platform "pockii" becoming the first bank in Taiwan to have received approval from FSC for offering this type of service. Upholding the philosophy of fostering Taiwanese micro-entrepreneurs and helping business owners complete payment services, CTBC Bank provides micro business owners with fully functional services such as credit card payment, connection to bank account, ATM transfer, and electronic account statement balance and payments. With a cash management platform, buyers' doubts over online transactions can be mitigated, and a solid foundation for secure online transactions can be established.

Furthermore, CTBC continues to introduce public welfare group credit cards such as the Tzu Chi Hualien Card, TFCF Affinity Card, and Xue Xue Identity Card. As of the end of 2015, over 310,000 cards have been issued, producing approximately NT\$30 million cash back bonuses. We hope to combine the powers of our card holders to help them contribute to the society.

Digital Finance Roadmap

Statistics showed that between July 15, 2014, and January 15, 2015, the number of customers using CTBC's Internet banking, mobile banking and ATMs have now surpassed the 2 million mark. This showed that demand for digital financial services is now growing among the general public. CTBC is also actively expanding our digital finance services to keep pace with progressive government deregulation. Mobile device app, payment management platforms and 24-hour ATM services have been integrated to forge a customer-centric digital finance roadmap based around the three aspects of "Innovative Lifestyle Payment", "Digital Experience Branch" and "Community Financial Center." Customers can now meet their everyday financial needs through mobile phones, the Internet, and convenience stores in any time and place.



Innovative Lifestyle Payment

CTBC has always pushed for breakthroughs in the existing service framework. Numerous innovative lifestyle payment methods have now been developed to help customers satisfy their finance requirements more quickly and convenient. Be it investment, wealth management or insurance and claims, a variety of application methods can now eliminate the inconvenience of personal signatures, mailed applications or visiting in person.

- Reward points: Introduced the first cross-border, cross-industry and high-market O2O mobile exchange service to create new value for reward points and allow them to be redeemed whenever, wherever and however.
- Social media management has been used to expand our customer reach. This is complemented by personalized messages and smart customer service functions that extend mobile services and boost the returns from customer segment communication.
- Development of mPOS processing: Enhanced card readers enable more payment options and value-added services that help merchants develop new business.
- Online credit card & personal loan application procedure: Leading the industry, CTBC Bank is the first to introduce an online loan platform where customers can apply for personal loans online, thereby comprehensively realizing the provision of digital services.
- Upgraded CTBC Rewards App: The CTBC Rewards App is the first app introduced in the financial industry that offers barcode/Bluetooth credit card payment function. This app has been downloaded by 750,000 users.
- Service expansion via the iPayment app: The iPayment app has been transformed into a comprehensive daily living payment platform in 2015, providing the public with a convenient single-payment window where multiple types of fees can be paid.
- Mobile bill payment app: The iPayment platform is integrated with a mobile iPayment app, enabling payments to be made 24-hour wherever and whenever without having to step outside and wait for long queues. This provides the public with a more convenient, efficient payment service.
- Diverse digital mortgage network service: With just a one-stop service, consumers can access the data they are most concerned about: housing market, housing price, and housing loans, including the price they can afford, the cash flow needed to change a house, and the tax payable for selling a house. All of these can be calculated according to individual cases.
- Multiple insurance channels:
 - Taiwan Life is the first among its peers in promoting the ibon insurance claims application service in 7-ELEVEN.
 - In 2015, CTBC Bank launched the Telephone Insurance Claim Service, in which customers can apply for various insurance claims via phone.
 - In 2015, Taiwan Life introduced an online insurance service for safe travel insurance applications, providing a 24-hour service that can also be used to make payments online.

Digital Experience Branch

In 2015, CTBC Bank announced the structuring of its sales department into a Digital Experience Branch, where biometric technologies are applied in creating a Finger Vein ATM, which replaces bank cards, a Pad Service Application, and Facial Recognition technologies, thus preparing the bank for providing the public with an all-new digital banking experience.

Community Financial Center

In addition to deploying branches across Taiwan, CTBC Bank also sets up ATM service locations in over 5,000 24-hour 7-ELEVEN convenient stores nationwide, including Cingjing in Nantou, Ali Mountain, Hualien, Taitung, Kenting, and other rural suburban areas, rendering it the leader of the banking industry. Furthermore, CTBC ATMs offer more than 80 services, making it the industry leader in terms of ATM services. Customers are able to complete deposit, withdraw, transfer, and loan application banking services wherever and whenever they desire, and even make payments (e.g., telecommunication fees, insurance premium, and charity donations) through CTBC ATMs, just as if they are banking in a community financial center.

CTBC bank also invests in Obstacle-Free ATMs in an accessible environment. Across Taiwan, there are more than 3,900 accessible ATMs installed at an accessible height for customers with disabilities and in compliance with the accessibility standards established by the Construction and Planning Agency of the Ministry of Interior. New ATM machines and services for visually impaired customers have been added. In addition to quick withdrawal and balance inquiry, withdrawal and transfer of a specific amount have also been added to the range of services. There are a total of seven ATMs that accommodate

visually impaired customers in Taiwan (at its Sales Department, Xinzhuang Branch, Banqiao Branch, Chengzhong Branch, Bo'ai Branch, 7- ELEVEN, Anbin Store, and 7- ELEVEN Huochetou Store).

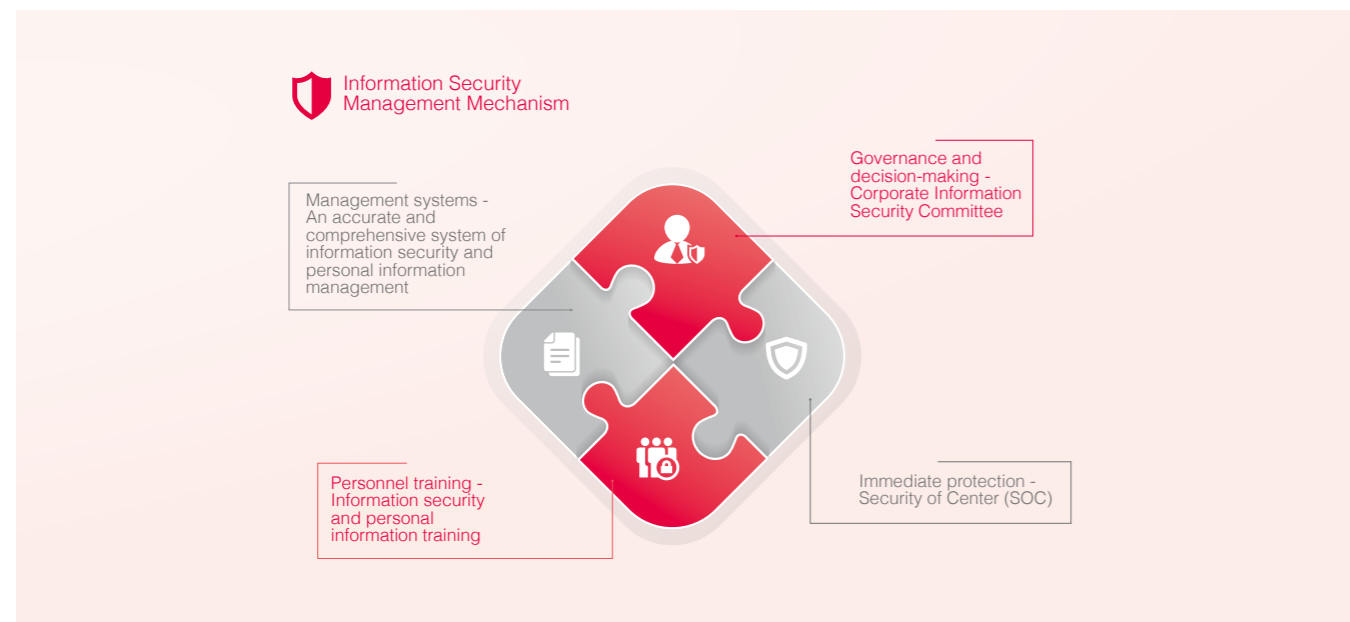
Furthermore, to accommodate Taiwan's aging society, CTBC Bank has successively established fully-functional counters in 54 of its branch banks since 2015, offering customers a sit-based service and building a customer-friendly environment. Thereafter, we will increase the number of our branch banks according to customer demands and branch bank availability.

Privacy and Personal Information Protection

As digital banking services diversify, various means of threatening and attacking information security have also emerged. Cyber-extortion, mobile security threats, and malicious advertisements are aspects strictly controlled by CTBC to prevent their occurrence and comprehensively protect customer privacy. In addition to continuous arrangement of training programs to enhance the professionalism of and educate its employees on new threat knowledge, CTBC also adjusts its online malicious activity rules in real time so as to respond to the increasing threats to international information security.

Information Security Management Mechanism

CTBC assembled its Corporate Information Security Committee to facilitate effective information security management, evaluate security issues, make key decisions, and review budgets relating to information security. Committee members are composed of the President, department heads, and senior managers of various business divisions. Moreover, CTBC has implemented Security Of Center (SOC) to actively identify information security problems and adopt response measures in real-time. To complement the conventional use of signatures in detecting security weaknesses, CTBC cross-analyzes access logs in order to identify sources of suspicious behaviors and respond and resolve in a quick manner, making operations and crisis management more efficient than before. This mechanism also assists the management in identifying security trends and improving investment decisions to better control risks and prevent security incidents.

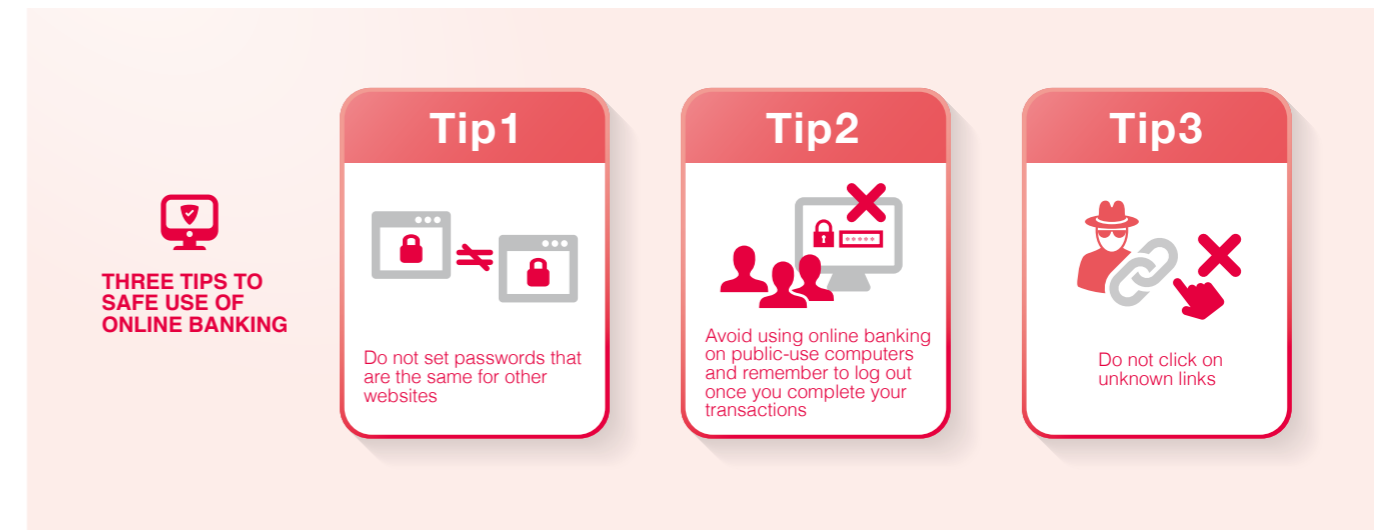


CTBC has established a set of internal procedures, including Personal Information Production Instruction and Information Security Incident Response and Management Procedure, with which its employees can follow in the event of personal data breaches and incidents related to information security. If employees discover or receive reports of suspected information security incidents (including personal information), they will immediately notify related units and determine the level of severity of the incident. If necessary, a commander will set up an emergency response center within 60 mins, notify top-

level managements, and record the details of the incident. The response center commander is assumed by a supervisor or above of the accountable unit and task force members of the Corporate Information Security Committee are responsible for incident management, communication and coordination, investigations and evaluations, and public media management. The accountable unit will submit a detailed report one week after the lifting of the incident and perform a root cause analysis to lower the probabilities of similar incidents from happening again in the future.

Employee and Customer Information Security and Personal Information Training

In addition to organizing information security and personal information training for its employees, CTBC also requires new employees to complete information security and personal information training activities and evaluations. In 2015, 97% of all employees completed the training. For employees who could not complete training as expected due to the nature of their work and differences in work shifts (e.g., impromptu business trip, paternal leave, and maternity leave), we have arranged multiple supplementary training programs, and published monthly e-newsletters on information security to improve employees' knowledge of information security and personal file security, thereby shaping a comprehensive culture that emphasizes information security.



CTBC is also aware that protecting information security requires the active participation of its customers; therefore, a network security guideline is provided on CTBC website to share with customers the secrets to a secure online transaction. Due to an up-tick in the number of proxy loan applications, CTBC has organized special training programs and created a free loan helpline (0809-066-666) to offer product advice and sales services. Customers can call CTBC's lending fraud reporting hotline at 0800-024-365 ext. 8 to report any suspected fake cold calls or fraud, and CTBC will have representatives to assist with confirmation of the report.

An Accurate and Comprehensive System of Information Security and Personal Information Management

CTBC emphasizes the importance of customer information security and personal information protection. To ensure system security, in 2015 Bankers' Association has requested financial institutions to undergo computer system information security evaluation. In response, CTBC bank targeted its Category 1 systems, conducting information security evaluation on automated services that are provided directly to customers or on systems that exert material influence on business operations (e.g., e-banking, branch counter services, and ATM automated services). The items of inspection and evaluation included information framework, network activities, equipment, website security, safety settings, and legal regulations. Moreover, CTBC Bank commissions a fair third-party accounting firm to undertake the aforementioned evaluations, the results of which indicated no significant problems, suggesting effective control and management.

Furthermore, in 2014 CTBC Bank was certified by British Standards Institution (BSI) for BS 10012: 2009 PIMS, and it further incorporated ISO 27001 ISMS, which received certification in April 2015, indicating that both CTBC bank's personal information management system and information security management conform to international standards.

To comprehensively protect customer information, CTBC minimizes the amount of data displayed on its information system so as to reduce the likelihood of data exposure and mitigate the risks of data leak from USB thumb drives. In addition, CTBC has installed Data Leak Prevention (DLP) software on all personal computers and subjected USB devices under collective management to control duplication of data. CTBC has also established personal information management policies for employees to follow. These policies provide the basis of internal audit and exist to make sure that all control measures serve their purposes.

Strengthening Corporate Banking Services

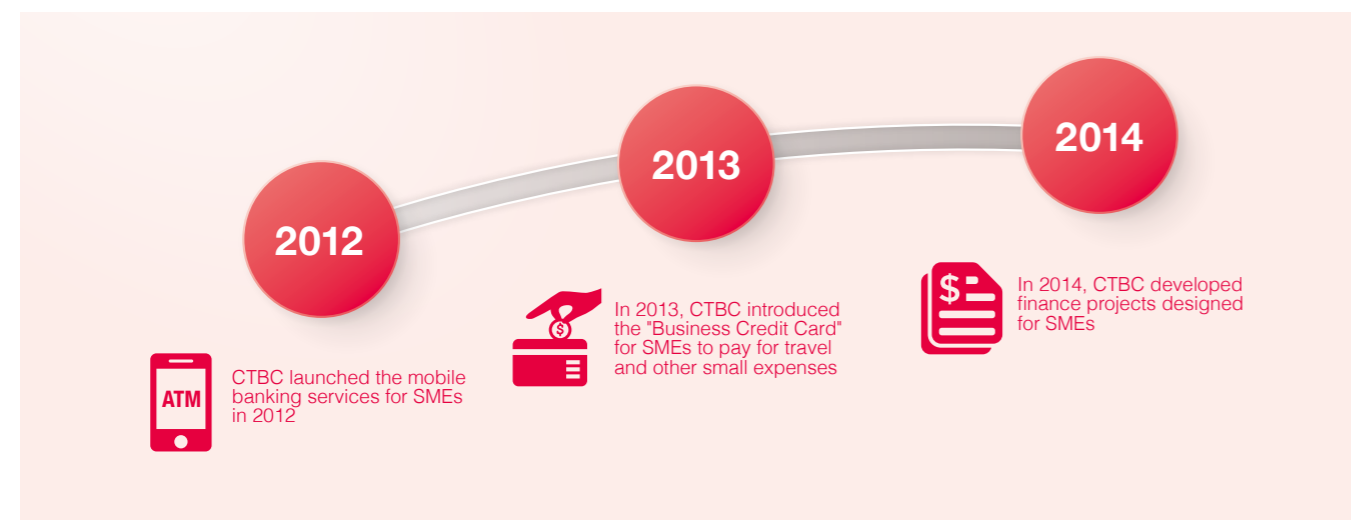
CTBC bank's corporate banking service team provides customers with a broad variety of financial services including loans, trade financing, cash management, trust and international trade financing, as well as offshore private banking and investment planning for high net worth customers. It also provides customized solutions based on customers' funding and financial planning needs, including syndicated lending, structured financing, and financial consultation services. Lastly, the Bank designs, markets, and trades foreign currencies, financial derivatives and structured instruments according to customers' hedging strategies or financial needs.

Refinement of Corporate Banking Team

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

In 2014, the corporate banking department proposed the Service Level Agreement (SLA) project, which used the systems to simultaneously monitor the end-to-end SLA between receiving a case and finishing the process. In 2015, the SLAs of the services were 95% or higher. In particular, the SLA of rush cases was close to 100%. Services with failing SLAs will undergo regular statistical analysis to identify causes and formulate improvements in order to ensure effectiveness and track performance improvement.

SME Financial Services Platform



CTBC bank has continued to cultivate SME clients in recent years, endeavoring to become a bank that best understands SMEs in Taiwan. To achieve this, CTBC has built a SME financial services platform, which is founded on the ideas of technological innovation, personalized services, and global networking, thus offering secure, efficient financial services for SMEs. By following the three major strategic axes, CTBC has comprehensively enhanced the efficiency of its loan service (loan application → loan approval → loan disbursement) for SME customers such as accepting fax copies in wire transfers in lieu of original documents, Code Fax services for letters of credit, instant alert by email, SMS, or MMAS for transactions including inward and outward remittances and trade financing, and an international Internet banking platform (eTrust) where customers can make real-time online inquiries and transactions according to their levels of authorization. Looking forward to 2016, we will continue to advance toward the three major strategic axes and implement the spirit of "We are family" in full force in the services provided to SME customers.

Listening to The Voices of Our Customers

Starting with consumer demands, CTBC engages in external cooperation and internal R&D and adopts big data analysis, customer behavior prediction, and market surveys to determine potential market demands, continuously promote a diversity of innovative products or services, and satisfy customers' needs.

Initiating a New Era of Multi-Channel Digital Services

CTBC constantly endeavors to create a multi-channel service model, enabling customers to acquire services and assistance through various channels at any time. In addition to deepening its telephone and voicemail services, CTBC has set up a Facebook Service in 2015, where customers can make inquiries by leaving private messages on the CTBC Creditcard Facebook fan page and receive prompt, professional responses.

To expand the scope of its community services, CTBC established an official Facebook page in September 2015. Through Business Connect, customers can bind to personalized services such as accounts and bonus point enquiries, activity log-ins, and payment reminders. The convenience and self-service functions of this Facebook page have gained positive evaluations. Furthermore, customers could even ask questions directly on the Live Chat function, from which they would receive replies to their problems immediately. To date, CTBC's Facebook page has accumulated 2.1 million friends and 116,000 service-binding customers, satisfying not only customers who prefer digital communication and self-service enquiries, but also enriched and diversified the content of CTBC's digital services.

A Design for a Simple, Uninterrupted Service Experience

CTBC customer service center advocates rendering a simple, uninterrupted service experience to deliver diverse, complex cash flow and payment products and activities to customers in a simple manner. Thus, customers could efficiently obtain professional solutions in an era prevalent of information explosion. This communication model differs from that adopted by other banks and is a major innovation of the financial service industry. In response to the prevalence of digital services and self-services, we have also inventoried and analyzed the types of problems in new and old services, producing our findings into



simple, comprehensible e-teaching and promotional materials. This not only provides frontline customer service personnel with an e-learning platform for self-learning and revision, but also renders video clips and simple schematic diagrams that enable customers to quickly understand the operating procedures, thereby elevating communication efficiency.

Establishing a Transparent Complaint Handling Procedure



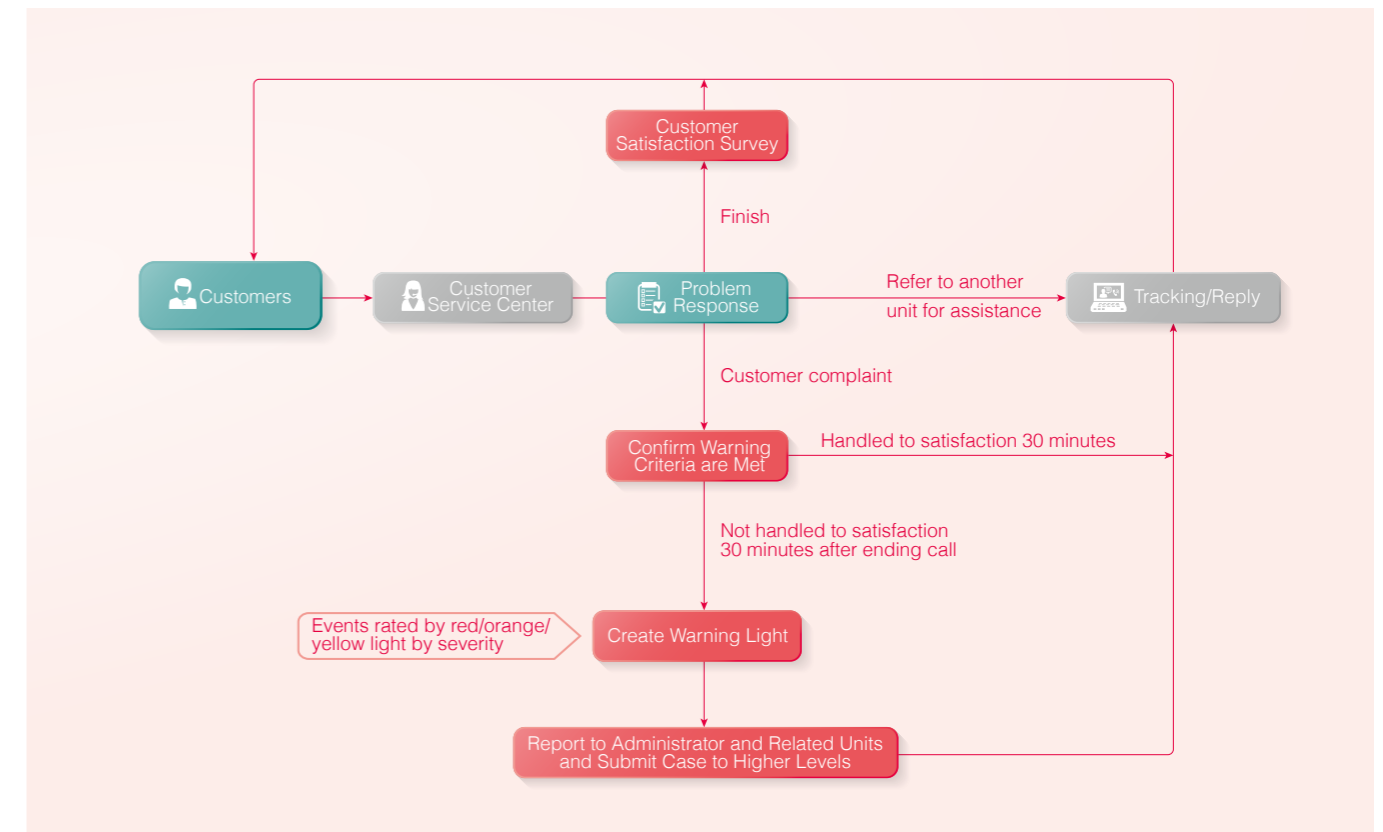
Customer feedback forms the basis of progress at CTBC. CTBC created a voice of customer (VOC) platform in 2007, and then the Customer Care Committee in 2011. Every month, the committee regularly reviews the service quality indicators, VOC from inside, customer complaints from outside, and various customer care programs.

To ensure customers' issues can be resolved more effectively and strengthen communication mechanisms for before VOC issues, in 2015, a total of 570 proposals for external and internal processes were obtained through the VOC mechanism, of which 257 proposals officially went online. In addition, 85 reports were on customers' issues, of which 23 reports were submitted to higher levels and discussed at meetings of division heads, such as, providing a more convenient subscription cancellation procedure and restricting the number of credit cards that can be applied through the CTBC Creditcard App. The VOC mechanism successfully magnified customers' voices, enabling customers' suggestions to become the crucial focus of product and process improvements.

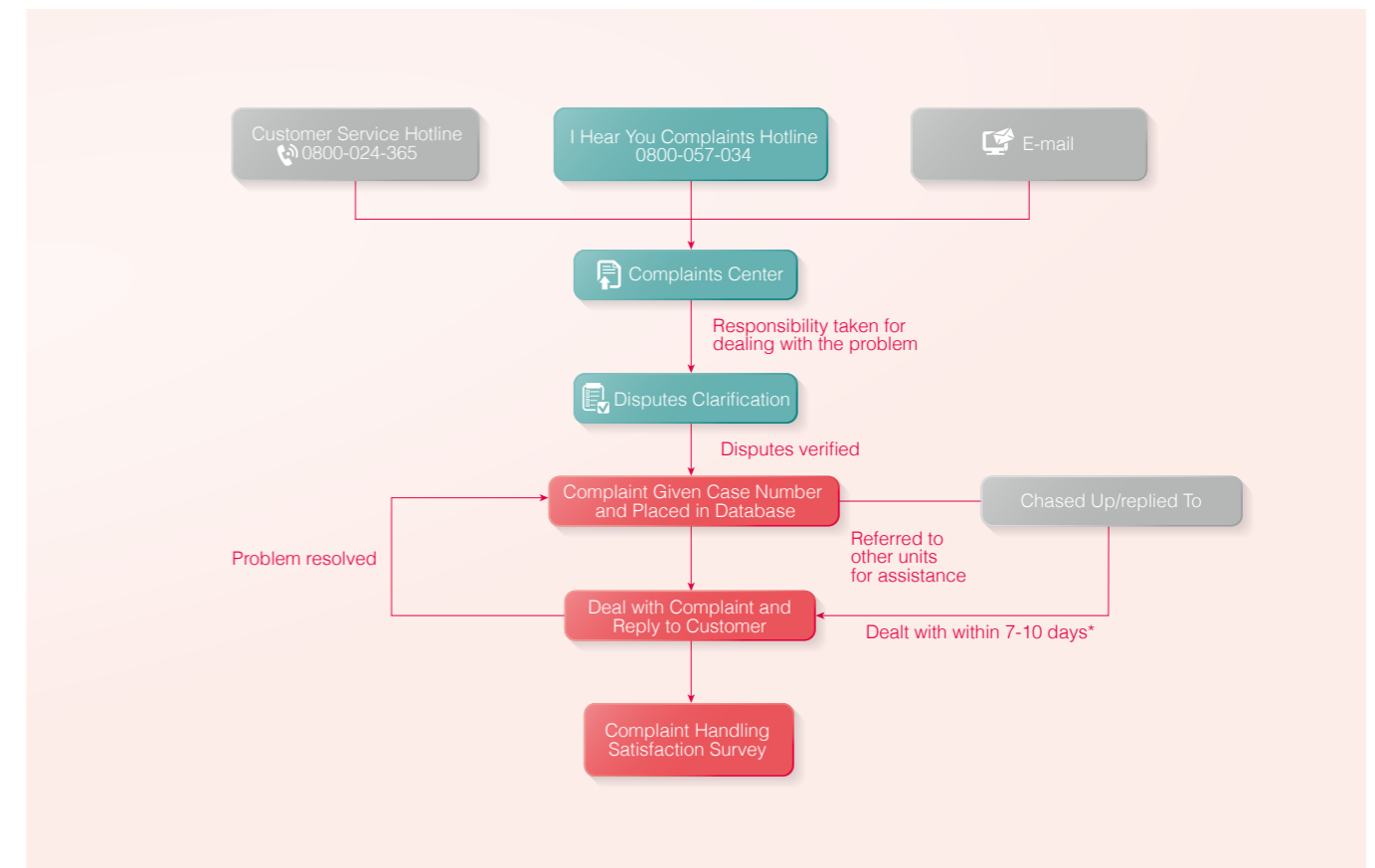
Furthermore, CTBC has applied big data analysis to determine customer background, consumption patterns, behaviors, and preferences, develop a set of systematic event-based service (EBS), and establish an effective bidirectional communication and interaction channel according to customer settings. The customer service center applied its precious experience in customer interaction, as well as structured and unstructured data obtained from big data analysis, with the expectation of rendering customer-oriented products and services and protecting the rights and interests of the customers.

In addition to the 24-hour customer service hotline and email, we have implemented a customer complaint hotline (0800-057-034) and a corporate customer service hotline (0800-017-888) to handle any dispute over any product or service. To enable the customer service center to seize the critical moment of a complaint, the Service Light Signal was implemented in 2012, allowing customer service representatives to accurately identify a customer's problem in the shortest time, and propose the most suitable solution more efficiently. In 2015, the 7-day closing rate was 99% for complaints from credit card holders, which was higher than the predetermined goal.

Customer Complaint Handling Procedure



Service Light Signal

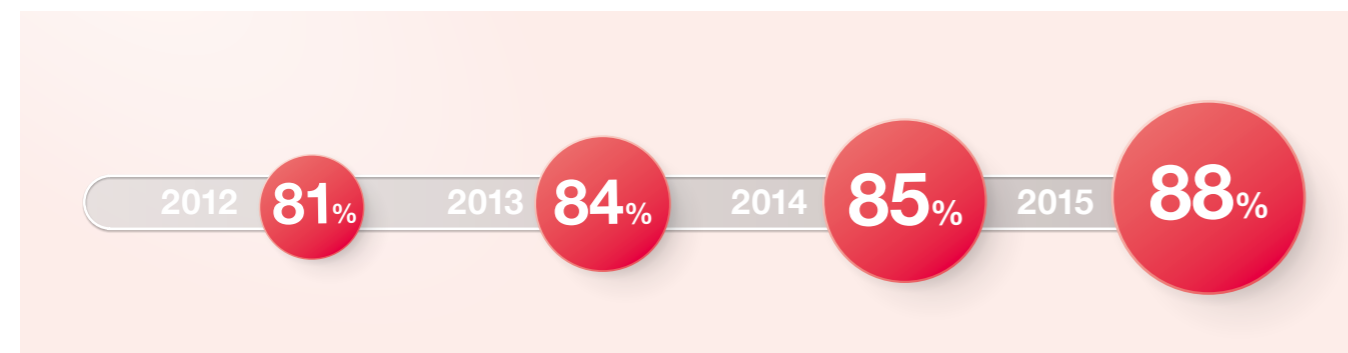


In addition, for various business divisions, CTBC bank appoints designated division representatives to handle customer complaints. The representatives will coordinate tracking and managing of complaints relevant to the divisions and handle communication, which will submit customer complaints to higher levels. A total of 584 alerts were reported in 2015, 88% of which were resolved to customer's satisfaction. Furthermore, our customer complaint mechanism was able to effectively exert a warning effect. Specifically, when recent customer complaints (received over a period of two months) exhibit a certain commonality (in terms of category or abnormality), this mechanism notifies the contact window of relevant divisions and supervisors and reminds them to respond in advance and make improvements, which reduce the chances of future customer complaints. Therefore, attributed to this customer complaint warning mechanism, the number of customer complaints showed a stable decline; only 226 customer complaints were filed in 2015, 39 complaints less than those filed last year.

Customer Satisfaction Survey

To ascertain customers' satisfaction with our products and services as reference for future improvements, CTBC conducted 32 customer satisfaction surveys regarding personal banking services in 2015. In addition to the existing items, including satisfaction with branch, satisfaction with banking specialists, satisfaction with customer services, satisfaction with automated services, and satisfaction with application procedures, the surveys also included reexamining and adjusting survey items and adding new customer groups, including corporations, salary-paying customers, and wealth management and upgrades. Thus, the scope of surveys is further perfected and broadened. Approximately 220,000 questionnaires were returned in 2015, which yielded an average satisfaction rating of 88%. This rating is continuously increasing and has exceeded the average target of 85% for 2015.

Trend of Customer Satisfaction



Attributed to the wave of digital services attributed to the prevalent use of the Internet, the proportion of online banking and mobile transactions by customers has increased on a yearly basis. In 2015, CTBC introduced a multitude of service functions such as online applications, enquiries, and account opening functions. Meanwhile, CTBC has also proposed intelligent customer services to develop novel banking services, thus raising the satisfaction with online banking from 83% to 95%. Moreover, the satisfaction with CTBC ATM reached 92%.

The aforementioned customers' voices expressed through satisfaction surveys have been forwarded to the respective departments to provide the basis of improvement, and are regularly reviewed by the Customer Care Committee. Furthermore, given the growing usage of mobile devices, the satisfaction survey response platform was extended from computers to mobile devices in 2015, enabling customers to provide their feedback and opinions more conveniently, while allowing CTBC to collect more valuable voices.

Product Risks

CTBC Bank is equipped with a wealth management department, which helps customers make investment and financial decisions. To offer better customer protection, the Compliance and Risk Management Center was established in 2011 to

oversee internal policies related to the issue of financial consumer protection. It protects customers' interests by monitoring customers' response and the bank's risk management practices.

By the end of December 2015, the Company has referred to external credit rating reports and accessible financial reports of various financial institutions, examined internal risk management practices, and observed the management conditions of product and service providers. In total, it has issued 68 reminders through online banking, bank statements, and customer mails, as well as through banking specialists, so as to provide immediate insight to customers regarding investment risks.

CTBC Bank revised its policies regarding wealth management risk management in 2015, and risks of 2,594 products were examined for the year. In addition, CTBC Bank completed audits of 40 product and service providers, and imposed maximum term and amount of product sales on seven structured product issuers/guarantors.

To offer products and convenient service procedures that meet customer needs, ensure the protection of customer rights and interests, and reduce risks, an Internal Control Center was established under the Personal Banking Division in 2016. Through central integration, the Center manages matters pertinent to the risk management of customer-invested products, monitors the legal compliance of sales personnel in transaction procedures to reduce the risks and disputes associated with wealth management products, and assumes the responsibility of protecting the customers and sales personnel.

Promotion of Financial Education

To impart correct financial literacy to the society, CTBC Bank has held over hundreds of forums and seminars that focus on finance-related themes in 2015. Through newspapers, magazines, and digital media and starting from the wealth triangle based on the three dimensions of "flow (pension cash flow), retain (inheritance planning), save (goal planning)," a series of reports were produced in response to different generations and wealth management requirements to strengthen the dissemination of finance-related information. For example, the Kind Hearts and Wealth Management Classroom for Second Generation Customers offers professional finance courses to teach second-generation customers the correct financial literacy. The "Light Up a Life" charity event applies fun-filled group competitions to collect donations (stationeries for schools and daily necessities) for children attending schools in rural areas; the Meet a Future of Happiness Family Wealth Management Seminar educates customers to properly plan their children's education funds and pension funds; and a 2016 Investment Trend Seminar invited Professor Ma Kao, the chief editorial writer of Economic Daily News, to offer his perspective on the global trends and investment opportunities in 2016. A total of approximately 3,000 customers had participated in these activities, yielding an attendance rate of 90% and satisfaction rating of 97%.

Financial holding companies must be aware of future trends at all times, not only providing products and services suitable for digital platform customers, but also ensuring that their marketing concepts and practices evolve with time. In the future, CTBC will further integrate technologies and services to help customers improve their quality of life. Moreover, by designing various methods and systems, CTBC will attempt to listen to the voices of its customers and commit to developing a wide variety of innovative products that afford thoughtful services so as to return the favor for the support they have given to us. With the arrival of the digital banking era, we have frequently leveraged new technologies in differing business development since the initiation of the Bank 3.0 system, in order to satisfy customers' demands for convenient financial services. By being strong domestically, pursuing cross-sector opportunities, and focusing on innovation, open platforms, and entrepreneurial cooperation as our strategies, we will co-create a new digital phase through cross-sector and cross-border cooperation that centers on customer demands. Looking ahead toward the future, we will closely integrate service into the daily lives of our customers, adding the value of digital functions to corporate financing, with the expectation of finding a new market context for the society through cooperation with our customers. Constantly guiding industry upgrade and development amidst the advancement of financial instruments is the commitment of CTBC to ensuring customer, product, and service sustainability.

Sustainable People Development



As the global economy recovers, demands for talented people are increasing accordingly. However, in the world of today and tomorrow, population is aging, labor forces are declining, technologies are subverting industries, and new-generation concepts are changing dramatically. These dramatic changes have hindered countries and corporations from finding suitable talents. Thus, only a company that is able to attract, recruit, retain, and encourage the most outstanding talents is capable of occupying competitive advantages. CTBC has adopted an environment characterized by safety and equality, as well as a generous remuneration system as its basis for employee competency management and diverse welfare systems. Therefore, stable performance in terms of turnover, hiring and training has been achieved while productivity is the highest in Taiwan's financial industry.

Sustainable People Development Policy

Expanding Digital Financing and Overseas Recruitment Plans

Increasing the number of recruits to 5,000, securing the requirements for digital financial talents and overseas market expansion.

Safe and Equal Environment

The female-to-male ratio was 16:9, with female supervisors accounting for almost 60% of all supervisors.



Generous Remuneration System

The average pay increase was 3.52% in 2015, and the largest personal pay increase was 14.5%. (including salary adjustment in response to job promotion).

Employee Competency Management

A total of 11,919 training sessions and 174,380 man-sessions were organized in 2015. A total of NT\$61.81 million was spent on employee training.



The average pay increase at CTBC was 3.52% in 2015, and the largest personal pay increase was 14.5%. (including salary adjustment in response to job promotion). A total of 11,919 training sessions and 174,380 man-sessions were organized in 2015. A total of NT\$61.81 million was spent on employee training.

Employees often believe that their working environments and salaries concern them the most. Thus, dedicated to creating a workplace that emphasizes happiness, CTBC adopts employees' belief as the foundation of its human capital policy to realize employee care and make sure that every employee perceives happiness.

Safe, Equal Workplace

CTBC's employee care is founded on an emphasis on human rights and gender equality. In 2015, no incidents of discrimination, child labor, forced or compulsory labor or incidents infringing on employee interests occurred. At the same time, human rights provisions have been added to employee code of conduct. As of 2016, human rights topics have been incorporated into training for new employees. By promoting human rights issues, we endeavor to increase the awareness of our employees regarding human rights. To prevent forced labor and strengthen human rights protection, CTBC hires security guards from CTBC Security Co., Ltd. In 2016, CTBC Security will train its employees on human rights policies and prohibit conducts of intimidation, harassments, or discriminations in the workplace. Concerning workplace safety, CTBC perfects its hardware facilities and software measures and formulates related work ethics to build a healthy workplace where employees can work comfortably and at ease.

Human Rights and Gender Equality

CTBC is dedicated to emphasizing the importance of workplace diversification, respecting individual differences, providing a professional, dignified workplace, and explicitly mandating the prohibition of harassment, intimidation, or discrimination. Currently, the female-to-male ratio is 16: 9. Apart from subsidiary CTBC Bank's female manager ratio in branches that exceeds 60%, currently total female managers across the company are in the region of 60%, with 70% of model employees recognized annually being females, displaying that the company achieves full gender equality and non-discriminatory career advancement opportunities.

In order to provide employees a secure workplace environment, CTBC has in place menstruation leave, parental leave, paternity leave, family care leave and child care subsidy measures, ensuring the rights and interests of employees. In 2015, across all units 135 employees applied for parental leave without pay, with a return to work ratio of 72.6%; 1,003 employees

2014-2015 Unpaid Parental Leave

	Male	Female	Total
2015 Unpaid Parental Leave, Total Employees Potentially Returning to Work (A)	12	123	135
2015 Unpaid Parental Leave, Total Employees Actually Returning to Work (B)	9	89	98
2015 Rate of Employees Returning to Work (B/A)	75%	72.3%	72.6%
2014 Unpaid Parental Leave, Total Employees Actually Returning to Work (C)	5	92	97
2014 Total Number of Employees Returning to Work after Parental Leave and Completing One Year of Service in 2015 (D)	4	59	63
2015 Retention Rate (D/C)	80%	64.1%	64.9%

applied for child care subsidies with total subsidies granted of NT\$ 14,976,310. According to statistics, the crude birth rate at CTBC in 2015 was 47‰, compared to that for Taiwan of 9.1‰, showing that thanks to CTBC's welfare and support measures, its employees are able to discharge their responsibilities to their families.

Uninterrupted employer-employee communication channel

A harmonious and safe workplace is a key part of our mission to nurture LOHAS employees. CTBC regularly holds labor-management conferences with all employees voting for labor representatives in formal elections every year (for which neither gender can have less than one-third representation), with management also designating representatives. With regards to items covered by the Labor Standards Act, motions were first passed in the Labor-Management Conference and then announced to all employees after being incorporated into work rules. For employee welfare matters, a regular report is presented to the Labor-Management Conference. In 2015, a total of four labor-management conferences were held with 100% of labor representatives being permanent employees of the company. In 2015, there were a total of four labor disputes, all of which were amicably resolved.

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

Regulations for notice periods covering the above items:

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

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

CTBC regularly holds employee conferences and publishes Peoples Monthly to communicate with employees. Furthermore, CTBC conducts "Employee Satisfaction Survey" and "Organizational Climate Survey" at irregular intervals to actively identify employee needs. To improve the efficiency of employee communication, CTBC has especially established an Employee Complaint Center that investigates and handles complaints. Furthermore, employees could also express their opinions through the General Administration Department's internal website and independent director extension lines. In 2015, a total of 110 employee opinions were received via internal websites. Contents included salary and welfare, performance evaluation, internal communications, occupational safety, food quality, and software and hardware facilities. To respect every employee's valued opinion, CTBC has the responsible unit to make responses to each employee, ensuring that every case is resolved.

Workplace Safety and Health

With regards to workplace safety, in 2011 CTBC has formulated a Workers' Health and Safety Code to increase the safety of employee workplaces. In 2015, we implemented the regular testing of CO2 concentration and illumination in office environments to ensure conformance with the standards stipulated by the Ministry of Labor, and hosted 29 sessions of Onsite Doctors' Medical Examination Service, Healthy Workplace Talks, and Health Promotion Activities. Our Nangang building



received the "Quality Nursery Certification" and "Healthy Workplace Certification" from the government. In 2015, we arranged our fire prevention managers, occupational safety supervisors, first aiders, and other certified personnel to provide 518 man-sessions of new recruit training programs. Furthermore, CTBC's subcontractors are required to sign a safety and health agreement and undergo safety and health supervision and inspections. CTBC ensures that all employees enjoy their rights under the Labor Standards Act, human rights, taxation, and freedom of association rights. Our Labor Health and Safety Committee comprises 1 chairman (management representative), 3 labor health and safety personnel, 2 nursing personnel, and 7 worker representatives for a total of 13 persons. Worker representatives must comprise a minimum of one third. In 2015, a total of four meetings were held in accordance with Article 11 of the Management Guidelines for Occupational Safety and Health.

2015 disabling injuries related data

Year	2015			2014			2013			2012		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total Employees with Disabling Injury	2	10	12	0	6	6	4	10	14	1	7	8
Total Lost Work Days Due to Disabling Injury	14.5	193.5	208.0	0.0	248.5	248.5	78.5	430.0	508.5	2.0	81.5	83.5
Disabling Injury Frequency Rate (FR)	0.089	0.446	0.535	0.000	0.281	0.281	0.197	0.493	0.690	0.058	0.404	0.462
Disabling Injury Severity Rate (SR)	0.647	8.632	9.279	0.000	11.656	11.656	3.871	21.201	25.072	0.116	4.707	4.823
Rate of Absenteeism Due to Disabling Injury	1.035	13.811	14.846	0.000	18.649	18.649	6.193	33.922	40.115	0.185	7.532	7.717

Note 1: Total employees with disabling injuries: Number of labors who temporarily cannot return to work after sustaining occupational injury in the workplace.
 Note 2: Total lost work days due to disabling injury: Number of work days lost because labors cannot return to work temporarily after sustaining occupational injury in the workplace.
 Note 3: Total work hours (total employees × hours worked per day × number of working days in the year); Total working days (total employees × number of working days in the year)
 2015: Total work hours 22,417,408; Total working days, 2,802,176
 2014: Total work hours 21,320,376; Total working days, 2,665,047
 2013: Total work hours 20,281,664; Total working days, 2,535,208
 2012: Total work hours 17,312,920; Total working days, 2,164,115
 Note 4: Disabling Frequency Rate (FR) = total employees with disabling injuries × 1,000,000/total working hours
 Note 5: Disabling Severity Rate (SR) = Total lost work days due to disabling injury × 1,000,000/total working hours
 Note 6: Rate of absenteeism due to disabling injuries = Total lost work days due to disabling injury ÷ total working days × 200,000

2015 Absenteeism Data

Year	2015			2014			2013			2012		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Absenteeism Day	2178.0	7529.5	9707.5	2123.5	7201.5	9325.0	1624.00	7378.5	9002.5	2387.0	8695.5	11082.5
Absenteeism Rate	155.45	537.40	692.85	159.36	540.44	699.80	128.12	582.08	710.20	220.60	803.61	1024.21

Note 1: Total number of work days (total number of employees × number of work days in a year)
 Total number of work days in 2015: 2,802,176 days
 Total number of work days in 2014: 2,665,047 days
 Total number of work days in 2013: 2,535,208 days
 Total number of work days in 2012: 2,164,115 days
 Note 2: Number of days absent = Number of work days missed due to occupational injuries + menstruation leave + sick leave
 Note 3: Absenteeism rate = Number of days absent ÷ Total number of work days × 200,000

For employees suffering on-the-job injuries, the company gives occupational injury leave as required by law and in accordance with the actual situation. Employees are also assisted in submission of a labor insurance claim. Employees receive the maximum amount of assistance possible in the shortest possible time so that work-related injuries are kept to a minimum. In 2015, a total of 12 people applied for occupational injury leave with a total of 208 days lost. There were no workplace fatalities.

Generous Salary System

Salary is the most important employment condition for an employee. To provide job security and motivate employees to meet the company's business targets, CTBC has designed a system with competitive salaries and diversified profit sharing involving employee stock appreciation rights, employee stock option cash capital increases, and employee stock trust. CTBC Bank was also an entrant of the Taiwan High Compensation 100 Index in 2015. Salaries for new employees are always set higher than the statutory minimum wage in order to attract professional talent to join the company.

Salary Framework and Adjustment Mechanisms

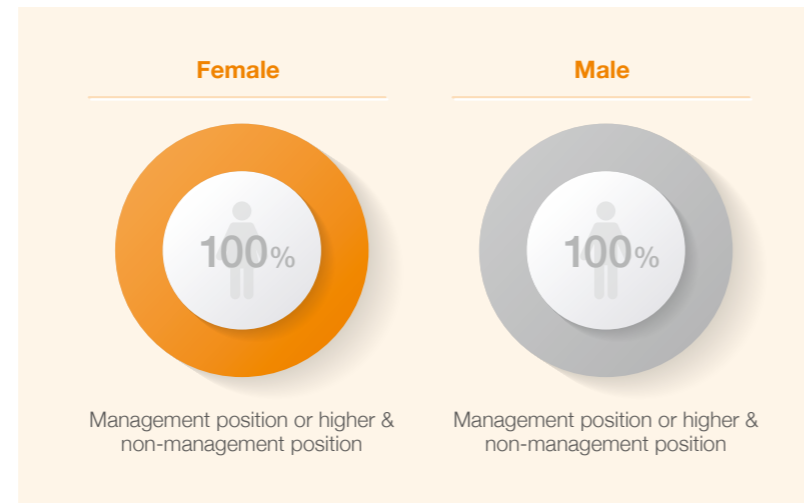
CTBC determines a salary based on objective factors such as an employee's past experience and ability, and the position to be offered. Its salary framework and adjustment mechanisms are described as follows:



Because performance directly influences employee salaries, CTBC has also established a set of performance evaluation system. All employees must set goals and undergo performance appraisals in accordance with the company's performance management system. Through this comprehensive system, the company's overall strategic goals are interlinked with employees' individual work outcomes. Moreover, various development opportunities are offered according to employees' performance, providing incentives and training opportunities to those that demonstrate outstanding performance and development potential. With this transparent job promotion mechanism, CTBC is able to solicit talented employees, confer them with greater job responsibilities, and offer them equivalent salaries to drive the overall development of the organization upward.

On average, employees of CTBC receive 14 months of salary, including 12 monthly pays and a 2-month pay bonus. An annual bonus is also paid based on the company's business results and the employee's personal performance. Regarding the gender pay ratio for CTBC Holding's operations in Taiwan in 2015, regardless of management or non-management position, the annual pay did not differ between male and female employees. The average pay increase at CTBC Bank was 3.52% and the largest personal pay increase was 14.5% (including salary adjustment in response to job promotion).

2015 Gender Pay Ratio for CTBC Holding's Operations in Taiwan



Profit Sharing Mechanism

Furthermore, to satisfy the need for life planning for the longer term, CTBC has designed long term bonuses including "employee stock appreciation rights plan." The company has also implemented an "employee stock trust" to inspire loyalty and motivate employees by letting employees share in the company's success. CTBC is also the first financial institution to launch an employee stock trust in order to encourage its employees to participate in the stock ownership trust by making regular fixed amount of investment. It is a way for employees to make simple investment and work with the company to accumulate wealth in a win-win situation. The total number of participants has exceeded 9,000, accumulating an asset worth of NT\$2.6 billion.

CTBC has been issuing more units of employee stock appreciation rights for three years. The number of units issued in 2014 increased by 30% compared to 2013, and the number in 2015 was approximately similar to that in 2014.

Encouraging Talent Management and Training

CTBC considers talent as the most precious asset and a key advantage to pursuit of excellence and sustainable management. To meet the development needs of employees in different stages of their careers, CTBC Holding implements a joint development mechanism for specialists and managers, and designs career development road maps for different positions. The company offers professional training, management training, international courses, overseas training, soft skill training, and financial qualifications, or provide opportunities of overseas visits, job rotation, and project assignments to facilitate long term career development for employees. Topics pertaining to human rights, antitrust, and anti-competitive behavior will be incorporated into e-learning courses in 2016.

In 2015, a total of 11,919 training sessions (including relocation, overseas, and OJT training) were organized, including 11,176 physical training sessions and 91,088 man-sessions. A total of 743 online training sessions and 83,292 man-sessions

were organized. Each employee received 35 hours of training on average. A total of NT\$61.81 million was spent on employee training, and NT\$4,761 per employee on average.

Employee Training Hours and Funding in 2015



Diversified Welfare Systems

To help its employees enjoy more stability and happiness in their lives, CTBC Holding establishes the Employee Welfare Committee to provide benefits and employee care services as well as a wide range of benefit options. On July 1, 2003, CTBC Holding was the first industry to provide a flexible welfare system which is point-based and issues points to employees every year. Employees will be able to decide for themselves the benefits and spending options in dining, clothing, accommodation, transportation, education, and entertainment. There are 13,709 non-management level employees, increasing by 1.8%

compared with last year. CTBC spent a total of NT\$20,741,717,000 on non-management level employee. The average employee welfare expense was NT\$1,513,000, increasing by 2.4% compared with last year.

CTBC Holding has designed "Core Welfare" based system. In addition to enrolling employees in the labor insurance and national health insurance as required by law, the system offers allowances for weddings, funerals, childbirth, medical care, and children education as well as birthday gifts, three festive bonuses, and emergency financial support. Furthermore, CTBC provides comprehensive group insurance, and offers preferred mortgage loans to its employees. The maximum amount will depend on the pay grade. Preferred mortgage rates offered by CTBC Holding on average are only half the interest rates offered by other banks.

Employee Health Program

CTBC actively renders various types of employee health promotion services, enabling employees to stay healthy both mentally and physically amidst their busy work schedules, while leading a healthy lifestyle. In addition to building a bright, comfortable, convenient happiness workplace at the Nangang Head Office in 2014, CTBC also ensures a comprehensive employee health care by providing its employees with half-day paid leaves and free annual physical examinations. To provide comprehensive care for employee health, CTBC stations in-house qualified nurses and doctors in the company and holds health seminars at irregular intervals to provide a comprehensive range of health information, such as first aids with cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED), fitness tests, and cancer screening. To create a breastfeeding friendly environment for female employees who have just given birth, CTBC Holding has installed breastfeeding facilities for female employees in CTBC Financial Park, Yongji, Hongtai, Chengde Buildings, and Taichung Kungyi Branch.

Employee Group Activities

Starting in August 2012, harmony seminars are held every month with the goal to create and spread small pockets of happiness in the everyday life. The seminars offer a rich variety of topics to share the secrets to one's own happiness with the employees. In addition, CTBC hosts a variety of leisure activities and supports employee participation in club activities. The company supported a total of 28 clubs in 2015. The range of activities included golf, English learning, music, flower arranging, aerobics, and X-biking. A total of 1078 sessions were organized and attended by 19,212 participants. A total of NT\$7,686,000 was spent on club funding in the year. In particular, there were large outdoor events, such as the CTBC Holding Golf Tournament, Banking Cup Basketball Tournament, Banking Cup Badminton Tournament, and the Banking Cup Ping Pong Tournament. The company's support and the group effort gave the employees more opportunities to embrace nature and experience different outdoor activities. Many employees find joy in a healthy lifestyle and ways of setting challenges and dreams for themselves.

Employee Reward Program

CTBC Holding utilizes a diversified reward system, which not only give excellent employees visibility, but also keep senior employees more loyal to their jobs. The Model Employee Competition is held every year since 2005, and winners will be publicly recognized. CTBC Holding has the Senior Employee Recognition Program, which rewards certificates and

recognition to employees who have been with the company for five years or more. Meanwhile, employees who have been with the company for five or ten years will be given a one-time five-day paid "golden holiday", and employees who have been with the company for 15 years, 20 years, 25 years, or 30 years will be given a "diamond holiday" allowance of 30,000, 35,000, 40,000, and 50,000.

Retirement System

Following the Labor Standards Act, CTBC allocates pension serves based on employees' wages every month, and deposits the funds into the Corporate Labor Pension Accounts of the Central Trust of China. According to the Labor Pension Act, the company contributes 6% of personal wage to the pension plan every month. The amount is submitted to the individual labor pension accounts established by the Bureau of Labor Insurance. Voluntary employee pension contributions will be deducted at the voluntary contribution rate from monthly salaries and deposited into individual labor pension accounts at the Bureau of Labor Insurance. As a gesture of appreciation to its retired employees, CTBC has respective departments organize retirement parties for retirees. The retirees will also receive retirement gifts from their supervisors on behalf of the company. CTBC Holding organizes reunion and learning activities for retired employees every year. The company follows up on its retired employees and encourage them to engage in lifelong learning.

Steadily Growing Employees

Because CTBC has established a comprehensive care mechanism for its sustainable people development, the number of employees and new recruits have increased steadily in the past two years. CTBC currently employs 21,532 permanent employees in Taiwan and 4,023 employees at overseas locations (incl. on assignment) for a total of 25,555 persons. The Company hires people with abilities in accordance with the standards stipulated under the Labor Standards Act. In 2015 CTBC's major business locations made hiring locally a priority, with Taiwan achieving a local hiring ratio of 99.9%, and overseas locations achieving a ratio of 91.2%. Employment data below mainly covers CTBC FHC and subsidiaries including CTBC Bank (including overseas branches, and service locations) CTBC Insurance Brokers, CTBC Securities, CTBC Venture Capital, CTBC Asset Management, CTBC Life Insurance (excluding Taiwan Life Insurance), CTBC Investments, and the Taiwan Lottery.

Employee Structure—Gender Breakdown

12/31/2015	Taiwan		Overseas Locations		
	Permanent	Temporary	Permanent (incl. overseas)	Contract-based	Temporary
Total employees according to gender ratio					
Male	4,376	187	372	3	23
Female	7,543	398	452	5	14
Total	11,919	585	824	8	37

Employee Structure — Differentiated by Fixed Salary/Commission System

12/31/2015	Taiwan		Overseas Locations		
	Permanent	Temporary	Permanent (incl. overseas)	Contract-based	Temporary
Total employees according to fixed salary/ commission system					
Fixed salary	10,187	585	824	8	37
Commission system	1,732	0	0	0	0
Total	11,919	585	824	8	37

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



Permanent Employee Structure—According to Gender, Age, and Differentiated Between Managers and non-management position

Employed as at 12/31/2015		Permanent Taiwanese Employees			Permanent employees at overseas locations (incl. on assignment)		
Gender	Age Range	Management position	non-management Position	Total	Management position	non-management Position	Total
Male	Over 50	216	335	551	37	19	56
	30 to 49	443	2,578	3,021	94	162	256
	Less than 30	2	802	804	0	61	61
	Total number of men	661	3,715	4,376	131	242	373
Female	Over 50	129	248	377	15	19	34
	30 to 49	668	5,004	5,672	85	211	296
	Less than 30	3	1,491	1,494	4	117	121
	Total number of female	800	6,743	7,543	104	347	451
Total		1,461	10,458	11,919	235	589	824

Note 1: Manager refers to an employee tasked with an overseeing management role; non-management position refers to non-management personnel.

New Hires (Fixed Salary)

12/31/2015 New hires (fixed salary)		Permanent Taiwanese Employees			Permanent employees at overseas locations (incl. on assignment)		
Gender	Age Range	Management Position	non-management Position	Total	Management Position	non-management Position	Total
Male	Over 50	4	13	17	3	3	6
	30 to 49	10	313	323	23	42	65
	Less than 30	0	343	343	0	31	31
	Total Number of Men	14	669	683	26	76	102
Female	Over 50	0	63	63	2	1	3
	30 to 49	12	349	361	18	44	62
	Less than 30	1	528	529	2	54	56
	Total number of female	13	940	953	22	99	121
Total		27	1,609	1,636	48	175	223

2015 New hire ratio (fixed salary) (Taiwan): 16.5%

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

Total Resignations (fixed salary)—by Gender and Age Group

12/31/2015 Retirees (Fixed Salary)		Permanent Taiwanese Employees			Permanent Employees at Overseas Locations (Incl. on Assignment)		
2015 Year-end (Fixed Salary) Total Employees		10,187			824		
2015 Turnover		15.0%			18.4%		
Gender	Age Range	Management Position	non-management Position	Total	Management Position	non-management Position	Total
Male	Over 50	16	37	53	2	2	4
	30 to 49	25	331	356	24	38	62
	Less than 30	0	171	171	0	19	19
	Total Number of Men	41	539	580	26	59	85
Female	Over 50	9	22	31	3	0	3
	30 to 49	27	581	608	13	44	57
	Less than 30	0	277	277	2	27	29
	Total Number of Female	36	880	916	18	71	89
Total		77	1,419	1,496	44	130	174

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

Talent Recruitment and Overseas Expansion

In 2015, CTBC Holding aims to expand the scope of its talent recruitment and attracts elites to join the company by designating managements to interact face-to-face with youngsters on school campuses. In response to the implementation of the innovative Bank 3.0 financial system and business expansion in Japan, CTBC places its recruitment focus on new generations and elites who are proficient in speaking Japanese and operating digital technologies and social networks. In addition, during campus recruitments, high-level managements and related management associates to interact with adolescent scholars and provide consultation services in person, give speeches on their personal career experiences, offer references for their careers, and provide an extensive analysis of future employment trends and talent requirements.

Talent is a company's asset that is necessary for supporting new business development, securing existing business profits, and expanding into overseas market. In addition to adjusting division of labor and human resource allocations across business unites, CTBC must perfect its measures for crucial human resource investments, strengthen its talent cultivation from the inside to improve employee competency, and reinforce its salary competitiveness from the outside to provide a basis for salary adjustment and attract and retain outstanding talents. In terms of employee care, CTBC will also aim to achieve legal compliance, emphasize the importance of human rights, and create a loving corporate culture in which employees can spread happiness to their families and customers, which in turn diffuses into the entire community and society, thereby fulfilling its corporate social responsibility.

Sustainable Environment



On December 12, 2015, Paris convened the 21st Conference of the Parties to the UNFCCC (COP21), setting the goal to keep a global temperature rise well below 2 degrees Celsius and drive efforts to limit the temperature increase even further to 1.5 degrees Celsius. This protocol will be effectuated in 2020; thus, in the next 5 years, governments worldwide must formulate regulations to implement the transparent mechanisms and technology transfers as stipulated in the protocol. Similarly, the Taiwanese government has also passed the Greenhouse Gas Reduction and Management Act, which serves to control the sources of emission to reduce greenhouse gas emissions. This signifies the arrival of a low-carbon era.



As a global corporate citizen, CTBC has promulgated environment and energy policies in May 2015 to prevent potential risks from operational activities and services, reduce environmental impact, and actively implement pollution prevention, energy saving and carbon reduction and environmental protection to realize our commitment to the environment and energy management system:

- Self-compliance to laws and regulations and extensive purchase of products with energy saving labels.
- Regular education and training and advocacy of environmental protection and energy management.
- Integration of relevant resources and implementation of environment and energy management programs.
- Continuous improvement of environment and energy and periodic review to achieve sustainable goals.
- Expansion of corporate influence and formation of green energy circle with surrounding businesses.

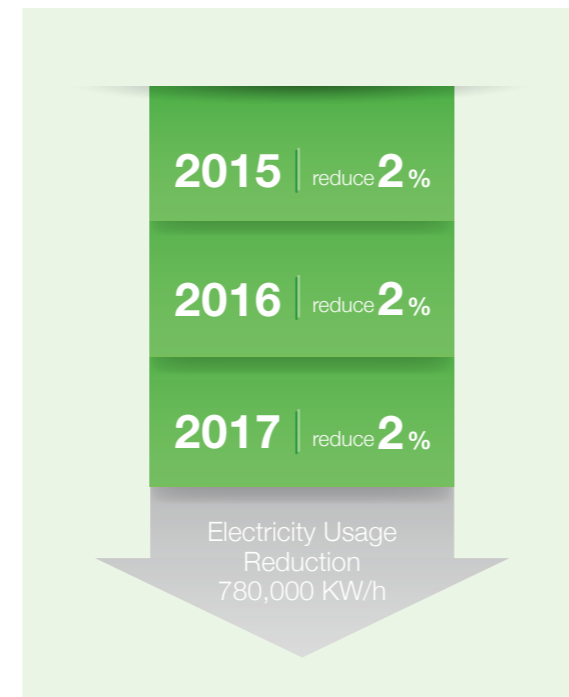
CTBC adopts long-term green purchasing and green consumption concepts in response to such a low-carbon trend, spreading the importance of energy efficient carbon reduction and sustainable environmental protection, while expecting to expand its green services and green purchasing activities on the basis of the concepts of energy efficient carbon reduction, resource management, and green buildings, to jointly protect the earth and become a green financial institution.

Before the Paris Agreement took place, CTBC Bank has already autonomously engaged in internal energy conservation and carbon reduction. In July 2012 CTBC, with the assistance of the Taiwan Green Productivity Foundation (TGPF), began to implement ISO 50001 Energy Management Systems, and in December of the same year was certified by SGS, the first financial institution in Taiwan to do so. In 2015, CTBC continues to integrate various resources and implement energy management initiatives with the aim of reducing total energy usage by 6%, electricity usage by 780,000 kW/h, reducing 407.16 tons of carbon dioxide (CO₂) emissions within 3 years. From 2012 to 2015, the company's energy conservation target was surpassed by a multiple of 2.02.

Energy Efficient Carbon Reduction Management

In accordance with ISO 50001 energy management regulations CTBC's General Administration Department (General Affairs) institutes awareness training with major energy suppliers by passing on key points of the company in energy management to contractors and ensuring that they sign attendance sheets as a record.

Aim of Reducing Energy Usage



Energy Management Plans in 2015

Reduction of power consumption of lighting in machine rooms in the Yongji Building

saving 276,455 kWh

Replacement of Songshan and Beixinzhuang branch water cooler main units

saving 84,707 kWh

Replacement of Songshan and Beixinzhuang branch lights

saving 62,530 kWh

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

Energy Management Performance

CTBC carries out energy conservation management for all elevators, lighting, air conditioning equipment, regulates timing of turn off of illuminated signage at all 149 branches and uses timing switches to control power usage. Our head office uses only LED lamps with stabilizers and our elevators use energy saving emergency power switching for power outs. Air conditioning equipment is regularly cleaned and maintained to ensure efficiency of air conditioning units. Air temperature is controlled at 26°C across all building floors, and central air conditioning is turned off at 7 pm. For air conditioning while working overtime prior application is required for building power to be supplied.

2015 Energy Management System Effectiveness, Total Electricity Consumed Compared with the Baseline Year Dropped 7.76%, Totaling 1,373,966 kWh.

	Annual Electricity Consumption (kWh)					
	Yongji Building	Yongji Generator Room	Shuanghe	Songshan	Beixinzhuang	Total
2014 (Baseline Year)	6,657,008	10,437,000	217,439	221,339	177,740	17,710,526
2015	5,439,347	10,420,800	207,728	162,407	106,278	16,336,560
Total Electricity Conserved	-1,217,661	-16,200	-9,711	-58,932	-71,462	-1,373,966
Differential %	-18.29%	-0.16%	-4.47%	-26.63%	-40.21%	-7.76%



2012-2015 Total Carbon Emissions (including CTBC Financial Park & All Regional Centers & Branches)

Type	Indirect Energy				Direct Energy							
	Power Consumption (kWh)				Gasoline (L)				Natural Gas (kWh)			
Year	2015	2014	2013	2012	2015	2014	2013	2012	2015	2014	2013	2012
CTBC Financial Park	30,483,200	30,483,200	-	-	269,374	-	-	-	26,196	-	-	-
Xinyi Building	4,813,600	8,653,200	10,990,800	10,644,000	-	238,806	212,468	174,778	-	20,253	34,745	27,057
Yongji Building(including generator room)	15,860,147	17,094,008	16,868,312	18,209,112	-	-	-	-	-	-	-	-
Other Branches	35,434,612	35,808,589	39,812,884	40,924,665	-	-	-	-	-	-	-	-
Subtotal	86,591,559	92,038,997	67,671,996	69,777,777	269,374	238,806	212,468	174,778	26,196	20,253	34,745	27,057
Carbon Emissions Conversion Factors (Bureau of Energy)	0.521	0.521	0.532	0.536	2.2631				2.31			
Carbon Emission Volume (CO ₂ e in metric tons)	45,114.20	47,952.32	36,001.50	37,400.89	609.62	540.44	480.84	395.54	60.51	46.78	80.26	62.50
Annual Increase/Decrease in Emissions Volume (CO ₂ e in tons) (subtotal)	-2,838.12	11,950.82	-1,399.39	413.51	69.18	59.61	85.30	15.97	13.73	-33.48	17.76	31.07
2015 Increase/Decrease in Emissions Volume (CO ₂ e in tons) (total)	-2,755.21											

Note 1: Since the Yongji Building and other premises are not equipped with kitchens, natural gas consumption is zero.

Note 2: Starting in 2015, official vehicles and natural gases are managed only by CTBC Financial Park; therefore, gasoline and natural gas consumptions are zero for other buildings and premises.

Note 3: Other premises* include regional centers and all of CTBC's 149 Taiwan branches.

Note 4: The learning and development center in Linkou is located in a commercial office building. However, since the building's management committee uses a ping cost-sharing basis, it is not possible to obtain data on kWh usage. Therefore, the cost per kWh is extrapolated based on kWh usage at the Cheng Lake Building, which is a comparable building.

Note 5: Since CTBC does not own any goods vehicles, and in 2015 emergency generators were only turned on for routine testing, diesel usage is not included in this data.

As of December 2015, our four model locations, the Yongji Building, the Shuanghe branch, Songshan branch, and Beixinzhuang branch achieved power savings of 1,373,966 kWh. This was a total reduction from the 2014 base year figure of 7.76%, equivalent to a reduction in carbon emissions of 715.836 tons-CO₂/year.

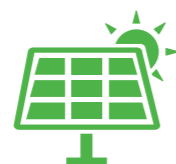
Furthermore, CTBC has also actively participated in external organizational activities focusing on energy conservation. For example, it has participated in the Business Smart Electricity Saving Subsidy and Incentive Plan promoted by the Department of Economic Development, Taipei City Government. From January 2015 to end of January 2016, 26 of our business locations have participated in this plan, reducing its total energy usage by 15.8%.

CTBC Financial Park Energy-saving Performance



reduce **1,561** tons

Being the first in Taiwan, CTBC office buildings have comprehensively installed the Chilled Beam System for air conditioning, which is expected to reduce 1,561 tons of carbon emissions every year.



699 square meters

Moreover, 699 square meters of solar panels have been installed on roofs of CTBC Financial Park.



253,727.8 kWh/h

In 2015, 253,727.8 kWh/h of power was produced, equivalent to a reduction of 132.192 metric tons of carbon emissions.

Greenhouse Gases Inventory Performance

To fulfill the social responsibility of enterprises in environmental protection, CTBC Bank was invited to become a signatory member of the Carbon Disclosure Program (CDP) in 2012, the first Taiwan financial organization to do so, and also the first to expand its greenhouse gas inventory to all branches across Taiwan. In July 2015, CTBC's Yongji Building generator room and Shuanghe branch both acquired ISO 14001 environmental management system and ISO 14064-1 greenhouse gas inventory certifications, thereby furthering its improvement measures for energy conservation.

Resource Management

Water Resource Management

CTBC's water comes 100% from the Taiwan Water Corporation, none of our water comes from groundwater or other sources. Office buildings and operational locations supply water for use of employees and some consumers with no overall impact on water sources. Wastewater is discharged via sewers to rivers and the sea. Our wastewater treatment meets Taiwan's Environmental Protection Agency (EPA) sewage treatment standards. In order to conserve water and ensure water quality CTBC has purchased and installed water conservation devices and uses opto-electronic sensors to control water volumes. Building water towers are regularly cleaned and tested for water quality. 2015 water consumption for CTBC Financial Park and the Yongji Building was 276,249 cubic meters.

2012-2015 Water Usage

2015	2014	2013	2012
276,249 m ³	132,161 m ³	122,165 m ³	116,184 m ³

Description of change:

1. From 2012 to 2014, the data included water usage by the Xinyi and Yongji Buildings; water consumption increased primarily due to an increase in the number of employees.

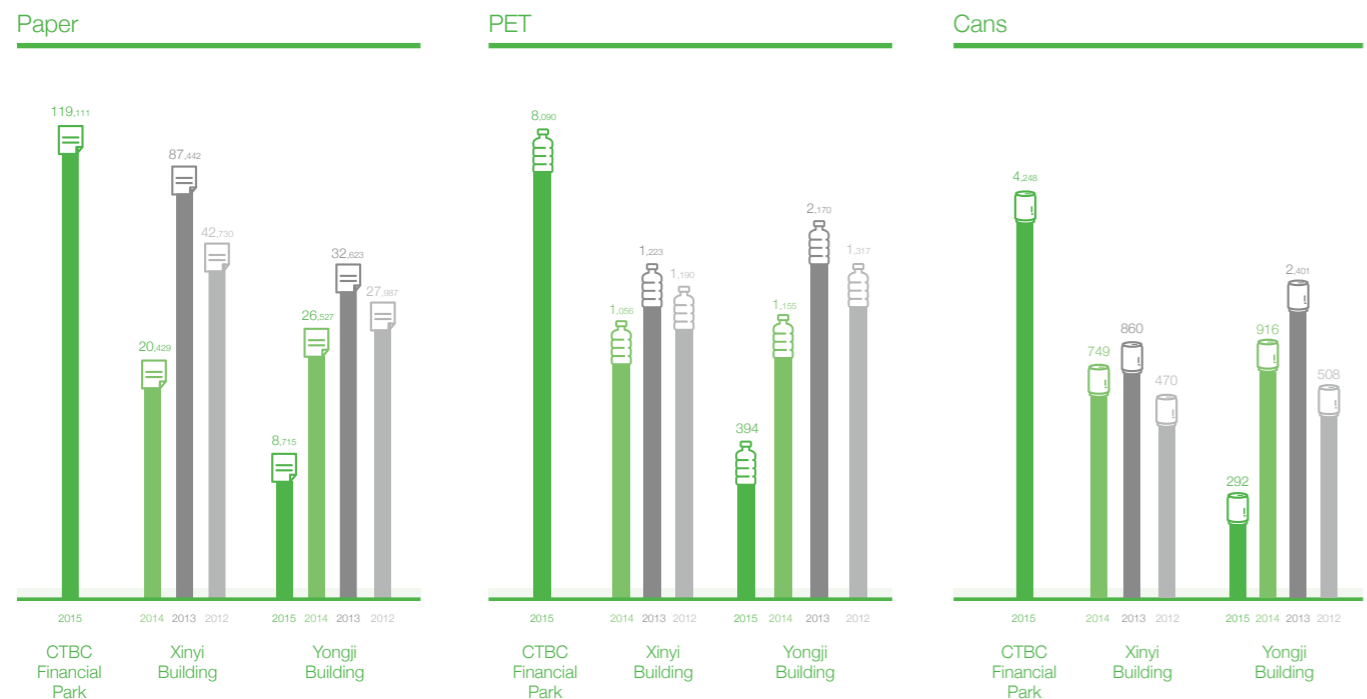
2. In 2015, the data included water usage by CTBC Financial Park and Yongji Buildings; water consumption was higher than that in 2014 primarily because of relocation to CTBC Financial Park and centralized management.

In CTBC Financial Park, a rainwater recycling system is installed for all of its water facilities, including water systems used indoors, fountains and sprinkler systems installed around the area, as well as waste water recycling and water conservation equipment. In response to extreme weather, a 2,625 ton rainwater catchment pool is in place in the head office basement to serve as a water collector during flooding periods.

Waste Reduction

With regards to waste reduction CTBC encourages employees to reuse paper, bring their own eating utensils, utilize electronic signatures, and conduct video conferencing. In addition, to realize the concept of recycling, recycled paper and environmentally friendly paper, as well as toilet paper are all FSC or PEFC certified. In 2015 total waste produced by CTBC Financial Park and the Yongji Building was 539,142 kgs, with total recycled paper at 127,826 kgs. In 2015, the total waste handling expenditure was NT\$1,689,678; and the 149 branches across Taiwan have all adopted proactive management in waste reduction. In 2015, CTBC Bank scrapped a total of 771 PCs.

2012-2015 Recycling Statistics



Note: The 2015 recycling figures for the Xinyi Building and the Yongji Building show a reduced volume compared to 2014; this is mainly because of movement of personnel to CTBC Financial Park.

Green and Open Space Allocation

The CTBC Financial Park is Taipei City's largest public open space within a private development project, with structures occupying only 51% of the total surface area, well below the legally stipulated 65% maximum, and 49% open space. In particular, the public space on the first floor and the adopted green land make up a total of 6,800 ping, making it the largest public open space in Taipei City. Since the opening of the Park, CTBC has successively held Christmas light activities and opened Taiwan's first outdoor ice rink, fully integrating cultural arts and green park lands, making them a milestone in Taipei City architecture.

Furthermore, CTBC will transform the public parking spaces neighboring the park into a 3,641 ping Sanchong World Trade Eco-Park, where different plantations will be distributed according to the four seasons and tropical and subtropical zones to manifest an epitome of Taiwan's forest. In addition, 131 fern species were planted in cooperation with the National Taiwan University, thus establishing Taiwan's first fern park, which serves as a representative of diversity among all urban parks.

In 2015 no coolant was replaced. In addition, CTBC was not penalized monetarily or otherwise for violating any environmental protection laws or regulations, and none of the land that our company owns, leases, or manages is protected land nor does it contain protected wildlife habitat. Therefore, the company has no any adverse impact on ecological protection.

Green Building

All of CTBC's concepts of environmental protection and energy conservation are well-organized and manifested in CTBC Financial Park. The 9,284 ping CTBC Financial Park constructed in January 2009 was integrated with environmental protection and energy conservation designs of a green building at the early stages of planning. It is currently the largest diamond level green building among all office buildings in the financial industry and has met the required standards in eight of Taiwan's building assessment indexes: Amount of greening, on-site water retention, daily energy saving, CO₂ reduction, waste reduction, indoor environment quality, use of water, and wastewater and refuse treatment. It is estimated to generate an annual net carbon fixation (the amount of CO₂ that plants can absorb) of 8,240 metric tons, making it a role model for energy efficient carbon reduction office buildings.



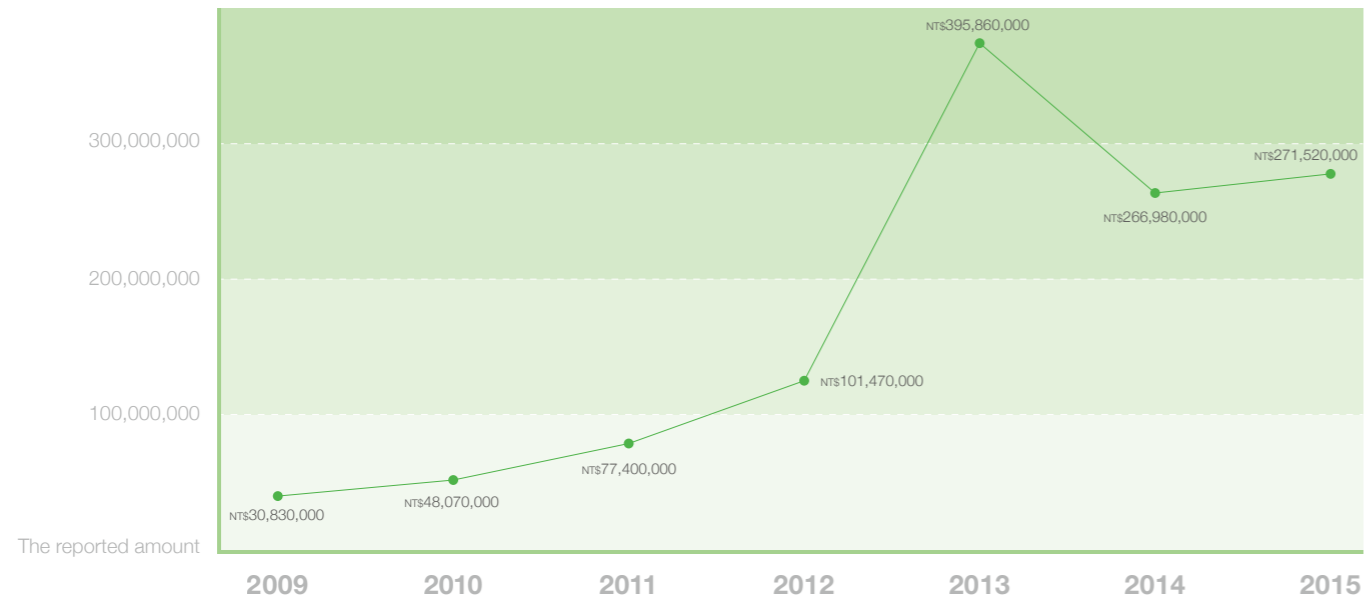
Having our CTBC Financial Park as a benchmark, in 2015 CTBC's subsidiary Taiwan Life has planned to develop the land in Huikuo Section of Taichung City with the intention of adopting planned designs for silver level green building to build an operational center for Taiwan Life. The construction is expected to be completed in 2017, and acquire EEWM Green Building Label in 2018.

Green Purchasing

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

Total green purchasing in 2015 was NT\$271,520,000, ranking first in the financial industry. In 2015, CTBC also received the "Outstanding Contribution to Green Purchasing by a Private Enterprise" award from the Department of Environmental Protection, Taipei City Government for seven consecutive years.

Our Achievements



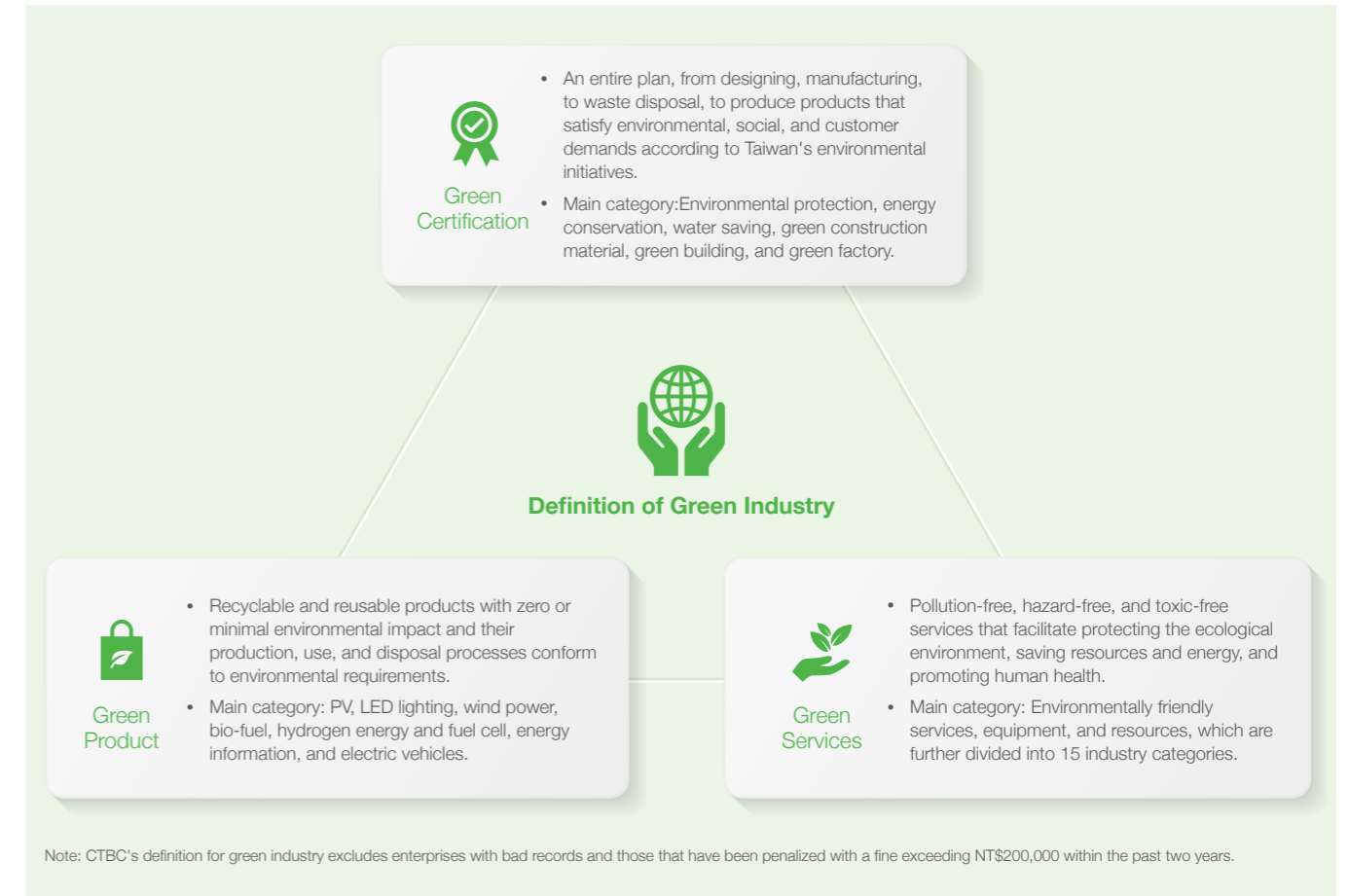
Green Finance and Green Services

CTBC regards environmental protection as its basic policy, mandating that potential environmental impacts must be considered in investment or financing decision makings. The potential returns, risks, and costs associated with environmental conditions are all integrated into the daily financial activities, and eco-protection and pollution management are stressed in financial management. Through investment in and loans to energy-saving industries, it promotes the sustainable development of the society. In addition, CTBC hopes to integrate green energy into personal wealth management activities as a manifestation of its effort in the promotion of environmental protection. Thus far, 17 green energy fund indices have been provided through investment insurance platforms, where customers can plan their investment portfolios according to their needs.

Green Finance and Credit Policies

In December 2012, the CTBC board of directors passed the CTBC Credit Risk Management Policy, outlining a strategy of support in extending credit to green energy/environmental protection industries. In 2015, to ensure that CTBC Bank implements CSR to realize the corporate culture and sustainable management of CTBC, CTBC enacted the Core Risk Management Strategy based on environmental, social, and corporate governance (ESG) dimensions, stipulating that credit risk management units shall support green energy/environmental protection credit business strategies and products with the premise that credit risks are controlled. When handling credit applications and management of enterprises involved in energy-consuming, resource-intensive, or highly polluting activities, labor disputes, corporate governance, or any violations necessitating them to make crucial announcements, reviewers shall exercise due diligence in preventing credit risks derived from impacts exerted by their operational activities.

Due to its focus on green finance, in 2015 CTBC further clarified the definition of green industry in accordance with the information provided by the Industrial Development Bureau and Bureau of Energy under the Ministry of Economic Affairs, as well as Chung-Hua Institution for Economic Research, classifying green industry into three categories: green product, green service, and green certification. Based on this definition, the number of our green industry clients increased from 416 to 498 in the past three years, reflecting a 19.7% increase. This highlights CTBC's emphasis on and support for green industries and its intention to facilitate the development of green industries by offering them a wide variety of products to satisfy their demand.



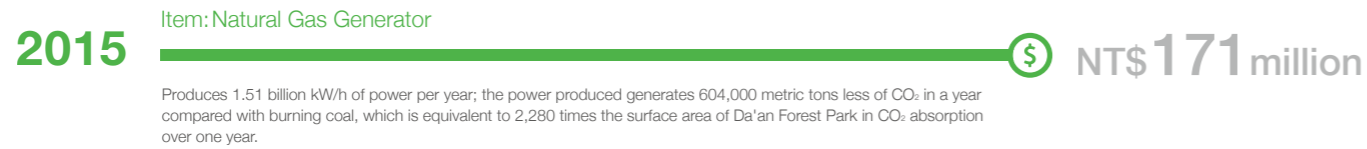
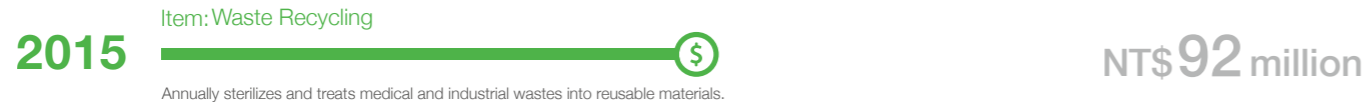
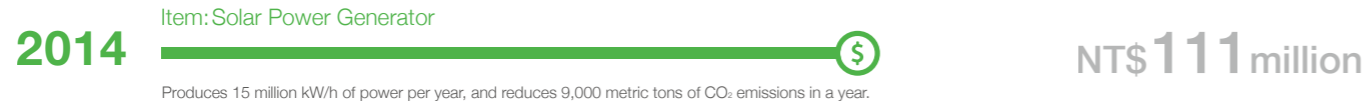
Green Energy Finance and Investment

In view of the issues of climate change that has received much attention and emphasis in recent years, CTBC hopes that the finance industry can embrace green energy. In addition to offering green energy fund products to customers, we have introduced an Innovative Green Energy Finance Project in 2013 to support enterprises involved in the green energy sector. The project offers preferential credit terms and loan services to assist them in the development of Taiwan green energy. In 2015, CTBC Bank processed loans to companies in the green energy/environmental protection industries, totaling NT\$ 1.7 billion. Furthermore, CTBC's subsidiary, Taiwan Life, has shown its support for energy conservation and environmental protection by investing in green industries such as solar energy, waste treatment, natural gas power generators.

CTBC also assists external organizations in the promotion of industrial greening. Since 2013, CTBC has participated in the discussion of loan schemes through the Million Rooftop PVs and the Low Carbon and Sustainable Homeland projects. In 2015, we attended the international seminar held by the Green Trade Project Office, during which talks about green finance were held, and worked with the Center of Excellence on Green Productivity under the Asian Productivity Organization (APO) in visiting Indonesia where we assisted in promoting green industry policies and enhance the green productivity of Asia.

Paperfree Green Service

For CTBC's operations, a paperfree environment is an important part of our green service commitment, and also a crucial concept for extending CTBC's resource management outward. In 2007, CTBC Bank led the industry in adding non-printout of transaction slips to ATM services. In 2015, the subsidiary Taiwan Life introduced a 24-hour online service for insurance enrollment, and at the end of January 2014, subsidiary CTBC Securities had raised its electronic transactions ratio from 39.8% to 47.8%, reducing the need for paper consignment orders.

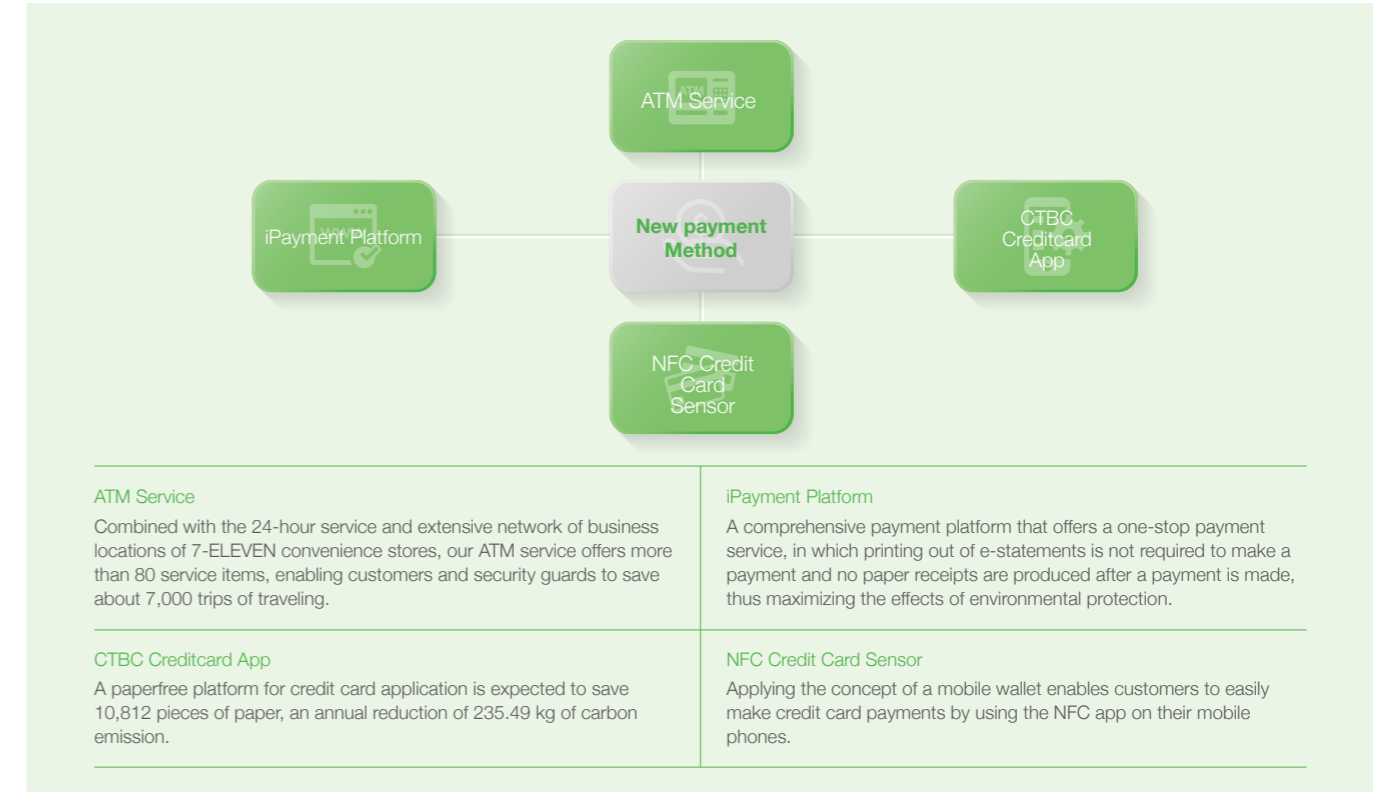


In 2015, we continued to encourage our customers to use Internet banking, mobile banking, and network ATM transactions. As of the end of December, the number of Internet banking customers was approximately 2.81 million, a growth of 13% compared with last year, effectively reducing the consumption of papers and energy. CTBC's credit card billing and deposit statements both adopted paperfree operations. The Multiple Message Advice System (MMAS), employee stock trust settlement slips and cash management Code fax services were all transmitted by EDM. As of the end of 2015, the number of customers receiving electronic credit card statements exceeded 1 million, indicating that over a year, 33.5 million sheets of paper can be saved, which represents a carbon reduction of 672 tons of environmental pollution.

Transaction	Number of Internet Banking Transactions as a Percentage of all Transactions		
	2014	2015	Growth Rate
Currency Exchange	67%	68%	1%
Fund	55%	58%	6%
Transfer	42%	54%	29%

New Payment Methods Create Green Consumption Modes

CTBC is dedicated to creating a digital financial environment where ATM, mobile, and online payment methods are available to satisfy customers' daily financial needs wherever and whenever, creating a green consumption model that facilitates energy efficient carbon reduction at the same time.



Providing Payment Services for the EPA's Recycling Foundation

To promote waste reduction and recycling, and in pursuit of sustainable resource use, CTBC has also actively cooperated with the government such as the Resource Recycling Management Trust Fund Foundation established by the Environmental Protection Administration (EPA). Since 2007, CTBC has been independently providing a resource recycling fee and subsidy service; this year marks the ninth year of the program. In 2015, we have taken in 51,861 items on behalf of the Foundation, receiving NT\$7.063 billion in funds.

Effectiveness of EPA's Recycling Fund

	Number of Items Accepted by Proxy	Monetary Amount Accepted by Proxy (NT\$)
2015	51,861	7.063 billion
2014	46,318	7.109 billion
2013	44,000	6.39 billion

As Jeffrey Koo Sr., founder of CTBC Holding, had said: "The value of a business is not only about its ability to profit, but more importantly how it contributes and the positive influences it brings to society."

In future, CTBC will continue to implement the commitment to Green Policy Green Future, prevent the environmental risks latent in operational and service activities, mitigate environmental impact, actualize pollution prevention, energy efficient carbon reduction, and environmental protection, and constantly promote a digital paperfree financial environment, as well as establish an energy management incentive system that praises units with outstanding energy-saving performance so as to achieve reducing total energy usage by 6% within 3 years according to the ISO 50001 energy management regulation.

With regards to low-carbon protocol, this trend will inevitably impact related industries, which in turn gradually increase loan costs. According to the International Energy Agency (IEA), all countries across the globe would need to make a total investment of US\$16.5 trillion by 2030 to achieve the goal of the Paris Agreement. Investing in the development of renewable energy and energy-saving technologies is anticipated to accelerate enhancing the market size and maturity of green industries. Therefore, CTBC will continue to monitor the dynamics of the green industry and provide innovative customized products, with the hope of leveraging the effects of its green brand and taking actions in supporting the goal of the low-carbon protocol to contribute toward ensuring a sustainable environment.

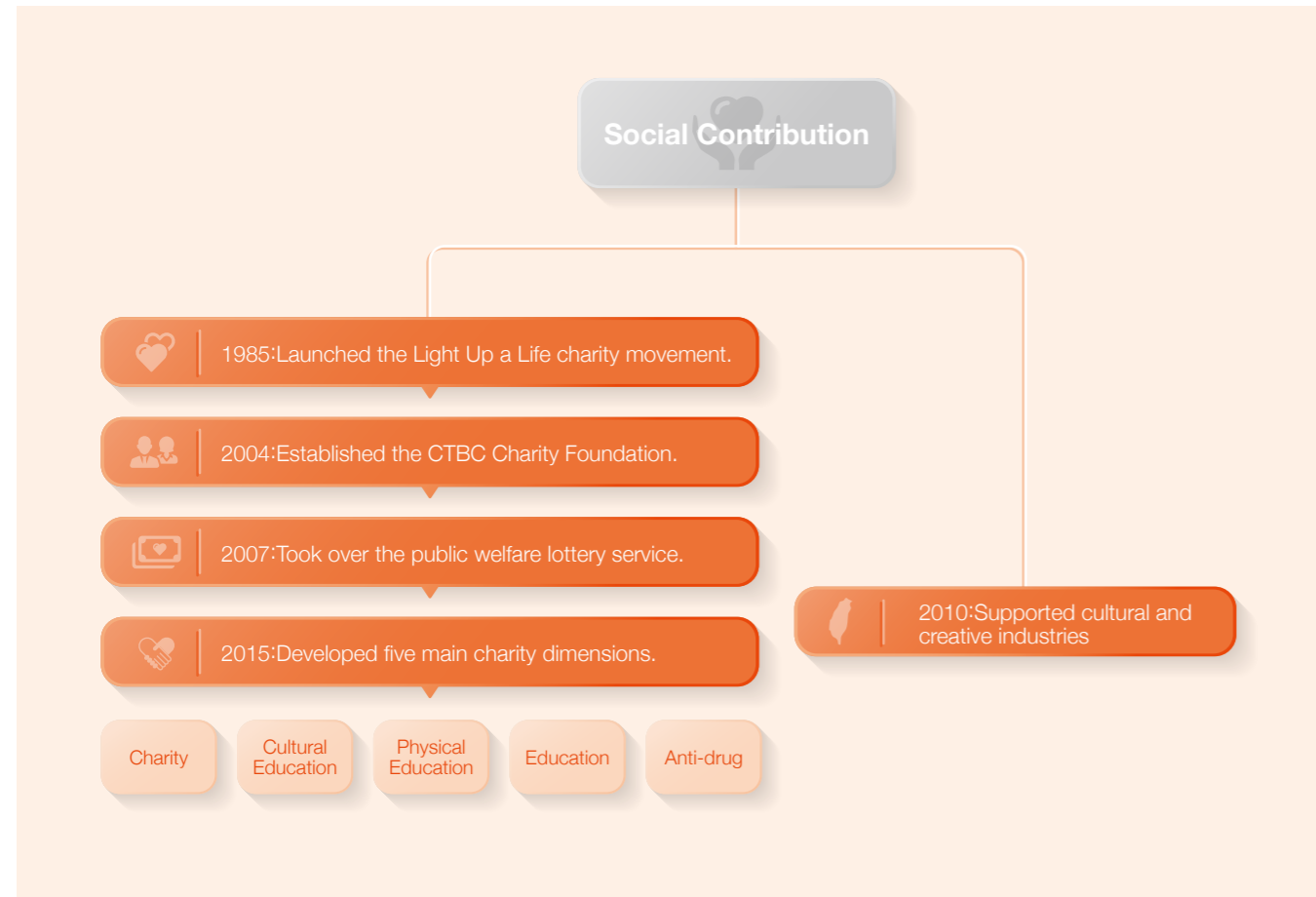
Social Involvement



Thirty years ago, CTBC ignited the first fire of life, setting a precedent for corporate charity donations. In 2004, CTBC established the CTBC Charity Foundation, introducing a volunteering culture, and vied for the opportunity to cooperate with Taiwan Lottery in 2007 in an effort to help disadvantaged groups. In 2011, it invested in cultural and creativity, supporting the development of cultural and creative industries. While continuously advancing forward, CTBC has also extended its involvement in numerous aspects.

Being one of the largest corporations in Taiwan, CTBC is constantly aware of such issues. From a focus on charitable care at the beginning, social involvement has extended its reach by using venture capitals to assist cultural and creative industries in maintaining sustainable product development and client relationship. By engaging in industry-academia cooperation and leveraging our business advantages, CTBC has established the CTBC Financial Management College to provide charitable schools for talent cultivation, thereby achieving the goals of sustainable development. Furthermore, committing to anti-drug education, cultural education promotion, and physical education, we advanced beyond providing sponsorships by personally participating in topic discussions and proposing effective strategies to transform our influence into strengths capable of overturning the society.



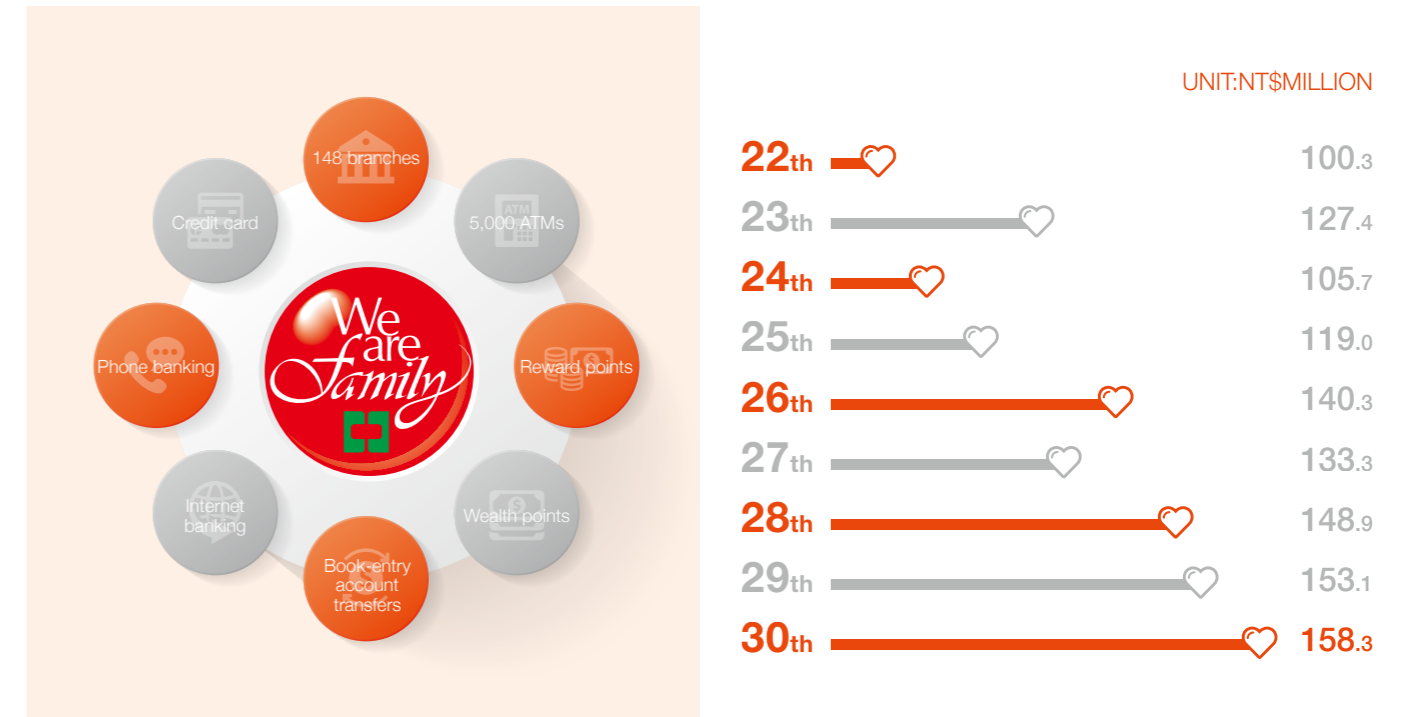


Social Care

CTBC embraces a loving culture, where we must care for our employees so that they could extend their happiness to our customers, which would in turn spread across Taiwan. This is the expectation that Jeffrey Koo Jr., the Chairman of CTBC Charity Foundation, has for CTBC and also the goal that CTBC has always endeavored to achieve. For more than 30 years, CTBC has unceasingly demonstrated its care to society. It has devoted substantial human resources and supplies, developed the five categories of charity events (charity, cultural education, physical education, education, and anti-drug), and launched projects one after another all for the purpose of creating "positive cycles" with the expectation of contributing to a better world through CTBC's efforts.

To care for the society, CTBC encourages collective involvement among its employees, with volunteering services being an integral part of CTBC's corporate culture. At CTBC, on average one employee in eight is a volunteer. For many years, they have helped disadvantaged children and families, providing planned, organized, and systematic support from various dimensions (e.g., helping with their homework, giving English instruction, or teaching classes on finance). Upper management also leads by example, leading employees to participate in social work so as to give back to society as a whole. Since the establishment of the CTBC Charity Foundation, as of the end of December 2015, CTBC has held 1,671 social events, recruiting 2,012 volunteers to serve 58,485 disadvantaged children.

Being the first company in the industry to implement a good deeds leave, CTBC permits its employees to take this leave as a means to encourage them to take part in volunteer activities. For every service block of six hours one day leave is granted with a maximum of ten days of paid service leave per employee annually, the highest in the industry. Since 2004 to the end of 2015, a total of 24,557 days of good deeds leave have been granted, representing NT\$49.114 million worth of additional paid leave.



Charitable Care

Charitable care is the starting point marking the beginning of CTBC's involvement in social charity, which was initiated 30 years ago when CTBC launched the Light Up a Life charity movement. Combining its advantages in financial service resources and network of connection, CTBC has held several charity events, such as the Light Up a Life, Loving Volunteer Service, Taiwan Lottery Fundraising, and Athlete Involvement.

However, CTBC realized that many aspects of Taiwan's society still have room for improvement; therefore, CTBC in 2011 introduced Taiwan's first CTBC Poverty Alleviation Program (CPAP), and has worked closely with NTU in establishing the first privately sponsored Children and Family Research Center, extending its belief and experience in educating disadvantaged children abroad. To date, CTBC has undertaken various projects in hopes of fulfilling its CSR and creating a better society. These projects include a subsidy system in which six baseball teams from remote schools are "adopted," a project in which companionship is provided to community children, and the Chinese Pilot Education Program.

• **Light Up a Life**

"Light Up a Life" is an event initiated by CTBC FHC founder Jeffrey Koo Sr. in 1985. As the first charity event held specifically for disadvantaged children in Taiwan, Light Up Life is also Taiwan's earliest and longest running campaign. The collected donations are given to social welfare groups for providing educational support to disadvantaged children and families. In the past three decades, this event has raised a total donation exceeding NT\$1.5 billion helping 336,044 people, and for nine consecutive years, it has raised over NT\$100 million in donation, enabling more disadvantaged children to pursue their dreams.

• **CTBC Poverty Alleviation Program**

Through its long-term contact with disadvantaged families, CTBC has discovered that to escape poverty, "independence" is the key strategy. Therefore, capitalizing on the micro-financing concepts of Nobel Peace Prize winner Dr. Muhammad Yunus' Grameen Bank, CTBC in 2011 introduced Taiwan's first CTBC Poverty Alleviation Program (CPAP), with CTBC Charity Foundation serving as the project coordinator responsible for resource integration. In 2013, CTBC introduced its PAP

Merchants brand to help promote CPAP products, thus re-creating a new charity support model for Taiwan. To this end, CTBC has supported 1,029 entrepreneurial cases, of which 105 succeeded in acquiring loans to start up their business. A total of NT\$44.71 million loans has been granted.

This project not only achieved the recognition of Dr. Yunus and Dr. Robert Sun-Quae Lai, Director General of the Small and Medium Enterprise Administration under the Ministry of Economic Affairs, but also won the Excellence Award under the 11th Charity Support Category at the Corporate Social Responsibility Award Ceremony held by Global Views Monthly for the CTBC Poverty Alleviation Program in 2015, as well as the Taiwan Corporate Sustainability Social Inclusion Award.

- **Rural Baseball Team Adoption Subsidy Project**

For six consecutive years, CTBC has cooperated with the Child Welfare League Foundation in promoting the Rural Children Care Service Program, which focuses on the education problem of children living in remote areas. The CTBC Charity Foundation discovered that many indigenous children in remote locations have great talent but lack stable funding resources so often fall through the cracks. Therefore, since 2014, CTBC Charity Foundation has initiated a subsidy system to "adopt" six baseball teams from remote schools. In addition to the schools included in 2014, six more schools, including Hualien Fu-Yuan Primary School, Taitung Feng-Tian Primary School, Pingtung Da-Ping Primary School, Taichung Da Ren Elementary School, Hsinchu Guansi Elementary School, and Yilan Sanxing Elementary School, were added in 2015 for a total of nine counties and cities and baseball teams from 12 remote schools. Through this subsidy project, disadvantaged athletes could receive adequate resources in professional training without affecting their school work and performance in living education. It is anticipated that a total of 25 baseball teams will be adopted by 2016, and the number is expected to increase to 32 by 2017.

Furthermore, CTBC Charity Foundation built Taiwan's first 7.54-acre baseball field, CTBC Charity Park, in Luoyang Village of Yanpu Township in Pingtung. The park was completed in 16 months, officially opening for operation at the end of 2015. CTBC national baseball games are held in this park. In the park, there are three A-grade standard outdoor baseball field, indoor training sites, and dormitories. The park not only serves as the spring training site for the Chinatrust Brothers and the training base for minor baseball leagues but also provides accommodations, training, and games for baseball players. Furthermore, CTBC Charity Foundation also holds training and workshops in the park to train volunteers who provide support to disadvantaged children and families.

- **Community Children Companionship Project**

In addition to children living in remote areas, some disadvantaged children are in need of assistance but are excluded from social welfare interventions because they do not satisfy the criteria for receiving such support (e.g., low-income household). Nevertheless, the sense of isolation these children feel may be a more severe but typically neglected problem. Therefore, since November 2015, CTBC has initiated the Community Children Companionship Project, which is aimed at helping more children to perceive the compassion of a family based on the belief that a community should provide support to its own children.

Chairman Jeffrey Koo Jr. of CTBC Charity Foundation indicated that, 夢 (meng; dream) is pronounced similarly to 望 (wang; hope) in Taiwanese. Thus, based on this, elements of "hope" are infused into this project. To seek disadvantaged children who are in need of help, CTBC has sought for a new method of finding them by cooperating with rural community development associations and implemented this project starting from rural communities. Among the 368 townships nationwide, there are 75 disadvantaged townships, where 919 community development associations are based. Through the implementation of this project, 16 communities were selected in Phase 1 to participate in the pilot test. Each community invested in local children's education and food; this is aimed at increasing the identification of the community with this project. Subsequently, community participants are recruited to care for and accompany local children so that these children know they have someone who will care for them and talk to them. This project resolved the problem concerning the lack of social welfare and professional human resources in rural areas.

- **Chinese Pilot Education Program**

Based on the belief that providing educational support to disadvantaged children may resolve their poverty problems, CTBC reached out across the Taiwan Strait in 2013 and worked with the China National Committee for the Wellbeing of the Youth ("CNCWY") and Foundation for the Next Generation ("FNG") in launching the "Chinese Pilot Education Program." In this program, 30 model schools have been established for disadvantaged, remote, and minority groups in provinces of China. An amount of RMB 500,000 is donated to each school to help impoverished and rural area children acquire fair educational resources.

As of the end of December 2015, this program has incorporated 23 schools across more than 10 regions in China with over 20,011 disadvantaged children benefiting from it. The CTBC Charity Foundation indicated that the model schools may serve as an indicator attracting local resource investments, thereby forming a positive feedback loop. Furthermore, CTBC has also implemented the Third Gardening Project for Training Principals and Teachers of the Beijing Institute of Education under the Pilot Education Program (hereafter referred to as the "Gardening Project") to provide teachers from remote schools with the opportunity to receive training. In addition, CTBC has held various visiting activities that broadened the perspectives of disadvantaged children living in rural areas.

- **Extending Our Care**

In addition to continuing engaging in long-term large-scale projects, CTBC and its subsidiary also support government policies for disadvantaged groups in providing charitable care and fulfill its CSR. Taiwan Life Insurance has designed a microinsurance scheme for disadvantaged children, allowing them to work toward their future under basic insurance protection. CTBC actively donates microinsurance schemes to the following associations: Children Are Us Foundation, Eden Social Welfare Foundation in Northern Taiwan, distributors of lottery series, and Tainan Children Foundation. We hope that promoting this scheme across Taiwan can enable more disadvantaged groups to benefit from it.

Our volunteers have also worked with the Liver Disease Prevention & Treatment Foundation to render free hepatitis and liver cancer screening service for the public in Erlun of Yunlin, Miaoli, and Hsinchu Cities.

In addition, the Formosa Fun Coast explosion in 2015 highlighted the hardship burnt victims, with most being youngsters, had to endure from treatment to rehabilitation process. In particular, a considerable amount of resources and professional care services were needed in response to the accident. CTBC donated NT\$20 million to the Sunshine Social Welfare Foundation, providing long-term assistance to the injured victims. In addition, all of its subsidiaries were mobilized in offering suitable job positions to provide full employment support to the victims. Concurrently, the CTBC Financial Management College has also offered education security (e.g., scholarships and school allowances) to student victims.





Anti-Drug Education

When leading volunteers in charity events, Jeffrey Koo Jr. realized the severity of drug abuse and that has indirectly caused familial, education, societal, and safety problems, which negatively influenced not only children's normal development but also the country's competitiveness. The cause of a problem must be rooted to ensure the healthy development of a child. To keep children away from drugs and create a drug-free world for children, the CTBC has decided to invest in anti-drug education by establishing a CTBC Anti-Drug Education Foundation in 2015 to advance anti-drug education in Taiwan to a whole new level.

- **Establishment of the CTBC Anti-Drug Education Foundation**

CTBC acknowledges the need for professional human resources and materials in promoting anti-drug education; therefore, in addition to the Charity Foundation, an Anti-Drug Education Foundation was also established and chaired by Jeffrey Koo Jr., becoming the first corporate-sponsored foundation specializing in anti-drug education. In addition, CTBC will integrate the resources of CTBC groups, devoting human and material resources in calling for participants to partake in anti-drug education promotion. CTBC expects that in the future, people can directly associate CTBC with anti-drug education, hoping to attract attention to the hazard of drugs and resolve the problem, thereby realizing the goal of transforming Taiwan into a drug-free environment.

- **Increasing Drug Awareness: Establishing an Anti-Drug Education Tailored to the Society of Taiwan**

Perceiving the anxiety that frontline educators have for drug entry into school grounds, CTBC has integrated the resources of the academic, domestic institutions, and professional foreign groups to gain insights into the abuse of drugs in schools. We hope to increase their drug awareness, encourage them to fight against drugs, and motivate them to quit using drugs, thereby constructing an anti-drug education system suitable for the people of Taiwan and laying a foundation for developing anti-drug awareness through a bottoms-down approach. CTBC anti-drug education process:

- 2012: Supported NTU Children and Family Research Center in conducting academic research to find drug prevention strategies
- 2013: Invited the core members of the DEA Educational Foundation for the first time to attend a seminar in Taiwan and share their views on drug prevention
- April 2015: Visited the headquarters of the DEA in the United States, the House of Opium (Museum) in Thailand, and the Mae Fah Luang Garden, with the hopes of gaining insight into foreign experience in anti-drug activities to develop an anti-drug education system suitable for Taiwan.

- October 2015: Examined the exhibition framework of the DEA Museum and planned the anti-drug education tour exhibition, A Loving Family in a Drug-Free Future so as to grant the public with the opportunity to experience the damages resulting from use of drugs.

Light Up a Life CTBC Innovative Charity Platform



- **Fighting Against Drug Hand in Hand: Transnational Cooperation in Anti-Drug Education Promotion**

Anti-drug tasks are challenging and complex. Therefore, while establishing the Anti-Drug Education Foundation, CTBC has signed a Memorandum of Understanding (MOU) with the Investigation Bureau under the Ministry of Justice as well as the US DEA Educational Foundation to jointly create a resource platform for anti-drug education. In the MOU, DEA Educational Foundation and the Investigation Bureau are committed to gratuitously provide educational resources for anti-drug prevention, assisting in obtaining up-to-date knowledge of other countries about anti-drug education, and apply the latest technologies to plan anti-drug education exhibitions so that anti-drug awareness can be deeply ingrained into the minds of adolescent scholars.

CTBC Anti-Drug Education Foundation initiated an anti-drug education project in October 2015, holding its first anti-drug education exhibition in Hsinchu City, and then extended its exhibition content and scale in 2016, traveling six major cities of Taiwan within 3 years. Each exhibition lasted at least 2 weeks, with more than 50,000 adolescent students expected to acquire anti-drug related information through these exhibitions.

Charity Education

CTBC has always been paying attention to the education systems of remote schools, hoping to give disadvantaged children the chance to change their life through education. In 2015, Taiwan Lottery sponsored the establishment of the CTBC Financial Management College, which advocates "making the public good our priority, and helping both people in need and those with outstanding abilities." This establishment was aimed to build a new corporate education paradigm. CTBC Financial Management College was formerly known as Hsing Kuo University. To cultivate future financial specialists,

CTBC is committed to making donations for building schools, with NT\$300 million in five years. CTBC Financial Management College aims to foster international financial specialists. With CTBC's industry-academic cooperation as well as financial holding CEO talks and lectures by teachers from Ivy League Analytical English, the College offers outstanding students the chance to study abroad and partake in summer school internship programs. These offers have elicited a wave of discussion in college fairs, attracting students with outstanding performance to the College. In addition to the Elite Program, a Hope Scholarship program is also available to help disadvantaged students with diligent performance achieve their study goals.

Advertising itself as cooperating with CTBC and helping students acquire employment immediately upon graduation, CTBC Financial Management College has actively transformed into a refined college that cultivates students into both a master and specialist in international financial management. The College is CTBC's "project hope" for talent cultivation. In 2015, the CTBC Financial Management College initiated its first recruitment process, with over 400 people applying for enrollment, and 150 were accepted. Of the 150 enrollees, more than half of them satisfied the standard for acceptance into national universities. Noticeably, 29 of the accepted enrollees were disadvantaged students. This process highlights how CTBC adopts "helping both people in need and those with outstanding abilities, and making the public good our priority" its principle in the admission process.

Cultural Arts Promotion and Sponsorship

Twenty years ago, when corporate sponsorship has not yet been popularized, CTBC has already exerted its utmost effort in fostering cultural arts. In 1996, as the starting point of a cultural dream, the CTBC Cultural Foundation was established by the CTBC Bank, providing a "New Stage" for arts performance and thus creating the best model example of corporate and cultural arts integration. In 2015, CTBC achieved the Annual Sponsorship Award of the 12th Arts & Business Awards from the Ministry of Culture. This is the 11th time that CTBC has won this award.

In the past, the Foundation has focused on the management of its New Stage. Now, it plans to create more tangible and intangible "new" stages with the hope of enriching people's knowledge of art through the beauty of cultural arts. CTBC Cultural Foundation wishes to diversify its training programs and share their educational experiences so that cultural arts can imperceptibly become an integral part of people's daily lives, thereby further diffusing the benefits of cultural and creative arts to achieve the mission (educating through art and creating art through culture) of the CTBC Cultural Foundation. In addition to continuously supporting various arts performance, the Foundation has also invited Pai Hsien-Yung to share his experience in person with the public, as well as fostered independent music, school creation, and arts education, with the hope of creating a culturally diverse environment where CTBC's social responsibilities in culture, arts, and social welfares can be fulfilled.

- **Supporting the Birth of the New Art Stage Day in Taiwan**

CTBC wants to sustain and increase the visibility of its New Stage brand, disseminating the core value of cultural arts across Taiwan. In 2015, we held the first New Art Stage Day in Kaohsiung, during which one and a half months of arts shows incorporating music, drama, and dancing were performed. Both internationally acclaimed and domestic performance groups were invited to perform and cultivate the cultural literacy of people in Southern Taiwan.

- **Promoting the Love & Arts Social Event**

CTBC wishes to promote social cultural and arts events to disseminate elements of cultural arts in rural areas. CTBC Cultural Foundation holds charity shows on New Art Stage Day and also combines the resources of Taiwan Lottery and charity groups to foster the artistic skills of children living in rural communities and spread the positive influences of arts across every corner in Taiwan.

For the past three years, CTBC Charity Foundation has sponsored Paper Windmill Theatre group to perform in schools in

rural areas for a total of 29 shows. In 2015, CTBC had once again joined the Paper Windmill Theatre group in providing 10 performance shows in rural elementary schools across Taiwan. Thus, rural children are given the chance to attend large-scale performances and immerse themselves in a magical world. This year (2016), CTBC issued a CTBC Paper Windmill Credit Card; for every purchase made with this card, CTBC Bank will donate a maximum of 0.8% of the transaction made to the Paper Windmill Arts and Educational Foundation, thus contributing to cultural arts education.

- **Educating Through Art: Laying a Foundation for Cultural Arts Education**

"Arts Instruction" starts on campus! CTBC Cultural Foundation has held new art stage college programs, talks by international experts, general education courses on art, and performance workshops to share the principles of arts creation and sponsor representative arts competition, hoping to open a window to a world of art that would stimulate students' creativities.

- **Promoting Aesthetic Education Identity Card**

To promote the aesthetic education for disadvantaged children, CTBC cooperated with Xue Xue Foundation in introducing a CTBC Xue Xue Identity Card, designed by the well-known designer Aaron Nieh. Purchases made on the card will be donated for a good cause to jointly promote diverse cultural and creative aesthetic courses.

Athletic Sponsorships

In terms of physical education, CTBC continues to sponsor CTBC Brothers in 2015 as show of support for the sustainable development of Taiwan's baseball industry to promote baseball sports introduce the CTBC Brothers credit card, and let it become a sport for all. CTBC Brothers holds the principle of making the public good its priority by combining the charity resources of corporations and social welfare institutions to increase people's awareness of the charity brand of Taiwan's baseball industry. In addition, because the development of baseball in Taiwan is inferior to that in Japan and South Korea, CTBC provided its support for baseball downward by sponsoring the CTBC Cup Black Leopard National High School Baseball Game in 2015. In this game, CTBC's team demonstrated a record-high achievement. Otherwise, CTBC has been working in a "Golf Talent Training Program" since 2011 to provide long-term financial support to outstanding golfers.

- **CTBC Cup Black Leopard National High School Baseball Game**

In 2015, CTBC is devoted to fostering basic level baseball sports by sponsoring the Third CTBC Cup Black Leopard National High School Baseball Game, which is widely known as Taiwan's Koshien Stadium. The number of teams registered for the game broke record high, increasing considerably to 162 teams, a growth of 18% compared with last year. The special rules of the game (e.g., no level distinction and single elimination) have attracted numerous prestigious junior high schools in Taiwan, such as the Taipei Municipal Jianguo High School, Affiliated Senior High School of National Taiwan Normal University, and



National Taichung First Senior High School, in addition to Matsu Senior High School and National Kinmen Senior Vocational School both schools traveling across the sea, to participate in the game to pursue their dreams for baseball.

The significance behind CTBC's full support in the Third CTBC Cup Black Leopard National High School Baseball Game is to support Taiwan's baseball sport through using CTBC's resources and baseball experiences and activating a positive cycle of experience sharing. Thus, CTBC's Chinatrust Brothers can share their professionalism and experience to participating teams, which in turn enhances Taiwan's overall baseball standard and facilitates cultivating new baseball players, thus laying a solid foundation for improving Taiwan's baseball sports.

In addition, double the amount of baseballs left from each Third CTBC Cup Black Leopard National High School Baseball Game is donated to 12 baseball teams from rural schools adopted in the Rural Baseball Team Adoption Subsidy Project. This is aimed at encouraging disadvantaged children to persist in achieving their baseball dream.

- **Supporting Golf Players and Golf Games**

CTBC involvement in the sport of golf is not limited to sponsorship of individual athletes such as Teresa Lu and US-based Chien Soon Lu, as well as rising talents such as Yeh Hsin-Ning, Lin Tzu-Chi, Hsu Wei-Ling, and Hsieh Yu-Ling; we are also actively involved in tournament sponsorship. The 2015 CTBC Ladies Open continued the CLPGA and TLPGA held last year and contributed to its world ranking. The tournament drew 108 world-class golfers and ensured that Taiwan holds a prominent position in the golf world.

- **Assisting Golfers in Holding Charity Competitions**

Each year, CTBC Ladies Open is integrated with charity events, and such love for the society has also influenced the golfers. After Teresa Lu joined the CTBC in 2014, a Teresa Charity Game was held in 2015, and the scale of the charity game was further increased in 2016 by working with CTBC in holding the 2016 CTBC Teresa Charity Game, during which numerous golfers and baseball players had assisted in raising funds. As a result, a total of NT\$13.56 million was raised and donated to the 31st Light Up a Life charity program. This is the first charity event held through joint cooperation between a corporation and professional golfers.

- **Supporting Cultural and Creative Industries**

After the Executive Yuan passed the Creative Taiwan – Cultural and Creative Industry Development Project in 2009, CTBC was the first financial holding to make a response and invest in cultural and creative industries. It has accumulated over 5 years of experience in adopting investment, sponsorship, and other channels to create a unique cultural innovation and financial development path.

In recent years, the development of cultural and creative industries has gradually formed. Because of their unique business model and product characteristics, the cultural and creative industries have been classified as a high-risk industry, which further impeded their acquisition of funding.

To support the government's cultural and creative industry policy, CTBC's subsidiary, CTBC Venture Capital has facilitated the development of cultural and creative industries in Taiwan since 2010. Subsequently, it participated in Ministry of Culture's "Enhanced Management Program for Culture and Creativity Industry" in 2011 and has accumulated a total investment fund of more than NT\$800 million through government funding and self-invested funds. Concurrently, over NT\$400 million has been made with government funding, while the amount of funds is over NT\$1,200 million. With the support of CTBC's financial business service, CTBC hopes to introduce Taiwan's cultural and creative industry to international communities.

- **Helping Cultural and Creative Industry Operators in Acquiring Funds**

Having to fulfill its CSR, CTBC helps cultural and creative industry operators obtain funds to commercialize, internationalize, and systematize their cultural and creative products and services. The growth of cultural and creative industries is slow, with continual funding needed for generating creative ideas to implementing them in the market. CTBC Venture Capital invests in the cultural and creative industries in Taiwan, further helping potential cultural and creative industry operators in entering the capital market and becoming listed. This way, they could access an abundance of funding resources in the capital market to expand their businesses. Companies in the cultural and creative industry include Elite Spectrum, HIM International Music, Pili International Multimedia Co., Ltd., and CNEX Co. Ltd. In a declining recorded music market, CTBC's subsidiary Taiwan Life Insurance and CTBC Venture Capital have invested in HIM International Music to strengthen its shareholder structure. Furthermore, with CTBC credit cards sponsoring the concert tickets to the performance of HIM celebrities, this improved HIM's markets in Taiwan and overseas, making HIM a listed company in December 2013, Taiwan's first listed company in the cultural and creative industry. Elite Spectrum and Pili International Multimedia are both also top-notch listed companies in Taiwan.

To help cultural and creative industry operators realize their ideals, CTBC has particularly designated business divisions and audit units to quickly ascertain the characteristics of cultural and creative industries, efficiently evaluate the investment and sponsorships of cultural and creative industries, while supporting government policies in providing subsidies to cultural and creative customers and rendering services that help them lower interest rates and expenses.

- **Investing in Film and Performance Art Works**

CTBC not only fosters excellent cultural and creative companies, but also support cultural and creative performance groups and their film works. To date, CTBC Venture Capital has supported the development of All U People Theatre and invested in a variety of films such as "The Killer Who Never Kills", "Black & White Episode I: The Dawn of Assault", and "Step Back to Glory". Moreover, in 2015 CTBC cooperated with Pili International Multimedia in filming the first ever 3D puppet film "The Arti: the Adventure Begins" and sponsored the filming of Dream Ocean.

- **Winner of Financial Supervisory Commission Award of Excellence**

CTBC has worked with FSC in implementing the Financial Industry Supporting Creative Industry Project, providing long-term support to cultural and creative industries. In 2015, CTBC achieved first place in the Financial institutions that demonstrate excellence in investing in or sponsoring of the creative industries, the first financial holding in Taiwan to have been ranked No. 1 and is also the only winner among all financial holding institutions. According to FSC's evaluation, in 2014 CTBC has invested NT\$190 million in cultural and creative industries, which accounted for 46% of the total investments made by all financial holdings in Taiwan, making CTBC the No. 1 financial institution showing the best investment performance. In 2014, CTBC funded NT\$217 million to the development of cultural and creative industries, which is equivalent to 32% of the funds provided by all financial holdings in Taiwan, ranking first place in the financial holding group.



- **The Best Fund Manager Project Invested Jointly with the Ministry of Culture**

Ministry of Culture's "Enhanced Management Program for Culture and Creativity Industry" advocates encouraging private investments in supporting cultural and creative industry development. The Phase 1 of the Best Fund Manager Project was launched in 2011, with CTBC Venture Capital leading first place in the venture industry and the only financial holding entry of the Project. Furthermore, because of its outstanding performance in Phase 1, CTBC Venture Capital motivated other financial holdings to join the project, expanding the effects of the financial holding industry on the cultural and creative industries in Phase 2. Among the fund managers of the Ministry of Culture's "Enhanced Management Program for Culture and Creativity Industry," CTBC achieved first place effectiveness for many years.

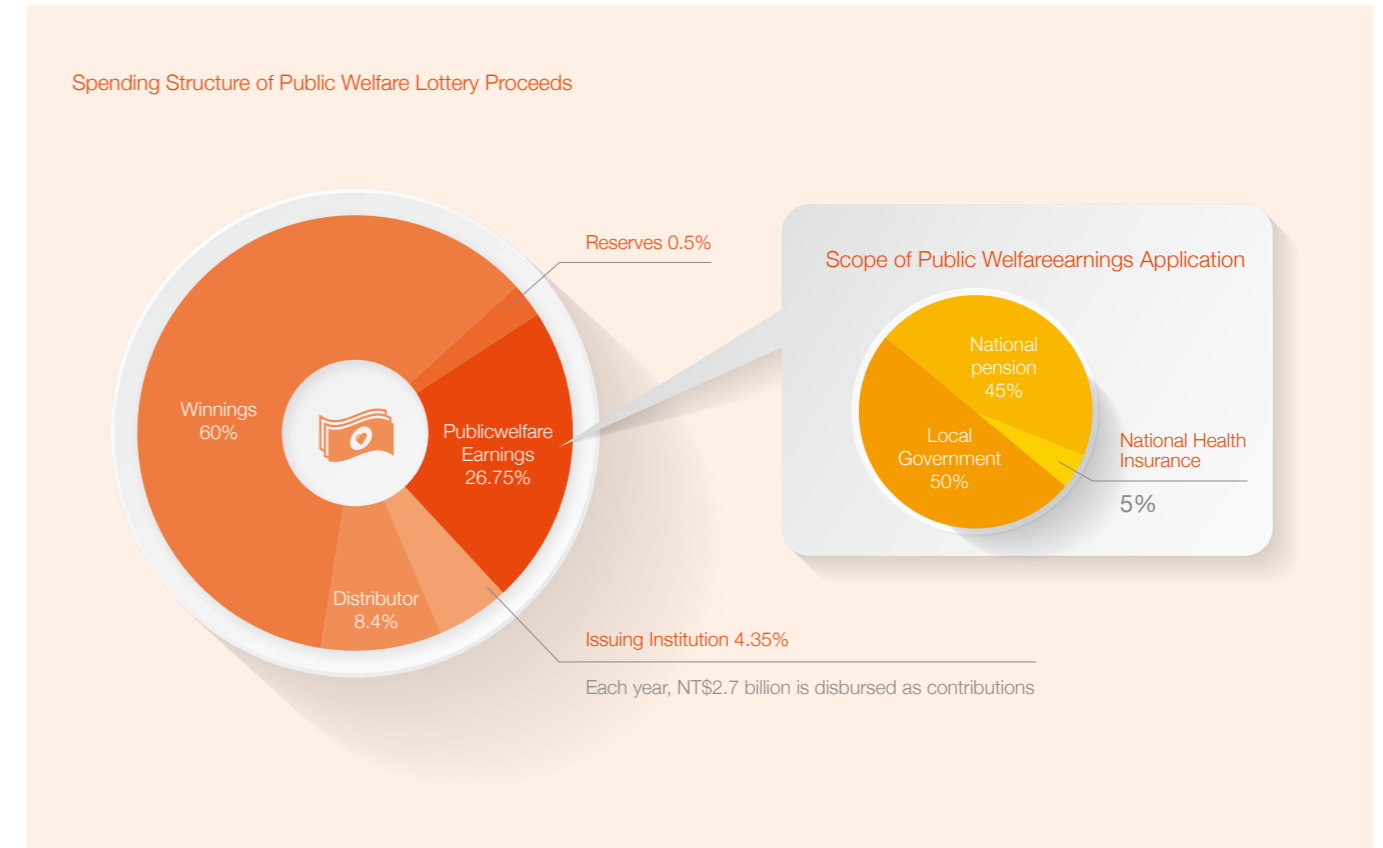
Public Welfare Lottery

As a subsidiary of CTBC Holdings, Taiwan Lottery was commissioned by CTBC Bank to issue the third and fourth public welfare lotteries, which are lotteries issued for a good cause. The legislative purpose of these public welfare lotteries can be divided into two categories: The first is to enhance social welfare and the second is to increase the job opportunities for disadvantaged groups; therefore, public welfare lotteries are one of the government's main financial sources for public welfare. "Returning to society whatever is taken from society" is the crucial CSR topic to which CTBC adheres. Taiwan Lottery and CTBC Bank jointly participated in the issuing of public welfare lotteries, which not only facilitated recognizing the benefits of these lotteries in increasing job opportunities and care for disadvantaged groups, but also actively created more public welfare earnings to promote social welfare. Letting the society hear the voices of public interests is Taiwan Lottery's responsibility. Moreover, realizing social interest is a task that Taiwan Lottery must endeavor to undertake.

Constantly Expanding the Effects of Reciprocity

"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!" For CTBC, public welfare lotteries are charity services that yield mutually beneficial outcomes. "Buying a dream with a little bit of money can in turn help those in need" is the purpose of establishing public welfare lotteries. CTBC has also devoted its effort in supporting people's dream such that government institutions, lottery distributors, and disadvantaged groups can benefit from it. In addition, the general public can also embrace the expectation of winning the lottery by purchasing lotteries to do a good cause.

- **Contribution to the government:** During the public welfare lottery issuing period, CTBC provides a fixed amount of contribution to the government every year to help the government in doing good deeds. A charitable contribution of NT\$2.0868 billion was generated in the third lottery issuing period, yielding approximately NT\$14.6 billion in 7 years. The contribution was raised to NT\$2.7 billion in the fourth period, which is expected to generate a total of NT\$27 billion in 10 years. To date, a total of NT\$41.6 billion charitable contributions were generated over a period of 17 years in the third and fourth issuance of lotteries. Concerning the scope of charitable contributions including the local government and private social groups, organizations meeting the following criteria are eligible for application from the Ministry of Finance, Ministry of Health and Welfare, Council of Indigenous Peoples, and Council of Labor Affairs.
- **Supporting disadvantaged groups:** Lottery distributors are individuals of disadvantaged groups, including those with physical and mental disabilities, indigenous people, or people from low-income and single-parent households. In the past 17 years, over 53,891 job opportunities have been granted to lottery distributors; including sales personnel and families related to the lottery industry, a conservative estimation indicates that there are over 20,000 people directly or indirectly having a stable income and job from issuing lotteries.
- **General public:** Continual integration and strategic application of products, marketing, and sales channel can entice more people to buy lotteries. Simply by paying a small amount of money, people can do good deeds and gain the chance to win big prizes. Thus, public welfare earnings and distributor commissions can be increased substantially.



Growth in Sales Performance Increases Public Welfare Earnings

Sixty percent of proceeds from lottery sales is paid as winnings, while the remaining 40% is used to subsidize the government's social welfare spending, national pension payments, and the National Health Insurance program. Since CTBC took over Taiwan Lottery in 2007, lottery sales grew from NT\$64.2 billion in the first year to NT\$137.6 billion in 2015, which increased by more than two folds in the overall sales performance of the first year.

Charitable Contributions from Lottery Sales Expanding Public Welfare Effects

Each year, CTBC encourages lottery winners to donate a portion of their winnings for a good cause. This greatly increased the influence of public welfare lotteries. In 2015, a record-high amount of NT\$743 million in donation was collected, plus the amount donated by lottery winners, generating a total as high as NT\$4.141 billion (as of the end of 2015). These donations are then provided to the society as charitable contributions. Under CTBC Charity Foundation's effective planning, these contributions are used to subsidize the education, food, and medical care of disadvantaged groups, building repair of social welfare institutions or purchasing hardware equipment, and emergency rescues. Donations were made to 215 social welfare and public welfare groups, executing almost 700 charity events, and helping 4.5 million disadvantaged individuals.

Implementing CSR has always been CTBC's commitment to the community. Looking ahead to 2016, CTBC will continue to care for different social groups and expand the promotion of charity events, cultural education, physical education, anti-drug education, and general education, using actions and material resources to contribute to the society. Furthermore, supporting the development of local cultural and creative industries has already been a commitment of CTBC to the sustainability of local cultures in Taiwan. CTBC provides diversified financial services to cultural and creative industry operators and helps them commercialize, internationalize, and systematize their cultural and creative products. Nevertheless, by leveraging the advantages of the financial industry, CTBC will continue to care for the society and build a beautiful, sustainable environment that can bring happiness to the citizens of Taiwan.

INDEPENDENT ASSURANCE OPINION STATEMENT

CTBC Financial Holding Co., Ltd. 2015 Corporate Social Responsibility Report

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

This independent assurance opinion statement has been prepared for CTBC only for the purposes of assuring its statements relating to its corporate social responsibility (CSR), 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 focused on systems and activities during the 2015 calendar year on CTBC headquarter including their 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 CTBC 2015 Corporate Social Responsibility Report provides a fair view of the CTBC CSR programmes and performances during 2015. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the CTBC and the sample taken. We believe that the 2015 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate CTBC's efforts recognized by its stakeholders.

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 in accordance with the core option of GRI G4 guidelines were fairly stated.

Methodology

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

- a 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 on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 20 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 and the GRI G4 guidelines is set out below:

Inclusivity

This report has reflected a fact 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. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CTBC's inclusivity issues.

Materiality

CTBC publishes sustainability information that enables its stakeholders to make informed judgements about the company's management and performance. In our professional opinion the report covers the CTBC's material issues.

Responsiveness

CTBC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for CTBC is developed and provides the opportunity to further enhance CTBC's responsiveness to stakeholder concerns. Issues that stakeholder concern about have been responded timely. In our professional opinion the report covers the CTBC's responsiveness issues.

GRI-reporting

CTBC provided us with their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option (at least one Indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development 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 responsibility and sustainability issues.

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 industrial 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
12 April, 2016

bsi.

 AA1000
Licensed Assurance Provider
000-4

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

BSI Taiwan is a subsidiary of British Standards Institution.

GRI(Global Reporting Initiative) GRI 4 Index

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 of President	4-5
G4-2	Report the name of the organization.	○	Letter of President	4-5
Organization Profile				
G4-3	Report the name of the organization.	○	About CTBC	25
G4-4	Report the primary brands, products, and services.	○	About CTBC	25-28
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	25-28
G4-7	Report the nature of ownership and legal form.	○	About CTBC	25-28
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	○	About CTBC	25-28
G4-9	Scale of the reporting organization.	○	About CTBC	25-28
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).	○	Sustainable People Development	76-87
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	○	Sustainable People Development	76-87
G4-12	Describe the organization's supply chain.	○	Stakeholder Engagement About CTBC	17-21 34
G4-13	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).	○	About CTBC	25-35
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	○	Sustainable Governance	61-62
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	○	About CTBC	35-36
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	35-36

○Full △Partial ●Not Disclosure NA Not Applicable

GRI 4		Description	Chapter	Page
Identified Material Aspects and Boundaries				
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	○	About CTBC Stakeholder Engagement	25-28 17-21
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	17-21
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 G4-17 · Report any specific limitation regarding the Aspect Boundary within the organization	○	Stakeholder Engagement	17-21
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	17-21
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	17-21
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	○	Stakeholder Engagement	17-21
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	17-21
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	17-21
Report 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 June 2015.	-
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.	○	Report Overview APPendix	3 129

GRI 4		Description	Chapter	Page
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.	○	About CTBC Stakeholder Engagement Report Overview	26 13-21 3
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.	○	Sustainable Governance	40-43
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.	○	Stakeholder Engagement	13-21
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.	○	Stakeholder Engagement	13-21
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.	○	Stakeholder Engagement Sustainable Governance	13-21 40-43 63
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	△	Sustainable Governance	40-43 48-51
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)	○	Sustainable 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.	40-43
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 expertise and experience relating to economic, environmental and social topics are considered · Whether and how stakeholders (including shareholders) are involved	○	Sustainable 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.	40-43

GRI 4		Description	Chapter	Page
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	△	Sustainable 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.	44-46
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.	○	About CTBC Stakeholder Engagement	2-5 13-21
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	○	Sustainable Governance Arranging of courses and lectures for directors and supervisors.	43-44
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.	○	Stakeholder Engagement Sustainable Governance	13-21 40-43
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.	○	Stakeholder Engagement Sustainable Governance	13-21 40-43 61-62
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.	○	Sustainable Governance	61-62
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	○	Sustainable Governance	40-43
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.	○	Stakeholder Engagement	13-21
G4-49	Report the process for communicating critical concerns to the highest governance body.	○	Stakeholder Engagement	13-21
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.	○	Stakeholder Engagement	13-21

GRI 4		Description	Chapter	Page
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none"> Fixed pay and variable pay: <ul style="list-style-type: none"> 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	△	Sustainable 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.	40-43 46-57
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.	△	Sustainable Governance	40-43 46-57
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.	△	Sustainable Governance	40-43 46-57
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	◎	-	-
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	◎	-	-
Ethics And Integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	○	About CTBC Sustainable Governance	25-26 40-43 57-59
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.	○	Sustainable People Development	74
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.	○	Sustainable Governance Sustainable People Development	41-42 57-60 74
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: <ul style="list-style-type: none"> 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 	○	Stakeholder Engagement	13-21
DMA-EC	Disclosure on Management Approach "Economic Performance"	○	About CTBC	29-35
DMA-EC	Disclosure on Management Approach "Indirect Economic Impacts"	○	Sustainable Governance Sustainable Product Development & Client Relationship	39-63 66-75
DMA-SO	Disclosure on Management Approach "Compliance"	○	Sustainable Governance	57-60
DMA-SO	Disclosure on Management Approach "Diversity and Equal Opportunity"	○	Sustainable People Development	76-87
DMA-SO	Disclosure on Management Approach "Employment"	○	Sustainable People Development	76-87

GRI 4		Description	Chapter	Page
DMA-SO	Disclosure on Management Approach "Training and Education"	○	Sustainable People Development	76-87
DMA-SO	Disclosure on Management Approach "Labor Practices Grievance Mechanisms"	○	Sustainable People Development	76-87
DMA-PR	Disclosure on Management Approach "Customer Privacy"	○	Sustainable Product Development & Client Relationship	68-70
DMA-PR	Disclosure on Management Approach "Product and Service Labeling"	○	Sustainable Product Development & Client Relationship	66-75
Specific Standard Disclosures				
Economic				
G4-EC1	Direct economic value generated and distributed.	○	About CTBC	27-35
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	○	Sustainable Environment	96-99
G4-EC3	Coverage of the organization's defined benefit plan obligations.	○	Sustainable People Development	77-78
G4-EC4	Financial assistance received from government.	○	About CTBC	37
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	○	Sustainable People Development	76-87
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	○	Sustainable People Development	79-80
G4-EC7	Development and impact of infrastructure investments and services provided.	○	Sustainable Environment	94-99
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	○	Sustainable Governance Sustainable Product Development & Client Relationship Sustainable People Development	39-63 63-70 76-87
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	○	About CTBC	34
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	90-94
G4-EN4	Energy consumption outside of the organization.	◎	-	-
G4-EN5	Energy intensity	◎	-	-
G4-EN6	Reduction of energy consumption	○	Sustainable Environment	90-94
G4-EN7	Reductions in energy requirements of products and services	◎	-	-
G4-EN8	Total water withdrawal by source.	○	Sustainable Environment	93
G4-EN9	Water sources significantly affected by withdrawal of water	○	Sustainable Environment	93
G4-EN10	Percentage and total volume of water recycled and reused.	○	Sustainable Environment	93
G4-EN11	Operation sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	○	Sustainable Environment	94-95

GRI 4		Description	Chapter	Page
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.	○	Sustainable Environment	94-95
G4-EN13	Habitats protected or restored.	○	Sustainable Environment	94-95
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	92-93
G4-EN16	Energy indirect greenhouse gas (GHG) emission (Scope 2)	○	Sustainable Environment	92-93
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	90-94
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	93
G4-EN23	Total weight of waste by type and disposal method.	○	Sustainable Environment	94
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	96-99
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.	○	Sustainable Environment	95
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	95

GRI 4		Description	Chapter	Page
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	◎	-	-
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	◎	-	-
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	○	None	-
Labor Practices and Decent Work				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	○	Sustainable People Development	76-87
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	○	Sustainable People Development	76-87
G4-LA3	Return to work and retention rates after parental leave, by gender.	○	Sustainable People Development	76-87
G4-LA4	Minimum notice periods regarding operational changes, including whether there are specified in collective agreements.	○	Sustainable People Development	76-87
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.	○	Sustainable People Development	76-87
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.	○	Sustainable People Development	76-87
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.	○	Sustainable People Development	76-87
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	○	Sustainable People Development	76-87
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category.	○	Sustainable People Development	76-87
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	○	Sustainable People Development	76-87
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	○	Sustainable People Development	76-87
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	◎	-	-
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	○	Sustainable People Development	76-87

GRI 4		Description	Chapter	Page
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	○	Sustainable People Development	76-87
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	○	Sustainable People Development	76-87
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.	○	Sustainable People Development	76-87
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.	○	Sustainable People Development	76-87
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.	○	Sustainable People Development	76-87
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.	○	Sustainable People Development	76-87
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	⊙	-	-
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	○	All of CTBC operations and activities are carried out in accordance with the law and has evaluated whether they meet with local human rights standards.	-
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	○	All of CTBC operations and activities are carried out in accordance with the law and has evaluated whether they meet with local human rights standards.	-
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	⊙	-	-
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	⊙	-	-
G4-HR12	Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms.	○	Sustainable People Development	76-87
Social Society				
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	○	Social Involvement	100-113
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.	○	Sustainable Governance	57-62
G4-SO4	Communication and training on anti-corruption policies and	○	Sustainable Governance	57-62

GRI 4		Description	Chapter	Page
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.	○	Sustainable Governance	59-60
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	⊙	-	-
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	⊙	-	-
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	○	None	-
Social Product Responsibility				
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	NA	Due to the industry in which CTBC is 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.	○	CTBC engages in the practice of 100% disclosure of financial services, including wealth management and insurance, that it provides to customers.	-
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	○	Sustainable Governance	59-60
G4-PR5	Results of surveys measuring customer satisfaction.	○	Sustainable Product Development & Client Relationship	74
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.	○	Sustainable Governance	59-60
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	○	There were 1 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.	○	Sustainable Governance	59-60

ISO 26000 Index

Core subjects and issues		Related CSR Report Section	Page(s)
Organizational Governance	Decision-making processes and structures	Stakeholder Engagement	13-21
Human Rights	Due diligence	Sustainable People Development	72-82
	Human rights risk situations	Sustainable People Development	72-82
	Avoidance of complicity	Sustainable Governance	39-63
	Resolving grievances	Sustainable People Development	76-87
	Discrimination and vulnerable groups	Sustainable People Development	76-87
	Civil and political rights	Sustainable People Development	76-87
	Economic, social and cultural rights	Sustainable People Development	76-87
	Fundamental principles and rights at work	Sustainable People Development	76-87
	Employment and employment relationships	Sustainable People Development	76-87
	Conditions of work and social protection	Sustainable People Development	76-87
Labor Practices	Social dialogue	Sustainable People Development	76-87
	Health and safety at work	Sustainable People Development	76-87
	Human development and training in the workplace	Sustainable People Development	76-87
	Prevention of pollution	Sustainable Environment	90-95
	Sustainable resource use	Sustainable Environment	90-95
The Environment	Climate change mitigation and adaptation	Sustainable Environment	90-95
	Protection of the environment, biodiversity and restoration of natural habitats	Sustainable Environment	94-95
	Anti-corruption	Sustainable Governance	57-60
	Responsible political involvement	Sustainable Governance	57-60
Fair Operating Practices	Fair competition	Sustainable Governance	57-60
	Promoting social responsibility in the value chain	Letter Of President	4-5
	Respect for property rights	Sustainable Governance	57-60

	Core subjects and issues	Related CSR Report Section	Page(s)
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	Sustainable Product Development & Client Relationship	74-75
	Protecting consumers' Health and safety	Sustainable Product Development & Client Relationship	71-75
	Sustainable consumption	Sustainable Environment	95-99
	Consumer service, support, and complaint and dispute resolution	Sustainable Product Development & Client Relationship	71-75
	Consumer data protection and privacy	Sustainable Product Development & Client Relationship	68-71
	Access to essential services	Sustainable Product Development & Client Relationship	66-72
	Education and awareness	Sustainable Product Development & Client Relationship	75
	Community Involvement and Development	Community involvement	Social Involvement
Education and culture		Social Involvement	100-113
Employment creation and skills development		About CTBC	27-33
Technology development and access		Sustainable Product Development & Client Relationship Sustainable Environment	66-67 96-99
Wealth and income creation		About CTBC	27-37
Health		Sustainable People Development	76-87
	Social investment	Social Involvement	100-113

Financial Service Sector Supplement

GRI 4		Description	Chapter	Page
FS1	Policies with specific environmental and social components applied to business lines.	○	About CTBC	26
FS2	Procedures for assessing and screening environmental and social risks in business lines.	○	Sustainable Environment	95-99
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	○	Sustainable Environment	95-99
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	○	Stakeholder Engagement	13-21
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	○	About CTBC Sustainable Environment	26 95-99
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	○	About CTBC	34
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	○	Sustainable Product Development & Client Relationship	76-77
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	○	Sustainable Environment	95-99
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	○	Sustainable Governance	61-62
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	○	Sustainable Environment	95-99
FS11	Percentage of assets subject to positive and negative environmental or social screening	◎	CTBC has not yet implemented environmental and social asset screening. These items are planned for the future.	-
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	◎	This currently does not apply to CTBC, but CTBC has plans for it in the future.	-
FS13	Access points in low-populated or economically disadvantaged areas by type.	○	Sustainable Product Development & Client Relationship	76-77
FS14	Initiatives to improve access to financial services for isadvantaged people.	○	Sustainable Product Development & Client Relationship	76-77
FS15	Policies for the fair design and sale of financial products and services.	○	Sustainable Product Development & Client Relationship	74-75
FS16	Initiatives to enhance financial literacy by type of beneficiary.	○	Sustainable Product Development & Client Relationship	75

United Nation Global Compact Comparison Table

Category	10 Principles	Related CSR Report Section	Page(s)
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights;	Sustainable People Development	76-87
	Make sure that they are not complicit in human rights abuses	Sustainable People Development	76-87
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Sustainable People Development	76-87
	The elimination of all forms of forced and compulsory labor;	Sustainable People Development	76-87
	The effective abolition of child labor; and	Sustainable People Development	76-87
Environment	The elimination of discrimination in respect of employment and occupation.	Sustainable People Development	76-87
	Businesses should support a precautionary approach to environmental challenges;	Sustainable Environment	89-99
	Undertake initiatives to promote greater environmental responsibility; and	Sustainable Environment	89-99
Anti-Corruption	Encourage the development and diffusion of environmentally friendly technologies.	Sustainable Environment	89-99
	Businesses should work against corruption in all its forms, including extortion and bribery.	Sustainable Governance	57-60



CTBC HOLDING
中國信託金控

Corporate Social Responsibility Report 2015

Publish Institution	CTBC Financial Holding Co., Ltd
Publisher	Wen Long Yen
Editor	CTBC CSR Consultation Committee
Address	No. 168, Jingmao 2nd Road, Nangang District, Taipei, Taiwan, R.O.C
Telephone	+886-2-3327-7777
Website	www.ctbcholding.com
Publish Date	2016.06

To protect and help improve the global environment, this report was printed on recycled paper using ink made from soy beans.



1. Anti-Drug Education

"CTBC Anti-Drug Education Foundation" is the first dedicated anti-drug education institution established through corporate donations; it was formally founded in August of 2015. The chairman of the CTBC Anti-Drug Education Foundation, Mr. Jeffrey Koo Jr. (second from left) and chairman of the U.S. Drug Enforcement Administration (DEA) Educational Foundation, Mr. William F. Alden (second from right), have signed a Memorandum of Understanding (MOU) for international cooperation as well as working jointly with the Ministry of Justice Investigation Bureau, Ministry of Education, and Ministry of Health and Welfare to contribute to anti-drug education in Taiwan.

2. External Affirmation

CTBC Financial Holding has been awarded the "Commonwealth Magazine Excellence in Corporate Social Responsibility Award" for five consecutive years. In 2015, CTBC Charity Foundation proposed the "CTBC Poverty Alleviation Program" which provided low-interest loans instead of donations and established cross-sector assistance systems to help disadvantaged families find their way out of poverty and solve social problems; the program has received high affirmation from the judges.

3. Business Innovations

CTBC Bank has transformed its Sales Department at Nangang Headquarters into a "Digital Experience Branch", where biometric technologies are applied in creating the first "finger vein ATM"; the system replaces bank cards and provides customers with an all-new digital banking experience.

4. Promoting Education

Nearly 150 first year students from CTBC Financial Management College visited the CTBC Financial Park, and the founder of CTBC Financial Management College, Mr. Jeffrey Koo Jr., encouraged students to search for their passion in life and cultivate their strengths.

5. Light up a Life

The "Light up a Life" fundraising campaign initiated by CTBC Bank is the oldest corporate donation event that has lasted 30 years without interruption. The total amount of donation received during the 30th annual event amounted to NT\$158 million with over 53,000 donations received; the amount raised, number of participants, and the total number of donations received all broke previous records.

6. Calling for Love

The CTBC Charity Foundation and the CTBC Brothers Baseball Team worked in concert to promote charitable donations. Vice chairman of the CTBC Charity Foundation, Mr. Thomas K.S. Chen (far right), and CTBC Brothers star player Cheng-Min Peng (second from right), participated in the "Light up a Life" charity sale of donated products. The bidding action was intense; in the end, Cheng-Min Peng won the bid for "My Baseball Dream", a creation that was painted by a student from a remote region.

7. Model Employees

CTBC Financial Holding has held "Model Employee" selection activities since 2005 to pass on the brand qualities of being "caring, professional, and trustworthy"; it is also the highest honor aspired by all employees. As of 2016, a total of 466 model employees have received the honor.

8. Cultivating Local Markets

CTBC Securities implements a combined strategy of providing digital services and physical sales channels in order to focus on the establishment of new subsidiaries in areas with newly established populations that have investment potential, as well as to expand its customer services. The photo shows the opening ceremony for the Chungli subsidiary company.

9. Promoting Physical Fitness

The "2015 CTBC Ladies Open" infused golf with the spirit of charity in a series of mixed pro/amateur matches where clients and professional players played for charity. All proceeds went to the Community Children Companionship Project.

10. International Certifications

CTBC's Corporate Social Responsibility Report (CSR) was certified once again by the GRI G4 guidelines established by the British Standards Institution for disclosing focused, transparent, and strategic standards and principles. This is a testament that CTBC's CSR Report adheres to international standards and provides more focused material issues and sustainable development solutions from the perspectives of stakeholders.

11. Arts and Charity

The CTBC Foundation for Arts and Culture, Taiwan Lottery Company, and the CTBC Charity Foundation support charitable art events. The CTBC Arts Festival was organized to showcase art in remote regions and allowing children to experience art as part of their growth.

12. Fully Support Culture & Creativity

CTBC Financial Holding supports the government's "Financial Support for Culture and Creativity" policy, and leads the industry in supporting MIT (Made in Taiwan) cultural innovations. The picture shows the special premiere of the world's first 3D puppet animation film "The ARTI - The Adventure Begins".

13. Corporate Governance

To fully implement the sustainable development of corporate social responsibility, CTBC Financial Holding has established a dedicated "CSR Taskforce Committee" headed by the president of CTBC Financial Holding, Daniel Wu (pictured in the middle), as the chief commissioner; CEOs from various subsidiary companies are also serving as members to fulfill corporate social responsibility as well as to build a better future.

14. Mobile Payments

CTBC joined forces with department stores to launch the "Direct Payment" mobile wallet feature in CTBC Bank's mobile app; the app is Taiwan's first mobile platform that integrates credit card services and payment functions.

15. Development Plans in Asia

After CTBC's acquisition of Tokyo Star Bank, the Umeda Branch in Osaka opened in September of 2015 as the first branch established after the acquisition, signifying CTBC's resolve to expand into the Japanese market.

16. Stable Expansion

CTBC Financial Holding and its subsidiary CTBC Bank signed a contract with China's CITIC Group to introduce China CITIC Bank as a strategic investor, and acquired 100% of the shares in China CITIC Bank International Limited; this was the first instance of mutual shareholding between financial institutions across the Taiwan Strait.



