

CTBC Holding Remuneration Policy for Senior Executives and Managers

I. Remuneration policy

Senior executives are accountable for the business sustainability of CTBC Financial Holding Co., Ltd. (the Company) and are committed to serving the best interests of the Company's shareholders and employees as well as society in general. Thus, the remuneration of senior executives is tightly linked to the performance and profitability of the Company. The relevant remuneration mechanism is administered and supervised by the Remuneration Committee under the Board of Directors.

A. Remuneration policy for managers

The managerial, strategic planning, and execution skills of the Company's management are fundamental to its operating performance. To integrate the personal goals of managers with the short- and long-term business objectives of the Company and the interests of shareholders, the Company's managerial remuneration policy is based on the principle of offering a competitive fixed, market-based salary in addition to variable pay determined according to the operating performance of the Company and the personal performance of individual managers. Variable pay generally accounts for a higher percentage of total remuneration than does the fixed-salary amount and comprises long-term incentives. The emoluments payable to the Company's managers include long-term incentives in the form of stocks or stock appreciation rights, which are not paid out in full at the end of the current fiscal year and are tied to the Company's current and future share price, thereby ensuring that executives share a common interest in the Company's continued successful performance.

The remuneration of managers is closely linked to performance targets, which are established based on the consideration of financial indicators as well as sound compliance and risk management in addition to non-financial indicators related to succession planning and leadership development. At the level of Company president, particular emphasis is placed on mid- to- long-term responsibilities, including improving corporate social responsibility and maintaining the favorable reputation of the Company. This approach encourages executives and managers to give due attention to the long-term business goals of the Company and to cultivate outstanding talent in order to create a win-win-win situation for the Company, its employees, and its shareholders and to fulfill the Company's corporate social responsibility.

B. Remuneration establishment procedure

CTBC Holding and its subsidiaries adhere to the Manager Remuneration Policy. The structure of manager remuneration is designed in consideration of market salary survey data; in addition, an annual market competitiveness analysis is performed to verify that salary levels correspond with the Company's market position and to ensure that they are appropriately competitive. In accordance with the law and practical requirements, the remuneration of individual managers is based on their experience, professional abilities, management functions, positions, and other variables. Remuneration packages are aligned with the salary range set in the Manager Remuneration Policy and approved by the Remuneration Committee and the Board of Directors. The Remuneration Committee also assists the Board of Directors in reviewing and supervising the overall remuneration policy of the

Company on an annual basis, thereby facilitating the establishment and implementation of various remuneration principles and regulations in order to protect the rights of all shareholders.

C. Remuneration summary for the president

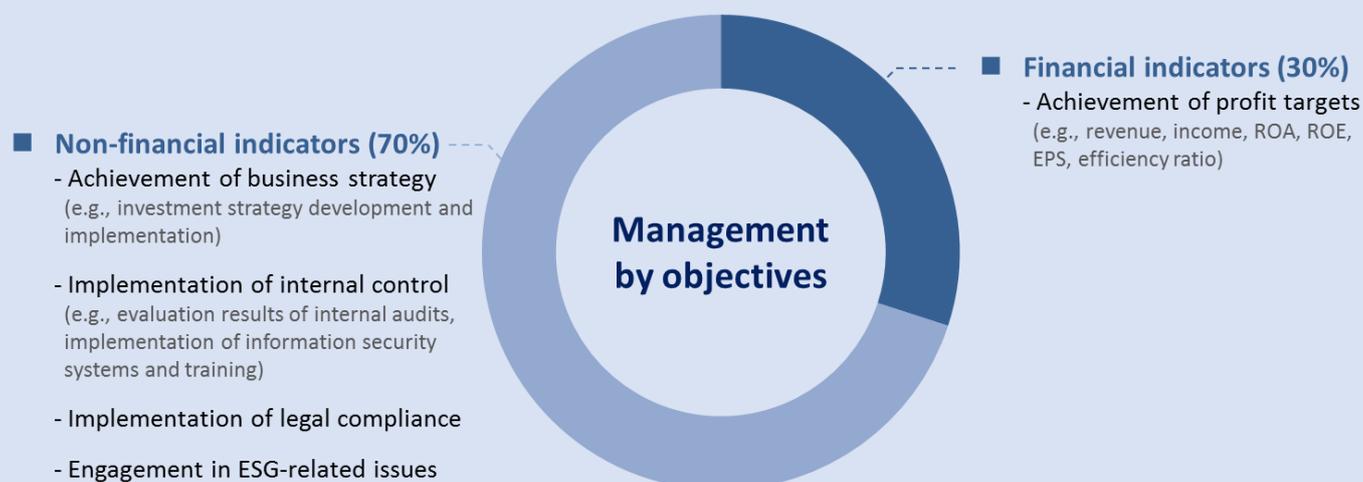
The structure of the Company president's remuneration comprises fixed pay and variable pay; the fixed pay comprises a base salary and a fixed bonus, and the variable pay mostly comprises an annual performance bonus, stock appreciation rights, and long-term incentives. In 2019, fixed pay and variable pay constituted approximately 30% and 70%, respectively, of the president's total remuneration.

Item	Detail	Payment type
Fixed pay	Competitive fixed pay is offered to ensure our compensation is sufficient to attract and retain outstanding talent.	
Base salary	<ul style="list-style-type: none"> The base salary is mainly determined by the president's skills, experience, management capabilities, and responsibilities, and is targeted at maintaining a competitive market-based compensation level. In order to maintain market competitiveness and provide ongoing performance motivation, the base salary is annually reviewed and adjusted according to market compensation levels as well as the performance results of both the Company and the president. 	Monthly cash payment
Fixed bonus	<ul style="list-style-type: none"> The fixed bonus is paid once per year and is determined by market compensation levels and annual attendance percentage in order to reward ongoing contributions. 	Annual cash payment
Variable pay	The variable pay is designed to motivate the president to continually drive sustainability and business success through both short- and long-term incentive programs. In 2019, the cash-to-stock appreciation rights ratio was 60:40, respectively. This pay-for-performance approach links the variable pay to both Company and individual performance, and generally accounts for a higher percentage of the total remuneration than does the fixed pay.	
Annual performance bonus	<ul style="list-style-type: none"> The annual performance bonus is determined based on the performance of the Company and the president, by examining the achievement of both financial and non-financial objectives, which are presented in the following chart. 	Annual cash payment
Stock appreciation rights	<ul style="list-style-type: none"> The stock appreciation rights are granted with a three-year deferral period and are tied to the long-term performance vesting target, namely future share price growth. Thus, the president shares common interests and risks in the Company's current and future performance. 	Stock appreciation rights with a three-year deferral period
Long-term Incentive Plan	<ul style="list-style-type: none"> The Long-term Incentive Plan is linked to the Company's performance over five years, thus motivating the president to achieve and exceed the Company's long-term performance objectives. The key performance indicators of the Long-term Incentive Plan include the Company's profit, total shareholder return, cost-to-income ratio, implementation of key strategies, and implementation of compliance systems. 	Phantom shares

Objective setting

Performance appraisal

Performance bonus determination



II. Shareholding guidelines for designated managers

The following minimum shareholding guidelines were established to motivate designated managers to work toward sustainable Company operations, thereby ensuring management practices that are aligned with the interests of shareholders and facilitating the sound business performance of the Company.

A. Shareholding guidelines

1. Subjects: The president and chief administrative officer of CTBC Holding and the presidents of subsidiaries with assets of NT\$1 trillion or more.
2. Shareholding ratio: The minimum value of shares held shall vary according to managerial level, ranging from 150% to 300% of the base salary.

B. Shareholding profile

1. The shares held by the CTBC Holding president remained around the same level in 2019, with a value of over 300% of the base salary.
2. For the chief administrative officer of CTBC Holding and the presidents of subsidiaries with assets of NT\$1 trillion or more, the total value of the shares held was, on average, over 150% of their base salary.

III. Clawback provision

To prevent damage to the Company's long-term profitability from managers seeking high-risk, short-term profits, the Employee Reward and Disciplinary Policy stipulates that deferred long-term incentives may be clawed back if the Company suffers losses resulting from managers violating external laws or Company regulations or their dereliction of duty.