



Positive Energy

Making the world a better place



Positive Energy

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Positive energy is at the core of Fubon Financial Holdings' philosophy, mission and principle. It is a spirit that empowers and enables people to bring about positive change in society.

Guided by its motto "Positive Energy," Fubon Financial Holdings is in a strong position to consolidate its presence in Taiwan and continue its regional expansion in Asia. The ESG Visioning Project provides the guidance necessary to achieve the highest standards in sustainability practices. Together, these actions will assist Fubon in realizing its vision to become a first-class financial institution in Asia.

Financial Highlights

Fubon Financial Holdings

In NT\$ Million	2014 (2)	2015	2016
Total Assets	5,438,358	5,987,468	6,351,258
Total Equity	416,161	376,077	427,105
Total Equity Attributable to Owners of Parent	408,057	367,622	426,820
Net Income	60,478	63,806	48,575
Net Income Attributable to Owners of Parent	60,244	63,593	48,421
Earnings Per Share (NTD)	5.89	6.21	4.73
Book Value Per Share (NTD)	39.87	35.92	39.40
Return on Equity (%) (1)	16.1%	16.4%	12.2%
Return on Assets (%)	1.2%	1.1%	0.8%

The figures above are the consolidated results of Fubon Financial Holdings Co. and its subsidiaries.

(1) The calculation factor of Return on Equity is the amount attributable to parent company.

(2) Restated retrospectively for the first-time adoption of the 2013 IFRSs

Total Assets

2014		5,438,358
2015		5,987,468
2016		6,351,258

Total Equity Attributable to Owners of Parent

2014		408,057
2015		367,622
2016		426,820

Net Income Attributable to Owners of Parent

2014		60,244
2015		63,593
2016		48,421

(In NT\$ Million)

Fubon Life

In NT\$ Million	2014	2015	2016
First Year Premium (3)	176,116	185,654	190,573
Investment Income	109,740	129,923	123,898
Operating Revenue	516,913	585,006	609,892
Operating Costs	462,305	520,881	564,301
Net Income	35,367	41,018	28,688
First Year Premium (4)	190,974	205,282	204,283
Interest-Sensitive	146,821	146,775	113,136
Investment-Linked	14,858	19,627	13,710
Traditional	29,295	38,880	77,436

Fubon Bank (Hong Kong) (5)

In HK\$ Million	2014	2015	2016
Net Interest Income	842	1,073	1,169
Net Fee and Commission Income	317	353	364
Other Operating Income	147	78	57
Operating Expenses	897	1,027	957
Operating Profit before Gains and Impairment Losses	409	477	633
Impairment Losses	26	71	203
Profit for the Year	481	522	635

Fubon Insurance

In NT\$ Million	2014	2015	2016
Direct Written Premium	29,176	30,436	33,096
Net Written Premium	22,978	24,264	26,233
Underwriting Profit	1,748	1,680	1,737
Investment Income	1,659	2,164	1,977
Net Income	2,816	3,213	3,119
Net Claim Ratio	59.40%	55.78%	58.45%
Net Expense Ratio	36.62%	37.78%	36.93%
Net Combined Ratio	96.02%	93.56%	95.38%
Retention	75.34%	74.41%	73.85%

Taipei Fubon Bank

In NT\$ Million	2014 (2)	2015	2016
Net Interest Income	17,329	17,859	17,985
Commissions and Fee Revenues, Net	10,582	11,141	11,498
Other Revenues	11,724	8,104	6,301
Operating Expenses	16,563	17,194	17,451
Pre-Provision Profit	23,072	19,910	18,333
Provision (reversal) for Bad-Debt Losses	1,987	(247)	1,367
Net Income	18,237	17,783	14,466

Fubon Bank (China)

In CNY\$ Million	2014	2015	2016
Net Interest Income	928	1,034	988
Commissions and Fee Revenues, Net	124	118	98
Other Revenues	13	26	80
Operating Expenses	473	601	640
Pre-Provision Profit	591	577	526
Provision (reversal) for Bad-Debt Losses	59	84	1
Net Income	422	390	412

Fubon Securities

In NT\$ Million	2014	2015	2016
Brokerage Commissions	3,008	2,659	2,324
Net Interest Income	937	940	900
Gain on Trading Securities, Net	650	(26)	90
Total Revenues	5,447	5,290	5,321
Operating Expenses	4,326	4,327	4,475
Net Income	1,356	1,348	1,504

(3) Excluding Investment-Linked
(4) Including Investment-Linked

(5) The financial highlights of Fubon Bank (Hong Kong) are from consolidated financial statements. Other subsidiaries are from separate financial statements.

Awards and Achievements

Asiamoney

Taipei Fubon Bank

Best Local Private Bank as voted by AUM
>US\$25 million customers / Best Local Cash Management Bank as voted by medium and large corporates / Best Domestic Provider of FX Services as voted by financial institutions

Asia Insurance Review

Fubon Life

Life Insurance Company of the Year / 1st Asia Trusted Life Agents & Advisers Awards 2016—Insurance Company of the Year for Agents

Fubon Insurance

General Insurance Company of the Year

Corporate Governance Asia

Fubon Group Chairman Daniel M. Tsai

Asia's Best CEO (Investor Relations) / Asian Corporate Director Recognition Award

Fubon Financial

Icon on Corporate Governance / Best Investor Relations by a Taiwan Company / Best CSR / Best Investor Relations Professional

Corporate Treasurer

Taipei Fubon Bank

Best Bank in Taiwan

Euromoney

Taipei Fubon Bank

Best Domestic Private Bank in Taiwan—2nd Place

Enterprise Asia

Fubon Insurance

Asia Responsible Entrepreneurship Award in Social Empowerment category

FinanceAsia

Fubon Securities

Best ECM House in Taiwan

Global Banking and Finance Review

Taipei Fubon Bank

Best Internet Bank in Taiwan

Fubon Insurance

Best Non-Life Insurance Company in Taiwan

Global Finance

Taipei Fubon Bank

Best Digital Bank of Distinction in Asia / Best Private Bank in Taiwan

Harvard Business Review

Fubon Group Chairman Daniel M. Tsai

Taiwan Top 50 Best-Performing CEOs

Fubon Financial Holdings

Chairman Richard M. Tsai

Taiwan Top 50 Best-Performing CEOs

International Finance Magazine

Taipei Fubon Bank

Best Private Bank in Taiwan

Fubon Securities

Best Brokerage House in Taiwan

The Asian Banker

Fubon Financial

The Achievement in Market Risk Management Award

The Asset

Fubon Financial

Corporate Award—Platinum Award

Taipei Fubon Bank

Best Mobile Banking Project of the Year / Best Cash Management Bank in Taiwan / Best

Renminbi Bank in Taiwan / Best Trade Finance Solution in Taiwan / Editors' Triple Star for Digital Withdraw Slip / Triple A Country Awards 2016—Best Deals—Best Syndicated Loan in Vietnam; Best Syndicated Loan in Taiwan; Best Acquisition Financing in China

Taipei Fubon Bank / Fubon Life

Asian Local Currency Bonds Benchmark Review 2016—Top Investment House for Taiwan Dollar Bonds

Fubon Life

Best Initiative in Social Responsibility

Fubon Securities

Best Initiative in Innovation / Best Equity House in Taiwan

World Finance

Fubon Life

Best Life Insurance Company in Taiwan

Business Today

Taipei Fubon Bank

Wealth Management Survey on Banks and Brokerage Firms—Best Professionalism

Fubon Life

Brand Appeal among Businesspeople—3rd Place in the Life Insurance and Brokerage category

Fubon Securities

10th Wealth Management Survey on Banks and Brokerage Firms—Best Wealth Management of Securities—3rd Place; Most Recommended Securities by customers / Brand Appeal among Businesspeople—2nd Place in the Brokerage category

Commercial Times

Taipei Fubon Bank

Best Service in Taiwan Awards—Bronze Winner in the Domestic Bank category

CommonWealth Magazine

Fubon Financial

Most Admired Company—1st Place in the Financial Holdings category

Taipei Fubon Bank

Golden Service Award—3rd Place in the Bank category

Fubon Life

Golden Service Award—2nd Place in the Insurance category; Online Customer Satisfaction—1st Place in Life Insurance category / Most Admired Company—2nd Place in the Insurance category

Fubon Insurance

Most Admired Company—4th Place in the Insurance category

Fubon Securities

Most Admired Company—2nd Place in the Brokerage category

Excellence Magazine

Taipei Fubon Bank

Best CSR

Fubon Securities

2016 Securities Evaluation—Best Innovative Products Award; Best Wisdom Digital Trading Award

Global View Monthly

Fubon Group Chairman Daniel M. Tsai

Global Views Excellent Leader Award

Fubon Financial

The 12th CSR Award—Exemplary Practice in

Financial Sector

Everyday Health Magazine / Yahoo

Fubon Life

2016 Wellness Brands Awards—Award of Distinction in the Health Insurance category

Next Magazine

Taipei Fubon Bank

13th Top Services Awards—3rd Place in the Bank category

Fubon Life

13th Top Services Awards—2nd in the Life Insurance category

Reader's Digest

Taipei Fubon Bank

Trusted Brand Survey—Gold Award in Bank category; Gold Award in Wealth Management category

Fubon Life

Trusted Brand Survey—Gold Award in Insurance category

Risk Management, Insurance & Finance

Fubon Financial

Most Admired Financial Holding Company—1st Place

Fubon Life

Most Admired Insurance Company—1st Place in the Back Office Support category; 1st Place in the Field Representative category / 18th Faith, Hope, and Love Awards—Best Insurance Guardian Award; Best Insurance Leader Award; Distinguished Profession Award in the Life Insurance category; Distinguished Sales Strategy Award for Insurance Marketing; Distinguished Contribution Award for Insurance Education; Distinguished Contribution Award for Social Responsibility in the Life Insurance category; Distinguished Award for Integrated Marketing Communications; Distinguished Representative Office Award in the Life Insurance category; Distinguished Award for Insurance Career Achievement; Distinguished Individual Profession Award in the Life Insurance category; Distinguished Policy Designer Award in the Life Insurance category—Honorable Mention; 18th Faith, Hope, and Love Awards—Distinguished Representative Office Award for Life Insurance—Honorable Mention; Distinguished Award for Insurance Career Achievement—Honorable Mention; Distinguished Award for Social Contribution—Honorable Mention; Distinguished Profession Award in the Life Insurance category—Honorable Mention; Distinguished Professional Sales Award in the Life Insurance category—Honorable Mention / Insurance Quality Awards—3rd Place for Most Recognized Brand; 3rd Place for Best Claims Service; 2nd Place for Best Agent Force; 2nd Place for Most Recommended Brand

Fubon Insurance

Most Admired P&C Insurance Company—1st Place / 18th Faith, Hope, and Love Awards—Distinguished Contribution Award for Social Responsibility in the Non-Life Insurance category; Distinguished Profession Award in the Non-Life Insurance Company category; Distinguished Contribution Award in Insurance

Education in the Non-Life Insurance category; Distinguished Policy Designer Award in the Non-Life Insurance category (for top-grafted pear crop insurance); Distinguished Award for Integrated Marketing Communications (for a media campaign promoting online insurance appliance); Distinguished Representative Office Award in the Non-Life Insurance category; Distinguished Individual Profession Award in the Non-Life Insurance; Distinguished Policy Designer Award in the Non-Life Insurance category (for Depreciation of House Price by Specific Accident Compensation Insurance)—Honorable Mention; Distinguished Sales Strategy Award for Insurance Marketing—Honorable Mention; Distinguished Individual Profession Award for Non-Life Insurance—Honorable Mention; Distinguished Award for Social Contribution—Honorable Mention; Distinguished Representative Office Award—Honorable Mention / Insurance Quality Awards—1st Place for Best Brand; 1st Place for Best After-Sales Service; 1st Place for Best Professionalism; 1st Place for Most Recommended Brand

Wealth Magazine

Fubon Financial

Taiwan Financial Award—Corporate Social Responsibility Award for Financial Holding Company—Silver Winner

Taipei Fubon Bank

Taiwan Financial Award—Best Bank Service—Silver Winner; Best Digital Bank—Silver Winner

Fubon Life

Taiwan Financial Award—Best Insurance Brand—Silver Winner

Fubon Securities

Wealth Management Survey—Best Brokerage Service / Taiwan Financial Award—Best Brokerage Brand—Gold Winner; Best Brokerage Service—Gold Winner; Best Digital Brokerage—Gold Winner; Best Brokerage House for FinTech Innovation—Gold Winner

Sky Post

Fubon Bank (Hong Kong)

Banking & Finance Awards 2016—My Favourite Innovative Branch Experience Award

Yazhou Zhoukan

Fubon Bank (Hong Kong)

Asia Banking 300—Outstanding Performance Award

Bank of New York Mellon

Fubon Bank (Hong Kong)

Straight Through Processing Award

Chongqing Bureau, China Insurance Regulatory Commission

Fubon P&C Insurance Chongqing Branch

Auto Insurance Claims Satisfaction Rating—1st Place

Dalian City Association of Insurance Industry

Fubon P&C Insurance Dalian Branch

Citation for excellent performance in raising awareness of insurance

Employees Retraining Board

Fubon Bank (Hong Kong)

ERB Manpower Developer Award Scheme—

Manpower Developer

Factors Chain International

Taipei Fubon Bank

Best Factoring Service Quality in Taiwan

Financial Information Service Co. (FISC)

Taipei Fubon Bank

2016 Annual Meeting of Financial Information System—Best Electronic Transaction System

Foodlink Foundation Limited

Fubon Bank (Hong Kong)

Silver Sponsor

Hong Kong Council of Social Service

Fubon Bank (Hong Kong)

10 Years Plus Caring Company Logo

IT-enabled Services Management Association (itSMA)

Taipei Fubon Bank

2016 ITeS Award—Award of Excellence in the Private Sector Project category

Joint Credit Information Center (JCIC)

Taipei Fubon Bank

10th Golden Security Awards and Golden Quality Awards—Gold Award in the Credit Card category / 10th Golden Quality Awards

MasterCard

Fubon Bank (Hong Kong)

The Best Merchant Value Added Service Launched in 2015 in Hong Kong / 2016 Best Department Store Co-Brand Card MasterCard Program—Fubon "YATA X KUMAMOTO" MasterCard

Metro Broadcast & The Chamber of

Hong Kong Computer Industry

Fubon Bank (Hong Kong)

Hong Kong Outstanding Digital Brand Awards—Outstanding Intelligent Branch—Banking Services

The Community Chest

Fubon Bank (Hong Kong)

Corporate & Employee Contribution Programme—Bronze Award

Tiptop Consultants Ltd.

Fubon Bank (Hong Kong)

Tiptop Service Award—Persistently Outstanding Service Company (2015-2016); Persistently Outstanding Service Outlet (2015-2016)

Visa

Taipei Fubon Bank

Visa Service Quality Performance Awards in Taiwan

Xiamen Media Group

Fubon P&C Insurance

Distinctive Service Award

Ministry of Culture

Fubon Cultural and Educational Foundation

"Young and Vibrant" awarded Best Youth Program by the Golden Bell Awards

Fubon Art Foundation

"Fun Art Radio" nominated for Best Host in the Art and Culture Category by the Golden Bell Awards

Sports Administration, Ministry of Education

Fubon Financial

Sports Activists Awards—Sponsorship Award—Gold Class / Exercise Enterprise Certification

Fubon Sports & Entertainment

Exercise Enterprise Certification

Environmental Protection Administration, Executive Yuan

Fubon Financial

Recognized with outstanding performance in green procurement

Bureau of Energy, Ministry of Economic Affairs

Fubon Financial

Visionary Award / Distinguished Contribution Award

Taiwan Stock Exchange

Fubon Financial

2nd Corporate Governance Ranking - ranked among the top 5% entrants

Fubon Securities

Market Value in IPO—1st Place / IPO Fund-raising—3rd Place / Number of IPO Deals—3rd Place / Warrant Trading Turnover in 2015—3rd Place

Taiwan Futures Exchange

Fubon Asset Management

2nd Futures Diamond Award—1st Place in the Securities Investment Trust Funds category (winning fund: Fubon Supreme Fund)

Fubon Futures

2nd Futures Diamond Award—Outstanding Contribution Award in Managed Futures Business—1st Place

Taiwan Corporate Governance Association

Fubon Financial / Taipei Fubon Bank / Fubon Life / Fubon Insurance

Awarded in the rating of Excellent under the CG6010 (2015) Corporate Governance Framework

British Standards Institution

Fubon Financial

Certified to meet both the AA1000 Assurance Standard and GRI G4 guidelines for Corporate Social Responsibility Report / Accredited with the ISO14001:2015 environmental management systems certification / Accredited with the ISO14064-1 certification for carbon emission accounting

FTSE Russell

Fubon Financial

Added to the FTSE4Good Emerging Index

S&P Dow Jones Indices / RobecoSAM

Fubon Financial

Selected as constituent of Dow Jones Sustainability Indices (DJSI) under the FBN Diversified Financial Services and Capital Markets

2016 Taiwan Corporate Sustainability

Fubon Financial

Taiwan Top 50 Corporate Sustainability Report Awards—Financial Industry—Gold Medal / Ten Most Sustainable Company Award / Creativity in Communication Award

Taiwan Academy of Banking and Finance

Fubon Financial

8th Taiwan Top Professional Award—Best CSR—Award of Distinction

Taipei Fubon Bank

8th Taiwan Top Professional Award—Best Retail Banking—Award of Distinction

Message to Shareholders

Dear Shareholders,

The world economy experienced uneven performance during 2016, with a slow, modest growth in developed markets and a noticeable deceleration in emerging markets. Several geopolitical events, including Brexit, sent shock waves throughout the global markets. Despite the challenges presented by the operating environment, Fubon Financial Holdings and its members delivered strong performances in 2016. Fubon Financial Holdings continued to be Taiwan's most profitable financial holding company for the eighth consecutive year, with net profit of NT\$48.421 billion. Earnings per share (EPS) were NT\$4.73.

Volatile market conditions will continue well into 2017 with even more uncertainties and challenges. Fubon Financial Holdings, in response to the rapidly evolving digital and demographic trends, will accelerate FinTech innovation to provide customers with more personalized experiences and the most diverse, appropriate portfolio of products. The company also will leverage the combined strengths of its subsidiaries to identify and realize synergies. These strategic actions will be implemented in line with the organization's risk policies to ensure proper governance and control.

While Fubon Financial Holdings maintains a strong presence in its home market of Taiwan, it is expanding its reach and scale throughout Asia. Fubon Life's acquisition of a 48% stake in Hyundai Life in December 2015 enables Fubon Financial Holdings to grow its presence further beyond the Greater China region, where the company enjoys an unparalleled network that covers Taiwan, Hong Kong and China. A new branch in Singapore launched by Taipei Fubon Bank in March 2016 serves as a key entry point for the company to serve the ASEAN market. Merger and acquisition remains a key strategic option for Fubon Financial Holdings as it advances its goal to become one of Asia's first-class financial institutions.

Industry-Leading Profitability for Eight Years Running

In 2016, economic activities in the U.S., Europe and Japan grew at a moderate pace while the Chinese economy was bolstered by monetary policy actions. In Taiwan, data for the final quarter of 2016 pointed to a strong rebound in exports, in turn driving a pick-up in business investment and capital spending. Though consumer spending lost momentum, exports and investment contributed to a recovery of the economy, with the annual rate of growth increasing to 1.5% for the full year from 0.72% in 2015.

Against a backdrop of modest economic growth, the companies within Fubon Financial Holdings posted solid sets of results for 2016. Fubon Life and Taipei Fubon Bank, Fubon Financial

Holdings' two key profit drivers, together contributed nearly 90% of the holding company's total profit. Fubon Financial Holdings kept its top spot as the most profitable financial holding company for the eighth consecutive year, with net profit of NT\$48.421 billion. EPS were NT\$4.73. Return on assets and return on equity reached 0.79% and 12.19%, respectively.

In 2016, Fubon Financial Holdings continued to be Taiwan's second-largest financial holding company by assets. Year-end assets crossed the NT\$6 trillion mark to set a fresh record of NT\$6.3513 trillion, 6.1% higher than a year earlier.

Fubon Life: Another Record Year for Total Premium and Assets

Fubon Life generated sustainable earnings and cash in 2016 as Fubon Financial Holdings' top profit contributor. The insurer posted net profit of NT\$28.688 billion, on the back of a well-positioned product portfolio and diversity of distribution. The volume of its total premium and first-year premium equivalent reached new highs at NT\$493.6 billion and NT\$103.5 billion, respectively. Its agent force increased by 4,305 to set an all-time high. With investable assets growing steadily larger over time, Fubon Life's total assets set a fresh record of NT\$3.35 trillion at 2016 year-end.

Fubon Life's first-year premium of NT\$204.3 billion and total premium of NT\$493.6 billion placed the company well among the top three life insurance companies in Taiwan, for a market share of 16.1% and 15.8%, respectively.

Following Fubon Life's acquisition in Hyundai Life in late 2015, senior managers from Fubon Life helped the South Korean insurer with its efforts to strengthen capabilities in asset management, product development and risk management. Hyundai Life made good progress in 2016 and anticipates continued improvement in operations in the future, facilitated by its ongoing partnership with Fubon Life. A subsidiary was established in April 2016 in Hong Kong, with initial goals of building Fubon Life's distribution channels and developing savings and protection products that meet customer needs in the local market. The Hong Kong subsidiary has been gradually growing its presence and raising public awareness of the Fubon brand through working with other members of Fubon Financial Holdings.

Taipei Fubon Bank: Integration of On-Line and Off-Line Banking

The 2016 performance of Taipei Fubon Bank, a flagship company of Fubon Financial Holdings, was broadly satisfactory. The bank reported net profit of NT\$14.466 billion for the year.

While China remains a major market, even more so after the acquisition of Fubon Bank (China) as a wholly-owned subsidiary, Taipei Fubon Bank is extending beyond its Greater China stronghold. The bank's existing locations in Hong Kong and Vietnam alongside a new branch in Singapore connect Taiwanese clients with the burgeoning economies of ASEAN, facilitated by a full range of banking products and services that reflect local requirements and market conditions.



Richard M. Tsai
Chairman
Fubon Financial Holdings

Taipei Fubon Bank in 2016 continued to evolve its retail branch network, maintaining a market-leading presence in metropolitan Taipei while expanding selectively in central and southern Taiwan. It also remodeled its existing locations, with the enhanced space and modern banking technology featured in its new branch formats improving the in-branch banking experience and strengthening brand recognition. In order to keep up with client expectations, Taipei Fubon Bank accelerated innovation, simplified its operating models, and upgraded its online and mobile banking platform allowing more personalized services to customers. As a result, Taipei Fubon Bank significantly improved the speed and simplicity of its online process for transactions, savings and deposits, mortgages, personal loans, student loans, credit cards and cross-border payment.

Fubon Insurance: 35 Years of Industry Leadership

Fubon Insurance achieved yet another record year in 2016 with written premium of NT\$33.1 billion, or a market share of 22.8%. This placed the company as Taiwan's largest property and casualty insurer for the 35th year running. Prudent underwriting practices, combined with a disciplined investment approach and rigorous risk management, enabled Fubon Insurance to generate net profit of NT\$3.119 billion for the year.

Fubon Insurance runs an expanding, regional network including subsidiaries in China and Vietnam, insurance brokerage firms in Thailand and the Philippines, and offices in Beijing, China, Malaysia and Indonesia.

Fubon Property & Casualty Insurance, a China-based subsidiary of Fubon Insurance, has 50 offices in cities of Xiamen, Chongqing, Liaoning and Dalian. In 2016, the company was the sixth largest in its headquarter city of Xiamen with written premium of 1.06 billion yuan, an increase of over 20% from the prior year. Overall in China, it was ranked fifth out of 22 foreign-owned property and casualty insurers with a consistent, above-peer top line growth. Fubon Property & Casualty Insurance took sixth place out of 77 property and casualty insurers in a ranking of solvency by the China Insurance Regulatory Commission, demonstrating its ability to adapt to regulatory requirements under the second-generation solvency framework. It also achieved high satisfaction scores in national auto insurance ratings.

Fubon Securities: Innovating with Human Touch

Fubon Securities in 2016 pioneered a voice-activated mobile assistance app and fingerprint login support to its trading app. The insights into customer needs and behaviors gained through data analytics allowed Fubon Securities to serve clients with enhanced and more personalized experiences, thereby providing a major competitive advantage for the company. Despite declining trading volumes in the market, Fubon Securities remained a top-three retail broker with a 5.21% share. It led some of the year's landmark equity and bond sales, with its underwriting excellence recognized by the IPO of the Year Award from the Taiwan Stock Exchange. Fubon Securities also strengthened its efforts at the Emerging

Stock Board as the No. 2 broker for stock transactions and the No. 3 manager of capital-raising and underwriting activities by companies on the Emerging Stock Board.

Fubon Securities reached another important milestone in 2016 when it incorporated a new company, Fubon Securities Equity Investment, in Xiamen, China. This development allows Fubon Securities to expand its capital market operation to include investment in high-quality Chinese SMEs and advisory service for IPO in China. Fubon Securities looks forward to the opportunity of establishing a Chinese securities joint venture in the future, which will enable a more complete range of trading, advisory and capital-raising services while strengthening the company's presence in Greater China.

Fubon Bank (China): Largest Taiwanese-Owned Bank in China

In October 2016, Fubon Financial Holdings received regulatory clearance to purchase the 20% interest it did not own in Fubon Bank (China) from Shanghai Pudong Development Bank, thereby making Fubon Bank (China) a wholly-owned subsidiary and enhancing the bank's position in China. In November of the same year, Fubon Bank (China) became the first Taiwanese bank to operate on a full banking license in China after it was granted a retail banking license to serve Chinese nationals, with retail banking poised to become a key driver of the bank's future growth.

Fubon Bank (China) has 24 offices in economically vibrant markets including the Yangtze River Delta, the Pearl River Delta, the areas surrounding Bo Sea and the western region. Fubon Bank (China) moved ahead of its Taiwan peers in May 2016 by opening a bank branch in Beijing, along with another new branch in Nanjing. In December of the same year, it launched a new branch in Chengdu. This branch alongside a branch being set up in Wuhan serves as a strategic entry point into central and western China. Fubon Bank (China) has by far the most complete geographic coverage of any Taiwanese-owned bank in China, and it is the only Taiwanese bank with operations in each of China's four free-trade zones.

Fubon Bank (Hong Kong) remained on a solid footing in 2016 despite a difficult operating environment. The bank reported net profit of HK\$635 million, up 22% compared with the prior year. Net interest income increased as net interest spread widened amid lower deposit rates and higher lending rates. After Fubon Bank (Hong Kong) became a partner of the Hong Kong subsidiary established by Fubon Life in April 2016, it experienced significant growth in bancassurance sales commissions due to a warm reception of Fubon Life's products from local consumers.

Disciplined Risk Management and Balance Sheet Strength

As Fubon Financial Holdings continues to grow and expand, risk management remains a top priority to maintain superior asset quality and a strong capital base.

Fubon Financial Holdings issued NT\$36 billion of Class-A preferred shares in April 2016. With the capital raising completed, the company's CAR was improved to 133%, above the minimum



Daniel M. Tsai
Vice Chairman
Fubon Financial Holdings

capital requirement of 100%. Taipei Fubon Bank's BIS was 14.4% at the end of 2016, an indication of the bank's strong capital position. Even with steady growth in loan balances, the bank's non-performing loan ratio stood at 0.2%, below the industry average of 0.27%, while its coverage ratio reached 652.1%, higher than the industry average of 502.93%, at the end of 2016.

The ratings Fubon Financial Holdings received in 2016 are as follows:

Rating Type	Rating Agency	Credit Rating		Outlook	Effective Date
		Long-term	Short-term		
International	Standard & Poor's	BBB+	A-2	Stable	2016/11/29
	Moody's	Baa1		Stable	2016/12/22
Domestic	Taiwan Ratings Corp.	twAA	twA-1+	Stable	2016/11/29

In a report released on November 29, 2016, Taiwan Ratings Corp. affirmed Fubon Financial Holdings' long-term rating as twAA and its short-term rating as twA-1+. Moody's Investors Service, in its latest ratings note dated December 22, 2016, kept its outlook for the company at Stable. These affirmations reflect Fubon Financial Holdings' ability to deliver above-average profitability and superior asset quality.

Exceptional Leadership in Corporate Governance

In 2016, CommonWealth Magazine named Fubon Financial Holdings Taiwan's most admired financial holding company, the sixth time that it has topped the list. In addition, Fubon Financial Holdings ranked in the top 10 among companies across all industries for its fourth time. Fubon Life, Fubon Insurance and Fubon Securities also ranked high on the list, demonstrating an ongoing commitment of Fubon Financial Holdings and its members to creating the most value for shareholders.

Fubon Financial Holdings has a long-running dedication to policies and practices that support strong corporate governance. It was Taiwan's first listed company to introduce an independent director system, as well as the first financial firm to have one-third of its board composed of independent directors. In 2016, Fubon Financial Holdings was ranked in the top 5% of companies for the second straight year in the annual corporate governance evaluation conducted by the Taiwan Stock Exchange, an honor acknowledging the exceptional leadership exhibited by Fubon Financial Holdings in governance. Fubon Financial Holdings, along with Taipei Fubon Bank, Fubon Life and Fubon Insurance, received the rating of Excellent under the CG6010 (2015) Corporate Governance Framework by Taiwan Corporate Governance Association. It stood out among financial institutions for having the most number of subsidiaries awarded this prestigious accreditation.

Fubon Financial Holdings' corporate governance efforts were recognized by some of the most respected global publications. 2016 marked the company's eighth consecutive year to be awarded The Best of Asia—Icon on Corporate Governance by Corporate Governance Asia, and the sixth straight year to be honored with The Asset Corporate Award—Platinum Award. Fubon Group Chairman Daniel M. Tsai received the Asian Corporate Director Recognition Award from Corporate Governance Asia for the seventh year running for his contributions to corporate governance, social responsibility and environmental protection.

Transparency is an important cornerstone of corporate governance. Fubon Financial Holdings was awarded Best Investor Relations in Taiwan by Corporate Governance Asia for the sixth straight year in recognition of the company's commitment to transparency in corporate reporting.

While operational excellence remains at the heart of its organization, Fubon Financial Holdings, true to its corporate motto of "Positive Energy," strives to create positive outcomes for business, society and the environment. Fubon Financial Holdings was awarded Best CSR in Taiwan by Corporate Governance Asia in each of the six years leading up to 2016. In Taiwan, the company was named a Silver Winner in the Financial Holding Company category by Wealth Magazine's CSR Awards, and recognized for exemplary CSR practices in the category of Financial Services by Global Views Monthly's 12th CSR Award. In addition, Fubon Financial Holdings received the Ten Most Sustainable Company Award, the Creativity in Communication Award, and the Top 50 Corporate Sustainability Report Gold Award in the Financial Services and Insurance category for two years running from the Taiwan Corporate Sustainability Awards.

Awards and Recognition for Subsidiaries

Notable awards received by Taipei Fubon Bank in 2016 included Best Local Private Bank and Best Local Cash Management Bank in Taiwan by Asiamoney, Digital Bank of Distinction in Asia and Best Private Bank in Taiwan by Global Finance, and Best Mobile Banking Project of the Year, Best Cash Management Bank in Taiwan and Best Trade Finance Solution in Taiwan by The Asset. Business Today magazine honored the bank for its high-quality wealth advisory services with an award for Best Professionalism in its Wealth Management Survey on Banks and Brokerage Firms. Wealth Magazine's Taiwan Financial Award named Taipei Fubon Bank a Silver Winner for Best Bank Service and Best Digital Bank.

A five-time recipient of World Finance's award for Best Life Insurance Company, Fubon Life earned another title in 2016 with Asia Insurance Review naming it Life Insurance Company of the Year. In Taiwan, Fubon Life was awarded second place in the Life Insurance category in CommonWealth Magazine's Golden Service Award, as well as second place in the Insurance category of the same publication's Most Admired Companies annual survey. Other highlights included 16 awards at the 18th Faith, Hope, and Love Awards organized by Risk Management, Insurance & Finance magazine.

Fubon Insurance has enjoyed an international reputation for operational excellence. In 2016, it was named General Insurance Company of the Year by Asia Insurance Review and Best Non-Life Insurance Company in Taiwan by Global Banking and Finance Review. Fubon Insurance also earned a staggering number of awards from Risk Management, Insurance & Finance magazine, including 12 awards at the 18th Faith, Hope, and Love Awards, as well as Best Brand, Best After-Sales Service, Best Professionalism and Most Recommended Brand in the Insurance Quality Awards.

Fubon Securities was recognized by some of the most prestigious industry awards in 2016, including Best ECM House in Taiwan by FinanceAsia, Best Brokerage House in Taiwan by International Finance Magazine and Best Initiative in Innovation and Best Equity House in Taiwan by The Asset. The Taiwan Financial Award hosted by Wealth Magazine named Fubon Securities a Gold Winner for Best Brokerage Brand, Best Brokerage Service, Best Digital Brokerage and Best Brokerage House for FinTech Innovation.

Fubon ESG Visioning Project Guided by LIGHT Strategies

In late 2015, Fubon Financial Holdings launched the Fubon ESG Visioning Project, a new initiative based on the corporate motto of “Positive Energy” and focused on a five-pronged LIGHT strategy involving “Leading Investment, Innovative Finance, Golden Practices, Honest Lending and Tender Care.” A task force was created under the Corporate Governance and Sustainability Committee to set ESG agenda and actions for the short-, mid-, and long-term horizon. The Fubon ESG Visioning Project seeks to address environmental, social and governance issues by achieving 12 Sustainable Development Goals (SDGs), including good health and well-being, climate action, quality education and sustainable cities and communities, in order to contribute to economic prosperity, the development of civil society and environmental conservation.

Fubon Financial Holdings is widely recognized for its sustainability efforts by globally renowned organizations. In September 2016, in a yearly review of component selection by RobecoSAM and S&P Dow Jones Indices, Fubon Financial Holdings was added to the Dow Jones Sustainability Indices (DJSI) Emerging Market based on a comprehensive assessment of economic, environmental and social criteria. This marked the first time a Taiwanese financial holding company was selected for the FBN Diversified Financial Services and Capital Markets. Fubon Financial Holdings was the top-scoring company in the assessment of human capital development and ranked among the top 5% in the areas of financial inclusion, codes of business conduct, risk and crisis management, climate strategy and information/cyber security. Inclusion on DJSI provides a valuable measure of the progress Fubon Financial Holdings is making in sustainability through the use of its resources and capabilities.

Four Foundations Acting as Drivers of Progress and Prosperity

Wan-Tsai Tsai, the late founder of the Fubon Group, was a champion of the spirit expressed in the Chinese idiom of “plough

back to the community whatever is due to the community.” Fubon Financial Holdings’ four foundations serve as important platforms through which the company carries out its CSR activities and projects. In addition, the Fubon Volunteer Association and policies such as paid volunteering leave have been put in place to encourage employees to contribute their time and skills toward improving the communities they live in.

The Fubon Charity Foundation in 2016 raised more than NT\$113 million for Making Friends with Love, a program that helped 15,819 students continue their studies. Another program, Fubon Social Welfare Ambassador, benefited 87 nonprofits that provide social and community services. During the year, 3,528 employees contributed 25,535 hours of service in activities planned by the Fubon Volunteer Association.

The Fubon Cultural & Educational Foundation offered the Future Tycoon Outreach Program to 134 primary schools during 2016 to teach children about basic financial knowledge, with tools specifically designed to facilitate learning. It also organized workshops to increase the teachers’ level of financial literacy. Fubon EDU, a project initiated jointly with social enterprises, offered hands-on experience in farming to 3,894 Fubon Group employees and their families and friends in its support of sustainable agriculture.

The Fubon Art Foundation, for its first time, created encounters with art in a hotel setting. Folio Daan Taipei, as the hotel partner for the foundation’s new residency program, hosted an impressive collection of contemporary art by 8 artists in its public areas and provided accommodation to 6 artists to support their experimentation and development of new ideas. Fubon Forum, in its 16th year, has invited 755 speakers to share their insights into the aesthetics of everyday life in 1,787 lectures since its inception, attracting an audience of more than 180,000.

The Taipei Fubon Bank Charity Foundation organized 286 support group meetings and respite events for 5,635 family caregivers in the year as part of its larger effort to support and advocate for family carers. Beyond the Limits of the Possible, an exhibition of 60 paintings, handicraft and other arts made by 23 past award winners of the Artistic Achievement Awards for the Disabled, provided people with disabilities an opportunity to showcase their creative talent.

Local Root, Regional Reach

For the year ahead, economic growth is expected to continue at a moderate pace driven by expansionary monetary policy implemented by the world’s major economies, stabilization of commodity prices and increased trade activity. That, coupled with the iPhone 8 release, will help drive a recovery in Taiwan’s exports. Economic and geopolitical developments such as U.S. President Donald Trump’s stance on trade, key elections in the eurozone and China’s credit issues may, however, negatively impact the sentiment of business investment. Weakness in domestic demand—a result of slow wage growth, rising inflation and subdued consumer

spending—will likely be offset by improving exports. All in all, Taiwan's economic growth in 2017 will be faster than 2016.

A description of the strategic actions Fubon Financial Holdings' key subsidiaries will implement in 2017 is provided below:

1. Fubon Life: Plans for 2017 include promotion of retirement income products and long-term care plans in response to major demographic trends, including singlehood, low total fertility rate, ageing and longer life expectancy; the development of benefits-in-kind insurance that meets clients' specific objectives and new insurance policies that give customers discounts on policy premiums if they achieve pre-determined physical fitness targets; continued implementation of its annual recruitment program to expand service to rural and underserved areas; digital innovation and training to increase the ability of sales representatives to use technology; and continuation of a program that advocates for elder patients with dementia.

2. Taipei Fubon Bank: Priorities for 2017 include expanding client assets and enhancing portfolio performance; increasing the scale of operations and improving rates of return; utilizing the strength of its international network to acquire new clients; focusing on bank branches as the primary platform for enhancing interactions with customers and delivering locally tailored services; using data analytics to develop products that match customer needs and to achieve targeted marketing; increasing social media engagements and digital channel marketing to accelerate external customer acquisition; strengthening risk management capabilities; and focusing on the human element of customer service.

3. Fubon Bank (Hong Kong): Key actions for 2017 involve increasing the number of high-quality clients, creating a banking center for SMEs, and positioning its branches as community-based banking centers in order to become the primary banking choice for local customers; providing premium products and services under the Ambassador Banking proposition aimed at high-net-worth individuals; cooperating with Fubon Life on product development; transforming the head office in Central District into an iBranch, promoting paperless transactions in smaller branches, and installing two interactive teller machines, the i-Tellers, in less populated areas to improve access to service and support.

4. Fubon Bank (China): Plans for 2017 include increasing access to capital for Taiwanese corporations that operate in China, especially service companies that compete in the so-called experience economy; growing cross-border business specifically within China's free-trade zones; targeting mass affluent customers as its primary customer segment for retail banking and the growing middle class as the focus area for future growth; developing both on-line and off-line products and solutions to help consumers meet personal financial goals; capitalizing on the opportunities provided by the rapid growth of e-commerce and big-data analytics to grow payment and transaction services.

5. Fubon Insurance: Main initiatives include encouraging the use of mobile app platforms for sales representatives and claim professionals to increase efficiency and flexibility in performing tasks and communicating with customers; adding more three-year health and accident insurance policies to the product line-up following loosened regulations on such products; using reinsurance to limit losses from catastrophe; helping clients improve their catastrophe risk analysis and management and implement loss prevention measures; promoting disaster recovery service as a means of minimizing the disruption of operations and property loss; and strengthening its brand as a trustworthy partner and a leader in risk management.

6. Fubon Securities: Goals set out for 2017 include consolidating its market position in retail brokerage; building its wealth management business and diversifying its product portfolio; exploring opportunities in the 10 high-potential, strategic industries supported by the government and providing advisory and strategic planning services for high-quality IPO prospects; expanding presence in the Greater China market and meeting demand for financial advisory services that arise from the Taiwan government's new southbound policy; issuing warrants on popular stocks and on ETFs offered by Fubon Asset Management as the underlying asset.

Looking ahead, Fubon Financial Holdings is in a strong position to continue its expansion in Asia and strengthen its market-leading position in Taiwan. It is also taking advantage of the digital opportunities facing the company by innovating the way it interacts with and delivers financial services to customers. While operational excellence is one of its top goals, Fubon Financial Holdings will achieve it by maintaining sound environmental, social and governance practices as promoted by its ESG Visioning Project. These actions will contribute toward the company's long-term success and its vision to become one of Asia's first-class financial institutions.

Richard M. Tsai
Chairman, Fubon Financial Holdings



Daniel M. Tsai
Vice Chairman, Fubon Financial Holdings



Management Team



Vivien Hsu
President
Fubon Financial Holdings



Eric Chen
Chairman
Taipei Fubon Bank



Jerry Harn
President
Taipei Fubon Bank



Steve T.H. Chen
Chairman
Fubon Insurance



Howard Lin
Vice Chairman
Fubon Life



Benson Chen
President
Fubon Life



Gang Shyy
Chairman
Fubon Securities



Raymond Lee
Chief Executive Officer
Fubon Bank (Hong Kong)



Dennis Chan
President
Fubon Bank (China)

Fubon Life



- ▲ Numerous awards at home and abroad recognize Fubon Life for demonstrating exemplary leadership.



- ▲ Fubon Life holds regular race-walking events and lectures that encourage healthy habits and exercise.



- ▲ Fubon Life provides solutions, network and services that support healthy and happy aging.

Against a backdrop of low interest rates and declining profitability, Fubon Life delivered excellent financial performance in 2016. Net profit totaled NT\$28.688 billion, or NT\$4.13 per share. First-year and total premiums were NT\$204.3 billion and NT\$493.6 billion, respectively. Throughout the year, the company earned accolades from industry and news publications recognizing its exceptional leadership in operational performance, client service and involvement in the community. Asia Insurance Review named Fubon Life as Life Insurance Company of the Year and Insurance Company of the Year for Agents in 15 Asia-Pacific countries. World Finance awarded it Best Life Insurance Company, Taiwan for the fifth time. 2016 also marked the sixth consecutive year that Fubon Life was selected by finance and insurance graduates as the best company to work for. Other honors included a stellar number of 16 awards from the 18th Faith, Hope, and Love Awards, and first place in the Life Insurance category in CommonWealth Magazine's Golden Service Award.

Customer-Centric Innovation

Staying at the forefront of digital evolution, Fubon Life has launched a cloud-based learning interface that allows agents to access learning materials without being limited by space and time. Fubon Life also has created a seamless online-offline integration that enables agents, empowered with technology tools such as mobile-based insurance applications and fast filing of claims using photos of documents, to sell and service an insurance policy while maintaining a human touch. In response to the trends of longer life expectancy, Fubon Life identifies and develops solutions that address the income, healthcare, long-term care and lifestyle needs of the aged. This has resulted in new policies that cover major injuries and illnesses, chronic diseases, and long-term care with monthly payments, as well as an industry-first policy with in-kind benefits of check-ups and funeral service. These actions demonstrate the company's commitment to providing customers with distinguished service and support.

A Leading Voice in Dementia Advocacy

In addition to offering products designed to help people deal with the challenges of aging, Fubon Life works with social service groups and healthcare providers to advocate for elderly patients with dementia. About 25,000 Fubon Life employees have been trained with common skills and knowledge in dementia, while over 400 business locations participate in the effort to locate missing adults with dementia. A wearable NFC wristband has been introduced to assist the elderly suffering from dementia if they get lost. Fubon Life leads the industry in responding to Japan's national dementia strategy, the Orange Plan, which aims to establish healthcare services, social care services and agencies for the early detection, prevention and treatment of dementia. It shares with the Orange Plan the same goal of forming a national network to support older adults with dementia and contributing to the quality of their life and wellness.

Bringing Positive Energy to Society

Fubon Life has a strong corporate culture in support of social responsibility. The programs funded have focused primarily on raising awareness of healthy lifestyles and addressing the most pressing issues identified in the community, such as unequal distribution of economic and social resources between urban and rural areas. As part of its efforts to promote the game of basketball, Fubon Life has been a long-time sponsor of the Fubon Braves, and it offers athletic opportunities for students through its charitable basketball camp and the hosting of the Super Cup tournament. In 2016, Fubon Life signed a sponsorship agreement with the University Basketball Association and organized 3-on-3 senior basketball games to encourage the public, especially the elderly, to keep up exercise habits. Another major initiative undertaken by Fubon Life in 2016 was disaster relief. When a powerful earthquake struck southern Taiwan last February, it provided immediate assistance to affected policyholders and the public with funding committed to support earthquake orphans.

Taipei Fubon Bank



▲ Taipei Fubon Bank awarded Best Mobile Banking Project of the Year—Asia Pacific by The Asset



▲ Taipei Fubon Bank celebrates the grand opening of new Pingtung Branch.



▲ Taipei Fubon Bank signs a syndicated loan of US\$200 million for VietinBank.

Leading the Way in Excellence in Service and Professionalism

Taipei Fubon Bank delivered strong results across its core businesses despite economic uncertainty and geopolitical risks globally and headwinds facing Taiwan's economy. Taipei Fubon Bank's institutional banking operation continued to see steady growth in SME and syndicated lending. The bank's retail banking business also expanded, most notably in home mortgage loans and bancassurance sales, though many clients refrained from investing their funds in real estate and other investments amid high market volatility. Taipei Fubon Bank remained the No.1 credit card issuer in Taiwan based on average monthly transaction volume per active account, with its credit card product offerings focused on selective credit cards and geared to affluent customers. Taipei Fubon Bank earned NT\$14.466 billion in net income in 2016.

Taipei Fubon Bank was recognized in the past year with industry awards from Asiamoney, The Asset and Factors Chain International as a testament to the bank's strength in institutional banking. Taipei Fubon Bank also received top rankings in the surveys by leading financial media and trade publications domestically and internationally, including Euromoney, Global Finance, International Finance Magazine and CommonWealth Magazine.

Investing in a Digital Future

To reflect the shift in transaction activity to digital and mobile channels, Taipei Fubon Bank continued to harness technology to develop new service delivery models, build and strengthen its electronic transaction platform, and integrate physical and virtual channels in order to meet the digital lifestyle needs of its customers. Taipei Fubon Bank also expanded the range of banking products and services available to be processed and delivered online, including asset and trust management, deposits, mortgages, personal loans, student loans, credit cards, and cross-border funds transfer, offering customers a convenient way to manage their finances anytime and anywhere.

In 2016, Taipei Fubon Bank responded to customers' desire for a more modern in-branch experience with a renewed focus on full-service branches. This strategy allowed the bank to capitalize on the combined strength of its institutional and retail sales force, achieve efficiency gains from operations, and enhance interaction with customers. Meanwhile, Taipei Fubon Bank continued to consolidate its branch network in Taipei City and transformed an increasing number of branches in central and southern Taiwan into flagship locations, moves that significantly increased its sales and brand recognition and improved customer satisfaction. A total of 59 branches have been renovated up to the end of 2016, and their enhanced space, along with simplified transaction processes and modern banking technology, delivers to clients a truly differentiated experience.

Balancing Growth and Risk

Looking ahead to 2017, balancing growth and risk will be a key priority for Taipei Fubon Bank in response to uncertain global geopolitical situations and potential threats to the economy. The bank will take a customer-centric approach to developing new business, driving growth in client acquisition and innovating on products and services while adhering to its risk management principles. In institutional banking, the goals are to refocus on core customer segments, improve existing client relationships, expand client assets, enhance portfolio performance, and increase exposure to foreign markets for improved rates of return. In retail banking, branches will remain crucial as their local presence facilitates closer proximity to existing and prospective clients. Data analytics will be applied to enable more targeted marketing, through traditional and digital media channels, and to increase social media engagements. These efforts will position Taipei Fubon Bank as the banking partner of choice and assist the bank in realizing its vision to become one of the leading banks in Asia.

Fubon Bank (Hong Kong)



- ▲ Advertising campaign carrying the theme "THE FUBON EXPERIENCE"



- ▲ Fubon Bank (Hong Kong) received various awards in 2016. The Bank will continue to upgrade its service quality to offer customers the unique FUBON EXPERIENCE.



- ▲ The launch of "iBranch" has been well-received by customers. Fubon Bank (Hong Kong) also obtained registration of "iBranch" as its trade mark in Hong Kong.

Prudent Management under Volatile Market Conditions

Fubon Bank (Hong Kong) reported a net profit of HK\$635 million for the year ended 31 December 2016, representing an increase of 22% as compared with 2015 notwithstanding the increasingly challenging operating environment in Hong Kong and worldwide. Return on average equity increased from 4.92% to 5.72% and return on average assets increased from 0.60% to 0.68%. Net interest income increased by 9% to HK\$1,169 million, driven by both the widening of net interest margin and the growth in average interest-earning assets. Net interest margin widened by 5 basis points to 1.45%. The increase was attributable to a decrease in deposit cost coupled with continued yield improvements in the loan portfolio.

Net fee income increased by 3% to HK\$364 million while total non-interest income which included other operating income of HK\$57 million decreased by 2% to HK\$421 million. As a result the percentage of total non-interest income to total operating income declined to 26.5%, compared with 28.6% in 2015. Compared to the previous year, treasury products fee income contracted by more than half, mainly due to the diminished demand for Renminbi-related structured products from corporate customers because of the continued expectation of the depreciation of Renminbi against the US dollar. Securities brokerage and investment services income was impacted by significant turnover shrinkage in the stock market and declined by 36%. Despite the challenging market conditions, insurance services income achieved a notable growth of 40%. Last year, Fubon Bank (Hong Kong) also entered into a partnership with Fubon Life Hong Kong to broaden the range of insurance products and services it offers to customers.

Operating expenses decreased by 7% to HK\$957 million. Excluding a provision of HK\$100 million made in 2015 against a 2002 lawsuit involving a transaction that originated in 1998, operating expenses would have increased by 3%. Cost-to-income ratio decreased to 60.2%, compared with the adjusted ratio of 61.6% in 2015. For other non-operating income, Xiamen Bank sustained its growth momentum. The Bank's share of profits amounted to HK\$225 million, representing a year-on-year increase of 9%. In addition, the Bank disposed its investment in Vietnam during the year and recognized a gain of HK\$48 million.

The Bank's total assets rose by HK\$5 billion, or 5%, to HK\$96 billion as of 31 December 2016. The Bank's capital and liquidity position remained strong and healthy. The total capital ratio and common equity tier 1 capital ratio stood at 17.02% and 12.60% respectively as at 31 December 2016, compared with 16.62% and 11.81% at end-December 2015. The average liquidity maintenance ratio also stood at a comfortable level of 48.49% in 2016.

Creating Award-Winning Customer Experience

The Bank's determination to enhance its retail banking service channels over the last two years not only improved operational cost effectiveness but also reinforced customer engagement. The launch of iBranch and a comprehensive range of digital banking services, including mobile banking, e-Statement and e-Cheque services, have been well-received by customers and enhanced customer experience. Moreover, Fubon Bank (Hong Kong) has successfully obtained registration of "iBranch" as its trade mark in Hong Kong. Its efforts also resulted in receiving recognition during the year: Banking & Finance Awards 2016—My Favourite Innovative Branch Experience Award from Sky Post, Hong Kong Outstanding Digital Brand Awards—Outstanding Intelligent Branch—Banking Services from Metro Broadcast and The Chamber of Hong Kong Computer Industry, to name but a few. Furthermore, the Bank was awarded the 10 Years Plus Caring Company Logo by the Hong Kong Council of Social Service.

The Fubon Experience

Looking ahead, Fubon Bank (Hong Kong) will continue to strengthen its local franchise and pursue a prudent growth strategy to stay resilient in the face of rapidly evolving business conditions. The Bank will remain committed to its service-oriented approach by offering a diverse range of financial services tailored to fit the needs of its target customer segments and continue to expand its digital platforms and upgrade its service delivery channels to capitalize on emerging Fintech opportunities and meet changing customer preferences. In corporate banking, the Bank will continue to enhance its products and services through technology to expand its customer base and deepen customer relationships. As always, the Bank is committed to strengthening risk management and culture, and will continue to adopt the ever evolving best practices in corporate governance while improving its service delivery capabilities. One of its core missions remains the provision of reliable and high-quality banking solutions to its customers to enable them to share the unique FUBON EXPERIENCE.

Fubon Bank (China)



- ▲ The new flagship branch in Chengdu makes Fubon Bank (China) the first Taiwanese-owned bank to offer wealth management services in Sichuan Province, China.



- ▲ Fubon Bank (China) is elected to lead the first-ever Standing Committee of the Taiwan Banking Steering Committee of the China Banking Association.

Sustainable Growth

China's economic slowdown put immense pressure on banks in 2016. Fubon Bank (China) addressed the challenge by pursuing a long-term business strategy focused on investment in FinTech and continued expansion of its branch network. Fubon Bank (China) was one of the top-performing foreign-owned banks with end-of-year assets of 68.154 billion yuan, loan-loss provision ratio of 2.64% and non-performing loan ratio of 1.60%. Net profit after provision grew year-on-year to 412 million yuan. During the year, Fubon Financial Holdings purchased the 20% interest it did not own in Fubon Bank (China) from Shanghai Pudong Development Bank, making the bank a wholly-owned subsidiary and laying a strong foundation for long-term growth.

A Breakthrough Year

2016 was a pivotal year for Fubon Bank (China). Its corporate banking business shifted focus from real estate and manufacturing industrial sectors to logistics, healthcare, infrastructure, transportation, energy and consumer sectors in order to align lending activities with China's structural rebalancing. Fubon Bank (China) successfully leveraged the resources, scale and reach of its parent group to deliver cross-border financing and supply chain finance solutions, thereby establishing a reputation for expertise in cross-border transactions.

In the past year, Fubon Bank (China) continued to stay at the forefront of digital technology. It supported and promoted WeChat Wallet, Cloud QuickPass and Apple Pay, with the most comprehensive solution for electronic payment than any of its foreign peers. Its innovative efforts helped drive the bank's client assets under management to over 15 billion yuan. In November, the issuance of a retail banking license to serve Chinese nationals made Fubon Bank (China) the first Taiwanese bank to operate on a full banking license in China.

In markets services, Fubon Bank (China) expanded its treasury and capital markets operations after it received approval to offer

commodity derivatives trading, annexation loans, bilateral clearing of yuan derivatives and gold trading. In addition, Fubon Bank (China) was granted a QDII quota, and became the first non-domestic bank in China to participate directly in the inter-bank bond market. The success of the syndicated loans it lead managed significantly raised its profile and increased its brand influence among the peers.

Fubon Bank (China) increased the number of its locations to 24 in 2016, making it the only Taiwanese bank operating in each of China's four free-trade zones. Fubon Bank (China) moved ahead of its Taiwan peers last May by opening a bank branch in Beijing, along with another new branch in Nanjing. Last December, a new branch was launched in Chengdu. This branch, together with the branch being set up in Wuhan, serves as a strategic entry point into central and western China where the One Belt, One Road initiative is providing new impetus for growth.

Support for individuals and communities

As the largest Taiwanese-owned bank in China, Fubon Bank (China) is dedicated to promoting the best interests of the Taiwanese community living and working in China. Last year, the bank supported Taiwanese expatriates and students with loans for advancing their education and starting own business in addition to facilitating corporate access to capital. Through its role leading the first-ever Standing Committee of the Taiwan Banking Steering Committee of the China Banking Association, Fubon Bank (China) contributed greatly to the understanding and cooperation of financial institutions across Taiwan and Mainland China.

Looking ahead, Fubon Bank (China) will continue to be guided by its commitment to acting with integrity, serving the common good and creating positive outcomes for its stakeholders. Increasing customer engagement and expanding presence in key urban centers are among the steps it will take to secure its position. As the anchor of Fubon Financial Holdings' China strategy, Fubon Bank (China) is steadfast in support of the group's goal to be recognized as one of the premier financial institutions in Greater China.

Fubon Insurance



- ▲ Fubon Insurance is the only Asian insurance company named three times as General Insurance Company of the Year.



- ▲ Fubon Insurance has been selected as Most Admired P&C Insurance Company for 16 straight years.



- ▲ Fubon Insurance makes a positive impact on the community through its blood donation program.

Making Sustained Progress

Fubon Insurance achieved yet another record year in 2016 with written premiums of NT\$33.1 billion, or a market share of 22.8%. This placed the company as Taiwan's largest property and casualty insurer for the 35th year running. Fubon Insurance's prudent underwriting practices, disciplined investment approach and rigorous cost controls resulted in net profit of NT\$3.119 billion, or NT\$9.81 per share. A focus on long-term profitability, coupled with the extensive marketing and distribution reach of Fubon Insurance's parent company, provides a strong foundation for ensuring superior business performance and for guaranteeing a high level of protection for customers.

Fubon Insurance earned several notable awards in 2016. Fubon Insurance was named General Insurance Company of the Year by Asia Insurance Review, making it the first Asian insurance company to win this award three times. Fubon Insurance also became the first Taiwanese property and casualty insurer honored by the Asia Responsible Entrepreneurship Awards in the category of Social Empowerment. In Taiwan, it was named Most Admired P&C Insurance Company for the 16th consecutive year, and was selected by finance graduates as the best company to work for.

Ensuring Best Outcomes for Customers

Fubon Insurance has capitalized on the opportunities provided by digital and mobile technologies to transform its premium payment and policy application systems. In 2016, it held a 45% share in Web-based insurance transactions, and issued over 400,000 electronic policies. The use of electronic documents has increased productivity while minimizing the impact on the environment. During the past year, Fubon Insurance continued to provide micro-insurance programs for the poor and disadvantaged in collaboration with the Fubon Charity Foundation. It also pioneered a crop insurance policy designed specifically for top-grafted pear growers to protect them from losses due to frost.

Fubon Insurance is committed to helping its corporate clients reduce their vulnerabilities by increasing their knowledge of risk prevention and preparedness through training workshops. Moreover,

its expertise in disaster recovery has helped numerous companies reduce the frequency and severity of unexpected events, thereby limiting the economic, social and environmental impact for the affected business and society. After a massive earthquake struck southern Taiwan last February, Fubon Insurance's high-tech clients in Southern Taiwan Science Park were able to recover fully from disruption within a short period of time despite damage to their facilities or equipment.

Expanding Geographical Reach

Fubon Insurance runs an expanding, regional network including subsidiaries in China and Vietnam, insurance brokerage firms in Thailand and the Philippines, and offices in Beijing, Malaysia and Indonesia. Fubon Insurance (Vietnam), one of the two subsidiaries of Fubon Insurance, has head office in Ho Chi Minh City and branches in Hanoi, Binh Duong and Dong Nai. The company's written premiums in 2016 were 286.1 billion dong, a 24.9% increase year-on-year. Fubon Insurance (Vietnam) has been a trusted partner for Taiwanese-owned and Vietnamese businesses, serving their protection needs with a combination of local focus and deep expertise.

Fubon Property & Casualty Insurance, Fubon Insurance's China-based subsidiary, has 50 offices in cities of Xiamen, Fujian, Sichuan, Chongqing, Liaoning and Dalian. In 2016, the company was the sixth largest in its headquarter city of Xiamen with written premiums of 1.06 billion yuan, up 20.9% over the prior year. Overall in China, it was ranked fifth out of 22 foreign-owned property and casualty insurers with a consistent, above-peer top line growth. Fubon Property & Casualty Insurance took sixth place out of 77 property and casualty insurers in a ranking of solvency by the China Insurance Regulatory Commission, demonstrating its ability to adapt to regulatory requirements under the second-generation solvency framework. It also has achieved high satisfaction scores in national auto insurance ratings.

Looking ahead, Fubon Insurance will continue to utilize its product development skills and risk expertise to meet changing customer needs. The company also will reinforce its commitment to social responsibility in line with its core values of integrity, sincerity, professionalism and innovation.

Fubon Securities



▲ Raymond Yang, Chairman of Fubon Futures, is presented with the Futures Diamond Award by Len-Yu Liu, Chairman of the Taiwan Futures Exchange.



▲ Leo Cheng, President of Fubon Securities, accepts four Gold awards on behalf of the company at the 2016 Taiwan Financial Award.



▲ Fubon Asset Management launches Taiwan's first ETF that tracks the NASDAQ-100 Index.

Innovative, Personalized Service Delivery

Taiwan's stock market was marked by declining trading volumes, the rapid rise of financial technology and intense competition in 2016. Against this backdrop, Fubon Securities continued to post growth in both revenue and profit reflecting its innovative, personalized service delivery. Net profit for the year was NT\$1.504 billion, or NT\$0.9 per share. Fubon Securities remained one of Taiwan's top three retail brokers with a 5.21% share, with wealth management revenue growing by 69% to account for 11% of all revenue from brokerage services. Re-consigned trading of foreign securities increased by 28.7% to NT\$153.5 billion. The issuance of warrants reached 1,574 for a 6.4% market share. The company's investment banking unit lead-managed the biggest corporate bond deal of the year, valued at NT\$28.5 billion, and set the precedent of arranging US\$50 million of ECB through an overseas securities unit. Fubon Securities also reinforced its reputation for innovation in 2016 with the launch of a voice-activated mobile assistance app and fingerprint log-in on its mobile app for trading. Meanwhile, the insights into customer needs and behaviors gained through data analytics allowed the company to serve clients with more personalized experiences and the most appropriate portfolio of products. Fubon Securities' market-leading position and innovative efforts were honored in the past year by some of the most respected industry publications, including the Asset and FinanceAsia.

Proven Investment Capabilities and Industry-Leading ETF Offering

Fubon Asset Management, Fubon Securities' asset-management arm, managed client assets of NT\$122.25 billion in 2016. It further strengthened its position as one of the leaders in foreign ETFs by launching nine new funds, including ones that track India's flagship index, the NASDAQ-100 Index and futures on CBOE Volatility Index, with assets held by its foreign ETFs reaching NT\$56.9 billion. For Fubon Futures, the futures

brokerage unit of Fubon Securities, 2016 marked the second year in a row that its managed futures business was honored by the Futures Diamond Award for demonstrating outstanding service as a futures introducing broker. This business continued to manage the most futures assets than any other peer and delivered superior performance for its clients. In the past year, both Fubon Asset Management and Fubon Futures enhanced their investment capabilities and improved product sophistication to meet clients' changing investment needs with a wide selection of asset classes and geographic regions.

Aspiration for Leadership in Greater China

Looking forward, Fubon Securities will continue its strategy of driving growth and efficiency, with an intense focus on innovation and consistent, high-quality profit. Further collaboration between businesses will be a key priority for 2017 in order to provide clients with the best advice, service, and investments. Fubon Securities Investment Services will use its investment advisory expertise to support the development of wealth management and investment banking, while Fubon Asset Management will offer dollar-cost averaging investment plans to retail investors, increase the liquidity and scale of its ETF operations and broaden its product range, particularly within the Asia-Pacific strategies.

Fubon Securities reached another important milestone in 2016 when the Xiamen Administration for Industry and Commerce approved its application to incorporate a new company in China, Fubon Securities Equity Investment. This development has allowed Fubon Securities to expand its capital market operation to include investment in high-quality Chinese SMEs to advisory service for IPO in China. Fubon Securities looks forward to the opportunity of establishing a Chinese securities joint venture in the future, which will enable the company to offer a full suite of trading, advisory and capital-raising services and strengthen its presence in Greater China as one of the premier brokerage firms.

Investment Management Group



▲ Beam-raising ceremony for a new office of Fubon Life



▲ The newest office is situated in a prime location on Wenxi Street, Taichung City.

Fubon Life and Fubon Insurance Navigating Markets with Time-Tested Investment Strategies

A prudent and disciplined investment approach has guided Investment Management Group as it navigates diverse market conditions. It manages market volatility through diversifying portfolios across asset types and geographies while maintaining stringent risk controls. The superior performance track record of Investment Management Group is underpinned by a commitment to safeguarding the funds entrusted by policyholders and protecting their best interests.

The financial markets started off to a torrid start in 2016 as a new circuit breaker system for Chinese stocks caused havoc across global markets. Britain's historic vote to leave the European Union last June sparked a sharp fall in the value of the pound. The U.S. presidential election and expectations for interest-rate increases from the U.S. Federal Reserve sent the dollar surging. Elsewhere, investors grew anxious over provocations in North Korea and conflicts in Middle East.

During 2016, the investment teams of Fubon Life and Fubon Insurance weathered volatile market conditions, identified opportunities in the events occurring around the world, and delivered strong investment returns. At Fubon Life, investment gains set a fresh record at NT\$124.3 billion while investible funds at 2016 year-end rose 10% to NT\$3.11 trillion from a year ago. Fubon Insurance's investible funds grew steadily, reaching NT\$78.6 billion at the end of 2016.

2017 Outlook and Challenge

In the year ahead, the world economy is forecast to continue growing at a modest rate but risks remain high. In the U.S., a more expansionary fiscal policy under a Trump presidency could lead to inflation and eventually force the Federal Reserve to quicken the pace of interest-rate rises. U.S. President Donald Trump's proposed tariffs to reduce trade deficits could cause other countries to follow suit. In Europe, 2017 marks a volatile political risk environment due

to tensions created by key elections to be held throughout the year, the emergence of anti-establishment movements, and the impact from a full Brexit. China is exposed to economic risks that arise from supply-side reform plans, a cooling housing market and trade disputes with the U.S., but the 13th Five Year Plan (2016–2020) should help China move to a more sustainable growth path in the long term. In sum, markets in 2017 will be driven by U.S. fiscal policy actions and cabinet appointment, European political risk and China's growth performance.

For 2017, the strategy of Investment Management Group is focused on seeking income-yielding assets, identifying opportunities to improve portfolio structure and implementation, and further enhancing risk and asset-liability management capabilities amidst an environment of moderate economic growth and policy uncertainty. The disciplined execution of this strategy positions Fubon Life and Fubon Insurance well to continue to deliver sustainable, long-term investment returns.

Direct Investment Pursuing Profitable Opportunities

Investment Management Group's direct investment division identifies and secures new business opportunities through joint venture or by investing in high-potential unlisted companies in the biotech and healthcare, electronics, information technology, cultural and creative, renewable energy, infrastructure and financial industries. Its goal is to capitalize on the opportunities that arise from Taiwan's ongoing transition to a knowledge-based, service-driven economy.

The group ended 2016 with direct investment valued at NT\$6.423 billion including NT\$2.156 billion in biotech and healthcare, NT\$772 million in infrastructure, NT\$1.293 billion in creative industries and media channels, NT\$454 million in financials, NT\$340 million in venture capital, NT\$487 million in energy and environmental engineering, NT\$344 million in hotels and restaurants, NT\$290 million in IT and e-commerce, NT\$271 million in textile and NT\$16 million in others.

Fubon Sports & Entertainment



▲ The core value of the Fubon Braves, Brave On, celebrates the power of daring to dream.

Fubon Sports & Entertainment is a subsidiary of Fubon Financial Holding Venture Capital, a member company of Fubon Financial Holdings. Fubon Sports & Entertainment owns and operates sporting franchises including the Fubon Braves and the Fubon Guardians, making it the only corporation that owns teams at the highest level of sports in both Super Basketball League (SBL) and Chinese Professional Baseball League (CPBL) and underscoring Fubon Financial Holdings' long-standing commitment to sport.

The Fubon Braves: Championing the Sport of Basketball

Since taking control of the Fubon Braves, which made their debut at the 12th season of SBL, Fubon Sports & Entertainment has reinvented the franchise with a new slogan "Brave On" to celebrate the power of daring to dream. As the new owner, Fubon Sports & Entertainment benchmarks its management practice against standards set for professional sports franchises, and has leveraged the resources of its parent company to create a supportive environment where players can achieve their full potential. With its rigorous focus on operations and infrastructure, Fubon Sports & Entertainment aims to bring to the team a sense of pride, create memorable experiences for the fans, encourage youth to take up the sport and enhance the overall game of basketball. Inspired by Fubon Financial Holdings' vision of being Asia's premier financial company, the Fubon Braves seek to take the game to a new height and become one of the top-rated basketball franchises in Asia.

Social responsibility is an integral part of Fubon Sports & Entertainment's corporate culture. Its commitment is demonstrated by various grassroots basketball initiatives. The company has joined other members of Fubon Financial Holdings to host high school and college basketball leagues. The basketball camps held at rural schools with support from the Fubon Charity Foundation and Fubon Life teach the fundamentals of the sport and encourage children to pursue their dreams, while regular summer camps help youth to develop a life-long passion for the game. The Fubon Braves often volunteer their time toward charitable causes in order to reach out to younger generations and communicate to them positive values of life.



▲ The Fubon Guardians' debut marks a historic moment for professional baseball in Taiwan.

The Fubon Guardians: Inspiring Passion for the Game of Baseball

In September 2016, Fubon Sports & Entertainment signed an MoU with EDA Sports and Entertainment to take over the EDA Rhinos baseball team. The EDA Rhinos were renamed as the Fubon Guardians in November of the same year, with the team to take to the field in 2017 with a new drive and passion.

Baseball is considered the national sport in Taiwan. The CPBL is the top-tier baseball league with 240 regular-season games played each year. The increase in CPBL attendance, which reached over 1.4 million in 2016, reflects the popularity of the sport of baseball. The 2016 championship title won by the former EDA Rhinos caps off an exciting year for Fubon Sports & Entertainment and points the way to more victories in the future.

The name Fubon Guardians signifies defending the unprotected, much in the same way Fubon Financial Holdings safeguards the interests of all its clients, employees and the public at large. It also fittingly epitomizes Fubon's fearless, highly-motivated staff. At the end of 2016, the Fubon Guardians' logo was revealed to be a knight in helmet, with royal blue as its featured color, to communicate the six elements often associated with the knights: loyalty, glory, fearlessness, protection, victory and leadership. The Fubon Guardians have reserved the number 111 to honor their fans ahead of their inaugural season, with the number to signify the historic moment for the Fubon Guardians as well as the club's determination to gain the No.1 position.

Before its move into professional baseball, the Fubon Group has been sponsoring an amateur baseball team, the Fubon Bulls, since 1993. Moreover, it has been a host of the Fubon Little League Cup Tournament since 2015. From grassroots basketball initiatives, support for amateur baseball to ownership of a professional baseball franchise, the Fubon Group is steadfast in its commitment to providing resources and opportunities for the sport of baseball.

Promoting Positive Energy through Sport

Fubon Sports & Entertainment plays a vital role in facilitating Fubon Financial Holdings' participation in the sport and recreation industry. Going forward, the company and other members of the group will continue to harness the positive energy that defines the Fubon brand to achieve progress in the community.



Dynamic Fubon Creating a Common Good

Changing the World One Step at a Time

Fubon Financial Holdings acts as a “social catalyst,” embracing corporate social responsibility. Through ethical management practices and forward thinking, we have emerged as a positive force in the financial sector, committed to creating a common good.

Fubon Charity Foundation

The Fubon Charity Foundation was the first philanthropic organization founded by Wan-Tsai Tsai, founder of the Fubon Group, with a vision to give back to society. For the past 28 years, the Foundation has committed to supporting the most vulnerable and uniting Fubon Group employees around efforts to promote socially-responsible values.

Highlights of 2016

“Making Friends with Love”: Funds of NT\$113,898,000 were raised to help 15,819 students continue their studies.

“Exchanging Points for Love”: Funds of NT\$1,350,750 were raised for 13 charities.

“Emergency Relief”: Aid efforts taken or coordinated by the foundation include support for individuals with emergency situations, a medical emergency fund, financial aid to the victims of the Jiji earthquake in 1999, a micro-insurance program, tuition assistance for orphans of rescue workers who died on duty during Typhoon Morakot, and financial aid to the victims of the 206 earthquake in 2016. Funds of NT\$33,294,389 were contributed to support 15,064 individuals and groups.

“Make a Wish, Build a Future”: The campaign granted the wishes of 10,128 disadvantaged children and launched two dream-come-true projects.

“Fubon Social Welfare Ambassador”: The initiative benefited 87 nonprofits that provide social and community services.

“Annual Volunteer Day”: 579 Fubon Group employees volunteered in six beach clean-up events and collected 2,337.4 kilograms of trash.

“Joy of Giving Blood”: Fubon Group employees participated in the annual blood drive with 4,446 units of blood collected. The blood drive was honored by the Taiwan Blood Services Foundation for an eight straight year.

“Fubon Volunteer Association”: 3,528 members contributed 25,535 hours of service.

Going ahead, the Foundation will continue to develop the connections and resources necessary to help those underserved by existing social institutions. It also will promote sustainability to achieve the best outcome for society.

Fubon Charity Foundation

Fubon Cultural and
Educational Foundation

Fubon Art Foundation

Taipei Fubon Bank Charity
Foundation

Shanghai Fubon Charity
Foundation



▲ Pop singer Jay Chou and the Fubon Braves join a campaign that encourages children to pursue their dreams.



▲ Students in Chiayi County unlock their creativity by painting their schools during the “Make a Wish, Build a Future” campaign.

Fubon Cultural & Educational Foundation

The Fubon Cultural & Educational Foundation has helped teenagers harness their potential and develop a global mindset. In 2016, its efforts were focused on youth empowerment, awareness and preservation of films, parental-child communication, financial literacy and support for social enterprises.

The Young Voice Workshop, the Young Dreamer Project, and an aboriginal education support program that the Foundation carried out in the past year empowered young people to think critically about public issues and express themselves through creative arts. The Foundation also increased in its efforts to preserve Taiwan's rich film heritage in 2016. In addition to film appreciation classes that helped 2,395 students and teachers learn about cinema, an unprecedented collaborative project between the Foundation, filmmakers, producers and distributors was launched to restore historically and culturally significant films.

Let's Talk about Media, a radio show produced by the Foundation, served as a vital platform for dialogue between parents and children. A video channel that turns its radio broadcasts into Internet streaming attracted about 2 million viewers in the year. The Future Tycoon Outreach Program was offered to 134 primary schools last year to teach basic financial knowledge, with tools designed to facilitate learning. It also organized workshops to increase the teachers' level of financial literacy. Fubon EDU, a project initiated jointly with social enterprises, offered hands-on experience in farming to 3,894 Fubon Group employees and their families and friends in its support of sustainable agriculture.



▲ The Road to Mandalay post-screening discussion with director Midi Z and music composer Lim Gliong

▲ Fubon EDU's environmental day trips featuring hands-on rice-farming experience

Fubon Art Foundation

The Fubon Art Foundation is committed to integrating art into daily life and unleashing people's creative potential. It breaks down the barriers preventing people from taking part in art by taking art to them, through exhibitions, lectures, hands-on activities, gift-giving, literature and radio broadcasts. The Foundation's promotion of installation art in public space allows people to experience a journey through space and colors, and increases their awareness of the benefits provided by a rich artistic environment.

Very Fun Park, an annual highlight of Taipei's art scene exploring the concept of a "museum without walls", entered its 10th year in 2016. This exhibition marked the third year of the project's collaboration with National Taiwan University, where 12 artists displayed their art around the campus to engage viewers in a visual and physical dialogue with the artworks.

2016 also marked the first time the Fubon Art Foundation created encounters with art in a hotel setting. As the hotel partner for the foundation's new residency program, Folio Daan Taipei hosted an impressive collection of contemporary art by 8 artists in its public areas. It also provided accommodation to 6 artists as an alternative platform to support the experimentation and development of new ideas.

Fubon Forum, in its 16th year, has invited 755 speakers to share their insights into the aesthetics of everyday life in 1,787 lectures since its inception, attracting an audience of more than 180,000. The 16 large public lectures and 8 fee-charging classes organized in 2016 featured a prestigious list of guest speakers from diverse cultures and backgrounds.

In the year ahead, the Fubon Art Foundation will continue to put forward the idea of a "museum without walls" with projects that help people cultivate a greater appreciation and understanding of art.



▲ 21_21 DESIGN SIGHT, organizer of the "Measuring: This much, That much, How much?" exhibition, invited as guest speaker at Fubon Forum

▲ Inauguration of the annual installation event "Very Fun Park" jointly with Taiwan National University

Taipei Fubon Bank Charity Foundation

The Taipei Fubon Bank Charity Foundation provides support for the elderly and people with disabilities and improves the public's access to social services. In 2016, the Foundation continued to oversee the operations of three adult day care centers in Taitung County. To help older people improve their quality of life, a total of eight outings were held on the Double Ninth Festival. The Foundation's initiative on family caregivers extended its carer support to Taiwan's outlying islands, encouraged caregivers to express themselves through drama, increased in-home respite service, and expanded its support network using social media. A total of 286 support group meetings and respite events were organized for 5,635 family caregivers in the year. Meanwhile, another initiative funded by the Foundation continued to increase the awareness, understanding and support of patients with dementia.

The All Love Orchestra, an ensemble composed of winners of the Artistic Achievement Awards for the Disabled, performed at six high schools during 2016. For its first time, the ensemble debuted a musical play in celebration of the International Day of Persons with Disabilities. Beyond the Limits of the Possible, an exhibition of paintings, handicraft and other arts made by 23 past award winners, was inaugurated by Chairman Daniel M. Tsai. Last year, the Foundation also moved to expand access and opportunity for people living in poverty. The Fubon Empowerment Camp was organized to help people in Penghu County become self-reliant from the skills they learned from internships at Taipei Fubon Bank and training courses that covered topics such as how to start a business and money management skills.

Shanghai Fubon Charity Foundation

The Shanghai Fubon Charity Foundation was created in 2015 with a mission to support low-income women and bring positive energy to where it is needed. It has empowered numerous women by providing them access to education, healthcare and emergency aid, particularly vulnerable individuals who are disengaged from supports and services.

The highlight of 2016 for the Shanghai Fubon Charity Foundation was a partnership with Fubon Property & Casualty Insurance to offer fracture cover for female seniors above 70 years of age and with little coverage. This insurance cover pays out up to 2,000 yuan to the insured per year depending on the severity of the fracture. It was available initially at a few neighborhoods and then offered across a wider area in Shanghai City.

With assistance from the Foundation's staff and dedicated volunteers from Fubon Bank (China), 1,652 seniors benefited from the offer of fracture cover last year. The employees of the head office and seven branches of Fubon Bank (China) involved themselves in identifying seniors with little financial protection in the event of a sudden injury through frequent visits to 24 streets in Pudong New District, Changning District, Huangpu District and Minhang District. They also helped the seniors file claims and address issues with their claims, such as delayed claim settlement. A total of 12 insured seniors received the payout in the year, and the Foundation's effort won the applause of local residents, leaders and the All-China Women's Federation.

In the year ahead, the Shanghai Fubon Charity Foundation will continue to offer fracture cover to seniors. It also will unite Fubon Bank (China) employees and other volunteers to contribute to a new project on book donation and rural library support.



▲ Inauguration of the art exhibition "Beyond the Limits of the Possible" by Chairman Daniel M. Tsai



▲ A strong commitment to providing care and assistance for the most vulnerable female groups



▲ A fracture insurance policy offered to female seniors wins praise from the community and the All-China Women's Federation.

Fubon's Three Principles



Wan-Tsai Tsai
Founder and Former Chairman
Fubon Group



Fubon traces its roots to 1961 when Fubon Insurance, formerly known as Cathay Insurance, began operations as Taiwan's first private P&C insurance company. Since then, Fubon has grown into one of Taiwan's largest conglomerates with presence in most major sectors of the domestic economy.

In 1985, Mr. Wan-Tsai Tsai, the late founder of the Fubon Group, articulated three principles—integrity, diligence and modesty—to be followed at both the personal and corporate level. He defined integrity as the foundation for conducting oneself, diligence as the foundation for building entrepreneurship, and modesty as the foundation for cultivating one's nature and dealing with people. Setting the example himself, Mr. Tsai had encouraged every employee to put these principles into action.

Through integrity, diligence and modesty, the Group has laid the building blocks of success. For Mr. Tsai, integrity is exhibited by being trustworthy and using judgment and common sense in business decision-making. A financial company must strive to act with integrity as clients trust it to be a good steward of their assets. Without trust, a business cannot succeed. A highly-valued traditional virtue, diligence has been embedded in Fubon's corporate culture and embraced by all employees, whose dedication and hard work enables Fubon to build leading positions in various markets. Modesty, in summary, is the quality of being humble, unpretentious, and showing leniency to others but not to oneself.

For more than half a century, Fubon has solidified its presence in Taiwan while actively gaining a foothold in other Asian markets. Fubon Financial Holdings is Taiwan's second-largest financial holding company known for its market-leading, comprehensive range of financial services. Its subsidiaries rank among the top performers in their respective sectors. In 2016, Fubon Financial Holdings remained the most profitable financial holding company for eight years in a row.

Looking ahead, Fubon will continue to uphold its three principles and apply its four core values of integrity, sincerity, professionalism and innovation to guide management decisions. These standards of professional and ethical conduct create an obligation to develop the business for the long term, act responsibly as a corporate citizen, and bring positive energy to where it is needed. They also lay a strong foundation for continuing success as Fubon Financial Holdings advances its goal to become a first-class financial institution in Asia.

Board of Directors

Chairman

Richard M. Tsai
Fubon Financial Holdings

Vice Chairman

Daniel M. Tsai
Fubon Financial Holdings

Independent Directors

Louis Cheung
Managing Partner
Boy Capital

Ming-Je Tang
Professor
Department and Graduate Institute of
International Business
National Taiwan University

Jason Wang
Standing and Independent Director
Taipei Fubon Bank

Directors

Chih-Ming Chen
Commissioner
Department of Finance
Taipei City Government

Hsiu-Hui Yuan
Commissioner
Department of Legal Affairs
Taipei City Government

Hsiu-Chu Liang
Commissioner
Department of Budget,
Accounting and Statistics
Taipei City Government

Vivien Hsu
President
Fubon Financial Holdings

Howard Lin
Vice Chairman
Fubon Life

Eric Chen
Chairman
Taipei Fubon Bank

Jerry Harn
President
Taipei Fubon Bank

Management Committee

Richard M. Tsai
Chairman
Fubon Financial Holdings

Daniel M. Tsai
Vice Chairman
Fubon Financial Holdings

Vivien Hsu
President
Fubon Financial Holdings

Eric Chen
Chairman
Taipei Fubon Bank

Jerry Harn
President
Taipei Fubon Bank

Steve T.H. Chen
Chairman
Fubon Insurance

Howard Lin
Vice Chairman
Fubon Life

Benson Chen
President
Fubon Life

Gang Shyy
Chairman
Fubon Securities

Raymond Lee
Chief Executive Officer
Fubon Bank (Hong Kong)

Dennis Chan
President
Fubon Bank (China)

(Information above as of end of February 2017)

Fubon Financial Holding Co., Ltd.

Year of Founding: Dec. 2001
Chairman: Richard M. Tsai
President: Vivien Hsu
Capital: NT\$108.34 Billion
237 Section 1 Jianguo S Road
Taipei Taiwan
Tel: (8862) 6636-6636
Fax: (8862) 6636-0111
www.fubon.com

Fubon Life Insurance Co., Ltd.

Year of Founding: July 1987
Chairman: Richard M. Tsai
President: Benson Chen
Capital: NT\$69.43 Billion
108 Section 1 Dunhua S Road
Taipei Taiwan
Tel: (8862) 8771-6699
Fax: (8862) 8809-8889
www.fubon.com

* Aetna Life Insurance Company of America, Taiwan Branch was established in 1987 and then bought by ING Group in 2000 and renamed ING Life Taiwan. The branch became an ING Life subsidiary in 2006, which was later bought by the Fubon Group. Fubon Life was launched in 1993. The two insurers formally merged in 2009.

Taipei Fubon Commercial Bank Co., Ltd.

Year of Founding: April 1969
Chairman: Eric Chen
President: Jerry Harn
Capital: NT\$106.52 Billion
169 Section 4 Ren Ai Road
Taipei Taiwan
Tel: (8862) 2771-6699
Fax: (8862) 6606-9398
www.fubon.com

Fubon Bank (Hong Kong) Limited

Year of Founding: Jan. 1970
Chairman: Daniel M. Tsai
Chief Executive Officer: Raymond Lee
Capital: NT\$20.11 Billion
38 Des Voeux Road Central
Hong Kong
Tel: (852) 2842-6222
Fax: (852) 2810-1483
www.fubonbank.com.hk

Fubon Bank (China) Co., Ltd.

Year of Founding: March 1997
Chairman: Pei Li Hong
President: Dennis Chan
Capital: RMB 2.1 Billion
1-3F 5F 18-20F Oriental Financial Plaza
Tower A 1168 Century Avenue
Pudong Shanghai P.R.C.
Tel: (8621) 2061 9888
Fax: (8621) 5840 9900
www.fubonchina.com

Fubon Insurance Co., Ltd.

Year of Founding: April 1961
Chairman: Steve T.H. Chen
President: Ben B.Y. Chen
Capital: NT\$3.18 Billion
237 Section 1 Jianguo S Road
Taipei Taiwan
Tel: (8862) 2706-7890
Fax: (8862) 2325-4723
www.fubon.com

Fubon Securities Co., Ltd.

Year of Founding: July 1988
Chairman: Gang Shyy
President: Leo Cheng
Capital: NT\$16.64 Billion
169 Section 4 Ren Ai Road
Taipei Taiwan
Tel: (8862) 8771-6888
Fax: (8862) 8771-6636
www.fubon.com

Fubon Securities Investment Services Co., Ltd.

Year of Founding: May 1987
Chairman: Henry Lin
President: Charles Hsiao
Capital: NT\$300 Million
108 Section 1 Dunhua S Road
Taipei Taiwan
Tel: (8862) 2781-5995
Fax: (8862) 2773-5601
www.fubon.com

Fubon Futures Co., Ltd.

Year of Founding: May 1998
Chairman: Raymond Yang
President: Phoebe Chang
Capital: NT\$1.4 Billion
3F 9 Xiangyang Road Taipei Taiwan
Tel: (8862) 2388-2626
Fax: (8862) 2370-1110
www.fubon.com

Fubon Asset Management Co., Ltd.

Year of Founding: Sep. 1992
Chairman: Philip Hu
President: Ming M.C. Lee
Capital: NT\$1.92 Billion
108 Section 1 Dunhua S Road
Taipei Taiwan
Tel: (8862) 8771-6688
Fax: (8862) 8771-6788
www.fubon.com

Fubon Direct Marketing Consulting Co., Ltd.

Year of Founding: Aug. 1997
Chairman: Vivien Hsu
President: Alex Yeh
Capital: NT\$145 Million
17F 9 Xiangyang Road Taipei Taiwan
Tel: (8862) 2370-5199
Fax: (8862) 2370-5100
www.fubon.com

Fubon Financial Holding Venture Capital Corp.

Year of Founding: Oct. 2003
Chairman: Howard Lin
President: Mike Lin
Capital: NT\$2.73 Billion
108 Section 1 Dunhua S Road
Taipei Taiwan
Tel: (8862) 6606-9088
Fax: (8862) 8771-4697
www.fubon.com

Fubon Sports & Entertainment Co., Ltd.

Year of Founding: Sep. 2007
Chairman: Daniel M. Tsai
President: Chris Tsai
Capital: NT\$20 Million
108 Section 1 Dunhua S Road
Taipei Taiwan
Tel: (8862) 6606-9088
Fax: (8862) 8771-4697
www.fubon.com

Fubon AMC Co., Ltd.

Year of Founding: Aug. 2004
Chairman: Jerry Harn
Acting President: Lobo Tsai
Capital: NT\$2.5 Billion
50 Section 2 Zhongshan N Road
Taipei Taiwan
Tel: (8862) 6618-0588
Fax: (8862) 6608-0166
www.fubon.com

(Information above as of end of February 2017)

