Chang Hwa Bank Regulations for Offering Donations to External

Formulated by the 19th meeting of the 22nd Board of Directors on March 18, 2011.
Amended by the 15th Meeting of the 23rd Board of Directors on November 27, 2012.

Article 1 （Purpose）

In order to fulfill its corporate social responsibility, uphold the principle of caring for society, enhance its corporate image, and support business development, Chang Hwa Bank（hereinafter referred to as "the Bank"）hereby establishes these Regulations in accordance with the Corporate Governance Best-Practice Principles for Banks.

Article 2 （Definitions）

The terms used in these Regulations are defined as follows:

I. "Donation recipients" refer to the following entities:

1. Government agencies
2. Non-profit organizations duly registered with the competent authority or duly incorporated as juridical persons.
3. Charitable trusts.
4. Political parties.
5. Foreign institutions or non-profit organizations.

II. "Non-profit organizations" means institutions or

organizations established for public welfare purposes, including the promotion of culture, academics, medical care, public health, religion, charity, sports, fellowship, social services, finance, education, environmental protection, or other public-interest purposes, whose organizations qualify as public-interest associations or foundations under the General Principles of the Civil Code, and which have been duly registered with the competent authority or duly incorporated as juridical person.

III. “Charitable trusts” means trusts established for the purposes of charity, culture, academics, arts and skills, religion, ancestral worship, or other public-interest purposes, provided that the establishment of such charitable trusts and their trustees have been approval by the competent authority of the relevant industry.

IV. “Political parties” means nationwide political organizations duly established and registered in accordance with Article 45 of the Civil Associations Act.

V. “Foreign institutions or non-profit organizations” means foreign institutions or foreign organizations established for public welfare purposes and duly organized in accordance with the laws and regulations of the jurisdiction in which they are established.

VI. “Interested parties” refer to the following related parties:

1. Interested parties as defined under Articles 32, 33, and 33-1 of the Banking Act of the Republic of China.
2. Interested parties as defined under Articles 44 and 45 of the Financial Holding Company Act.
3. Related parties as defined under the Regulations Governing the Preparation of Financial Reports by Public Banks.

Article 3 (Application and Review Procedures)

Donation cases shall be subject to prior review and processed within the annual budget approved by the Bank.

Donation cases may be initiated either by the responsible units of the Bank or through applications submitted by donations recipients to the Bank.

When submitting an application, a donation applicant shall provide an application letter, project proposal, or other relevant supporting documents for the Bank’s review.

Each responsible unit shall review the eligibility of the donation applicant, the intended purpose of the donation, and the reasonableness of the donation amount. Donation cases may only be accepted or processed where they are deemed beneficial to public morals and are expected to provide tangible benefits or

contributions toward enhancing the Bank’s corporate image or business development.

Donations to political parties shall be handled in accordance with the Political Donations Act, the Income Tax Act, the Regulations Governing the Assessment of Profit-Seeking Enterprise Income Tax, and other applicable laws and regulations.

For donations made to charitable trusts, the responsible units shall review the charitable trust agreement to ensure compliance with all of the following requirements before proceeding:

I. The trustee shall be a trust enterprise as defined under the Trust Enterprise Act.

II. Except for expenses necessary to carry out the purposes for which the charitable trust is established, no special benefits shall be provided, in any manner, to any specific or identified person.

III. The trust agreement shall stipulate that, upon dissolution, termination, or extinguishment of the trust relationship, the trust property shall be transferred to government agencies at various levels, charitable juridical persons, or charitable trusts with similar objectives.

Article 4（Approval Authority Levels）

Donation cases shall be processed by the responsible units upon obtaining approval in accordance with the following authority levels:

I. Donation cases exceeding the annual budget amount shall be submitted to the Board of Directors for review and resolution.

II. Donations cases involving interested parties shall be submitted to the Board of Directors for review and shall be approved by a resolution adopted by at least three-fourths of the directors present at a meeting attended by two-thirds or more of all directors.

III. For donation cases other than those specified in the preceding two subparagraphs, the approval authority level based on the amount of each donation or the cumulative annual donation amount to the same recipient shall as follows:

（I） Donation cases of NT$500,000 or less shall be approved by the President and subsequently reported to the Managing Board of Directors.

（II） Donation cases exceeding NT$500,000 but not exceeding NT$1 million shall be approved by the Chairperson and subsequently reported to the Managing Board of Directors.

（III） Donation cases exceeding NT$1 million but not exceeding NT$10 million shall be submitted to the Managing Board of Directors for review and resolution.

（IV） Donation cases exceeding NT$10 million shall be submitted to the Board of Directors for review and resolution.

IV. For donation cases falling within the approval authority of the Board of Directors under Subparagraph 1 and 2, and Item 4 of Subparagraph 3, where urgent humanitarian relief is required due to major natural disasters, the Managing Board of Directors may grant prior approval, provided that the case shall subsequently be submitted to the most recent meeting of the Board of Directors for ratification.

V. For donation cases falling within the approval authority of the Managing Board of Directors under Item 3 of Subparagraph 3, where donations are made for urgent humanitarian relief purposes due to major natural disasters, the Chairperson may grant prior approval, provided that the case shall subsequently be submitted to the most recent meeting of the Managing Board of Directors for ratification.

Article 5 （Verification of Interested Parties）

When processing donation cases, whether a donation recipient constitutes an interested party as defined under Article 2, Subparagraph 6 of these Regulations shall be determined based on the verification results relating to interested parties under the Banking Act and the Financial Holding Company Act, as well as related parties under the applicable financial reporting regulations.

Article 6 （Disbursement of Donation Funds）

Upon approval of the donation case, the responsible units shall notify the donation recipient to provide a receipt, and the Bank shall disburse the donation funds by depositing or remitting such funds into a deposit account opened in the name of the donation recipient, or by issuing a non-negotiable check payable to the donation recipient.

Donation funds shall be recorded and disbursed under the accounting line item “Other General and Administrative Expenses - Donating to Associations” or “Other General and Administrative Expenses - Expenditure of Public Welfare.”

Article 7 （Management of the Use of Donations）

Upon receiving donation funds from the Bank, the donation recipient shall ensure that such funds are used exclusively for the designated purposes and shall not divert the funds to any use other than the approved donation purposes.

Where a donation case is initiated upon application by the donation recipient, the recipient shall faithfully implement the project in accordance with the relevant supporting documents submitted at the time of application. If special circumstances necessitate any change to the intended use of the donation, the recipient shall submit the revised supporting documents together with a detailed explanation of the reason therefor, and such change shall only be implemented upon approval by the original approving authority.

Following the provision of a donation, if the responsible units of the Bank discover any failure to use the donated funds in accordance with the approved purposes, any improperly used of the funds, or any false, inflated, or fraudulent accounting records, the Bank shall thereafter cease processing any not further donations to such recipient. Where criminal liability is involved, the matter shall be referred to the competent prosecution and investigation authorities.

Article 8 （Public Disclosure）

Information regarding donations made by the Bank to political parties, interested parties, and non-profit organizations shall be disclosed in the annual report or through other appropriate public disclosure methods.

Article 9 （Matters Not Covered Herein）

Any matters not covered herein shall be handled in accordance with applicable laws, and regulations or the requirements of the competent authorities.

Article 10 (Implementation and Amendments)

These Regulations shall become effective upon approval by the Board of Directors. The same shall apply to any amendments hereto.