



Stock Code: 2801

Chang Hwa Commercial Bank, Ltd.

Handbook for the 2020 Annual Meeting of Shareholders

Meeting Time: 9: 00 a.m. on Friday, June 19, 2020

Location: No. 57, Sec. 2, Zhongshan N. Rd., Taipei City, Taiwan.

Table of Contents

I. AGENDA	- 1 -
Report Items	- 2 -
Recognition Items	- 5 -
Discussion and Election Items	- 8 -
Questions and Motions	-26-
II. APPENDICES	-27-
Appendix 1: Rules of Procedure for Shareholders Meetings	-27-
Appendix 2: Articles of Incorporation.....	-36-
Appendix 3: Rules for Director Elections.....	-49-
Appendix 4: Shareholding of Directors	-54-
Appendix 5: Status of proposition put forth by the shareholders holding more than 1% of the Bank's shares	-55-

Notice to Readers

In case of inconsistency between source language and target language version, the terms of the source language version shall prevail and apply.

In case of doubt, the source language version should always be refer to.

I. Agenda

1. Report the number of shares represented by the shareholders present and the number of voting shares, and call the meeting to order
2. Chairperson remarks
3. Report Items:
 - (1) 2019 Business Report.
 - (2) Audit Committee review of 2019 audited Financial Statements.
 - (3) 2019 employee and director remuneration distribution status.
4. Recognition Items:
 - (1) The Bank's 2019 Business Report and Financial Statements.
 - (2) The Bank's distribution of 2019 profit.
5. Discussion and Election Items:
 - (1) The issuance of new shares via capitalization of earnings.
 - (2) The amendment of the Bank's Articles of Incorporation.
 - (3) Election of 26th term of the Bank's Directors (including Independent Directors).
 - (4) The release of non-competition restrictions for the Bank's directors (including Independent Directors) of the 26th term.
6. Questions and Motions
7. Adjournment

Report Items

Report No. 1:

2019 Business Report.

Report No. 2:

Audit Committee review of 2019 audited Financial Statements.

(Please refer to pages 56 to 57 of the handbook.)

Report No. 3:

The Bank's 2019 employee and director remuneration distribution status.

Explanation:

As adopted by the 35th board meeting of the 25th term held on March 20, 2020 for distribution of the Bank's 2019 employee and director remuneration, the employees' cash remuneration is NT\$714,177,900 and the directors' (independent directors not included) cash remuneration is NT\$57,134,232.

Recognition Items

Recognition Item No. 1: Adoption of the Bank's 2019 Business Report and Financial Statements.

(Proposed by the Board of Directors.)

Explanation:

The Bank's 2019 Financial Statements, balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows, etc. (including stand-alone and consolidated basis, please refer to pages 58 to 87 of the handbook), have been certified by Jimmy S. Wu, CPA and Titan Lee, CPA of Deloitte & Touche, and the Business Report has also been reviewed by the Bank's Audit Committee, and approved by the 34th meeting of the 25th term of the Board of Directors. Please adopt them.

Resolution:

Recognition Item No. 2: Adoption of the Bank's distribution of 2019 profit.

(Proposed by the Board of Directors.)

Explanation:

1. The Bank's 2019 net profit after tax was NT\$11,571,781,069.52. After aggregating items except for net profit after tax: remeasurement of defined benefit plan, the amount was negative NT\$125,650,602.47, and gain on disposal of investments in equity instructions measured at fair value through other comprehensive income, the amount was NT\$1,069,801, and setting aside 30% legal reserve of NT\$3,434,160,081 by law along with the beginning retained earnings of NT\$10,958,343.60, the distributable net profit was NT\$8,023,998,530.65. The proposed distribution of profit is scheduled as below:
 - (1) Distribution of dividend to common stock shareholders – cash (NT\$0.4 per share):
NT\$ 3,994,124,464.
 - (2) Distribution of dividend to common stock shareholders – stock (NT\$0.4 per share):
NT\$ 3,994,124,460.
 - (3) Unappropriated retained earnings are NT\$35,749,606.65.
2. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues. The ex-dividend date will be determined after the competent authorities approve the capitalization of earnings case.
3. The last annual surplus is assigned in priority order.
4. The total cash dividend amount will be distributed to each individual shareholder to the nearest NT\$1, and fractional amounts less than NT\$1 will be listed in other incomes of the Bank.
5. If the number of outstanding shares is affected by any situations leading to change in shareholder's distribution ratios, the Board of Directors will be authorized to adjust the distribution terms.
6. Attachment: 2019 Profit Distribution Table.

Resolution:

Attachment

Chang Hwa Commercial Bank, Ltd.
2019 Profit Distribution Table

(Unit: NTD\$)

Net profit after tax	11,571,781,069.52
Add (Less): Items except for net profit after tax:	
Remeasurement of defined benefit plan	(125,650,602.47)
Gain on disposal of investments in equity instructions measured at fair value through other comprehensive income	1,069,801.00
Incorporation of distributable net profit	11,447,200,268.05
Set aside 30% legal reserve	(3,434,160,081.00)
Beginning retained earnings	10,958,343.60
Distributable net profit	8,023,998,530.65
Distributable items:	
Dividend to shareholders -Cash dividends: NT\$0.4 per share	(3,994,124,464.00)
Dividend to shareholders -Stock dividends: NT\$ 0.4 per share	(3,994,124,460.00)
Unappropriated retained earnings	35,749,606.65

Note:

1. The last annual surplus is assigned in priority order.
2. Legal reserve was calculated by sum of “net profit after tax and items except for net profit after tax“ in accordance with the January 9, 2020 letter No. 10802432410 (Ministry of Economic Affairs) Gin-Shang.

Discussion and Election Items

Discussion Item No. 1: Discussion and ratification of the Bank's issuance of new shares through capitalization of earnings.

(Proposed by the Board of Directors.)

Explanation:

1. In order to reinforce working capital, strengthen the financial structure and raise the capital adequacy ratio, the Bank plans to set aside NT\$3,994,124,460 from the stock dividends of distribution of 2019 profit as the capital for issuing new shares with a face value of NT\$10 per share in accordance with Article 240 of the Company Act. It is expected to issue 399,412,446 shares of common stock and, after the capitalization of earnings, the Bank's capital will become NT\$103,847,236,060.
2. For the method of handling fractional shares, please refer to Article 267 of the Company Act. The Board of Directors is authorized to set the record date for the proposed capital increase after receiving approval from the competent authority. The distribution of the new shares should be made to the shareholders with no consideration at the ratio of 40 new shares for every 1,000 shares held by shareholders according to their respective shareholding as stated in shareholders' register book on the record date. Shareholders may, within 7 days from the stock dividend record date, apply to the stock affairs agent of the Bank to combine fractional shares into one share. Odd lots of less than one share thus collected by the Bank will be placed at its par value with specific parties as determined by the Chairman under the authorization of the AGM.
3. The rights and obligations of the newly issued shares will be the same as those of existing shares.
4. As a result of repurchase of the Bank's shares or assignment, conversion and deletion of the treasury stock. The Board of Directors is authorized to adjust the distribution terms if the number of outstanding shares is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or other situations leading to change in shareholder's distribution ratios.

Resolution:

Discussion Item No. 2: In order to cooperate in the amendment to the Company Act and the development of corporate governance of the Bank, it is proposed to revise some of the articles of the Bank's Articles of Incorporation to be submitted for discussion and approval.

(Proposed by the Board of Directors.)

Explanation:

1. In order to strengthen the corporate governance structure of the Bank, implement the concept of corporate sustainability, and at the same time, to cooperate in the amendment to the provisions of the Company Act, it is hereby proposed to revise Article 19-1 and Article 20 of the Articles of Incorporation of the Bank. The key points of this revision are listed as follows:
 - (1) The Bank had previously approved the establishment of the Remuneration committee in the 23rd meeting of the 22nd term of the Board of Directors on July 12, 2011, and the establishment of the Sustainable Development committee in the 29th meeting of the 25th term of the Board of Directors on October 14, 2019. According to Article 35 of the Code of Practice for Corporate Governance of the Banking Industry: "In order to strengthen the decision-making function and fortify the management mechanism, the board of directors of the banking industry may take into consideration the size of the board of directors and the number of independent directors to establish various functional committees, which is to be clearly set out in the Articles of Incorporation." Hence this time, in addition to the provisions of the original Audit committee in Article 19-1 of the Articles of Incorporation of the Bank, it is also specified the relevant provisions for the establishment, composition and convener of the Bank's Remuneration committee and Sustainable Development committee. (amended provision in Paragraph 1 of Article 19-1)
 - (2) In order to cooperate in the aforementioned amendment to Paragraph 1, Article 19-1 of the Articles of Incorporation, it is to amend accordingly Paragraph 2 of the same article so to expand the application to the establishment of various functional committees under the Board of Directors. (amended provision in Paragraph 2 of Article 19-1).
 - (3) In order to further cooperate in the amendment to Article 13 of the Company Act in 2018, in which the provision on the total investment amount of the public company in the final part of Paragraph 1 of the original article has been moved to Paragraph 2, it is to amend accordingly the wording in Paragraph 2, Article 20 of the Articles of Incorporation of the Bank on the application to the numbering of Article 13 of the Company Act so to conform to the current regulations. (amended provision in Paragraph 2 of Article 20).
2. Attachment: Comparison Table of Draft Amendments to Article 19-1 and Article 20 of the Bank's Articles of Incorporation

Attachment

Chang Hwa Commercial Bank, Ltd.

Articles of Incorporation

Comparison Table of Draft Amendments to Article 19-1 and Article 20

Amended by the general Shareholders' Meeting on _____, 2020

Amended articles	Current articles	Descriptions
<p>Article 19-1</p> <p>The Bank shall establish the following functional committees:</p> <p>1. <u>Remuneration committee:</u> <u>Starting from the 22nd term of the Board of Directors, the Bank shall establish a Remuneration committee, with the number the members not fewer than three, who shall be appointed by the resolution of the Board of Directors. At least one of the members shall be an independent director. The convener and the chairperson of the meetings of the committee shall be elected by all members from among the members who qualify as independent directors.</u></p> <p>2. <u>Audit committee:</u> Starting from the 24th term of the Board of Directors, the committee shall be established and be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be <u>selected among themselves to be a committee convener</u>, and at least one of whom shall have accounting or financing</p>	<p>Article 19-1</p> <p>Starting from the 24th term of the Board of Directors, <u>the Bank shall establish an audit committee</u>, to be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convener, and at least one of whom shall have accounting or financing expertise.</p>	<ol style="list-style-type: none"> 1. This article is amended. 2. The Bank had previously approved the establishment of the Remuneration committee in the 23rd meeting of the 22nd term of the Board of Directors on July 12, 2011, and the establishment of the Sustainable Development committee in the 29th meeting of the 25th term of the Board of Directors on October 14, 2019, which is hereby explained in advance. 3. According to Article 35 of the Code of Practice for Corporate Governance of the Banking Industry: "In order to strengthen the decision-making function and fortify the management mechanism, the board of directors of the banking industry may take into consideration the size of the board of directors and the number of independent directors to establish various functional committees, which is to be clearly set out in the Articles of Incorporation." It is hereby to amend Paragraph 1 of this article. In addition to the original Audit committee, it is also specified the relevant

Amended articles	Current articles	Descriptions
<p>expertise.</p> <p><u>3. Sustainable Development committee: Starting from the 25th term of the Board of Directors, the Bank shall establish a Sustainable Development committee, with three to five committee members, to be composed of directors and senior managers of the Bank; at least half of whom shall be independent directors, and the chairman of the Board of Directors shall be the convener.</u></p> <p>The Bank shall adopt the committee charter for the committees <u>in the preceding paragraph</u>; The exercise of power by <u>the various</u> committees, as well as other compliance requirements, shall be in accordance with the regulations prescribed by the audit committee charter, the Bank's rules and regulations, and the relevant laws and regulations prescribed by the competent authority.</p>	<p>The Bank shall adopt an audit committee charter; the exercise of power by <u>audit</u> committee, as well as other compliance requirements, shall be in accordance with the regulations prescribed by the audit committee charter, the Bank's rules and regulations, and the relevant laws and regulations prescribed by the competent authority.</p>	<p>provisions for the establishment, composition and convener of the Bank's Remuneration committee and Sustainable Development committee.</p> <p>4. In order to cooperate in the amendment to Paragraph 1 of this article, it is to amend accordingly Paragraph 2 of this article, so to expand the application to the establishment of various functional committees under the Board of Directors.</p>
<p>Article 20</p> <p>The duties and powers of the Board of Directors shall be as follows:</p> <p>(1) To approve rules and regulations matters defining power and responsibility, articles of association and important businesses of the Bank.</p> <p>(2) To approve business operations plan.</p>	<p>Article 20</p> <p>The duties and powers of the Board of Directors shall be as follows:</p> <p>(1) To approve rules and regulations matters defining power and responsibility, articles of association and important businesses of the Bank.</p> <p>(2) To approve business operations plan.</p>	<p>In order to cooperate in the amendment to Article 13 of the Company Act in 2018, in which the provision on the total investment amount of the public company in the final part of Paragraph 1 of the original article has been moved to Paragraph 2, it is to amend accordingly the wording in Paragraph 2 of this article.</p>

Amended articles	Current articles	Descriptions
<p>(3) To propose the increase or reduction of capital.</p> <p>(4) To approve the establishment, revocation or changes of the branch institutions.</p> <p>(5) To approve various significant contracts or agreements.</p> <p>(6) To approve yearly and half-yearly financial reports.</p> <p>(7) To approve the budgets.</p> <p>(8) To approve real estate transactions.</p> <p>(9) To approve investments in other companies.</p> <p>(10) To propose profit distribution or loss appropriation.</p> <p>(11) To review discussion on business reports.</p> <p>(12) To approve internal control system.</p> <p>(13) To decide and determine director's remuneration, regardless of profit or loss, the remuneration of the directors to be on par with the salary levels of directors of financial institutions similar in size to the Bank.</p> <p>(14) To approve the appointment, dismissal and remuneration of the President, Executive Vice-Presidents, Chief Auditor, head of regulatory compliance, section heads and branch heads.</p> <p>(15) To handle assignments from Chairman of the</p>	<p>(3) To propose the increase or reduction of capital.</p> <p>(4) To approve the establishment, revocation or changes of the branch institutions.</p> <p>(5) To approve various significant contracts or agreements.</p> <p>(6) To approve yearly and half-yearly financial reports.</p> <p>(7) To approve the budgets.</p> <p>(8) To approve real estate transactions.</p> <p>(9) To approve investments in other companies.</p> <p>(10) To propose profit distribution or loss appropriation.</p> <p>(11) To review discussion on business reports.</p> <p>(12) To approve internal control system.</p> <p>(13) To decide and determine director's remuneration, regardless of profit or loss, the remuneration of the directors to be on par with the salary levels of directors of financial institutions similar in size to the Bank.</p> <p>(14) To approve the appointment, dismissal and remuneration of the President, Executive Vice-Presidents, Chief Auditor, head of regulatory compliance, section heads and branch heads.</p> <p>(15) To handle assignments from Chairman of the</p>	

Amended articles	Current articles	Descriptions
<p>Board.</p> <p>(16) All other authority in accordance with the law, articles of incorporation and vested by the meetings of the shareholders.</p> <p>When exercising the authority under item (9) of this Article, the Board of Directors is not required to limit the Bank's total amount of investments to 40% of the Bank's capital as prescribed in paragraph <u>2</u> Article 13 of the Company Act.</p>	<p>Board.</p> <p>(16) All other authority in accordance with the law, articles of incorporation and vested by the meetings of the shareholders.</p> <p>When exercising the authority under item (9) of this Article, the Board of Directors is not required to limit the Bank's total amount of investments to 40% of the Bank's capital as prescribed in paragraph <u>1</u> Article 13 of the Company Act.</p>	

Election Item No. 3: Election of 26th term of the Bank's Directors (including Independent Directors).

(Proposed by the Board of Directors.)

Explanation:

1. The 25th term of office for directors of the Bank (including independent directors) will expire on June 15, 2020, and directors shall be re-elected at this general Shareholders' Meeting in accordance with the Company Act. Hence, in order to comply with the laws and regulations as well as to cooperate in the convening of this general Shareholders' Meeting, the 25th term of office for directors of the Bank (including independent directors) is proposed to be extended until the time new directors have been elected and assumed their office in accordance with the provisions of Paragraph 2, Article 195 of the Company Act.
2. According to Article 18 of the Articles of Incorporation of the Bank, the Board of Directors of the Bank shall have 9 directors, among whom the number of independent directors shall be no less than 3 persons and no less than one fifth of the total number of directors. The election of the directors shall be performed through candidate nomination mechanism and the directors shall be duly elected at the Shareholders' Meeting from a list of nominated directors; The election for the independent directors and non-independent directors shall be held together but their votes shall be counted separately.
3. It is hereby proposed that 9 directors for the 26th term (including 3 independent directors) to be elected at this general Shareholders' Meeting for a term of office for 3 years from June 19, 2020 to June 18, 2023.
4. The Directors (including Independent Directors) candidate list for this election was already passed by the review of the Bank's Directors in the 37th meeting of the 25th term of the Board of Directors, which was held on May 7, 2020. The details are as per the attachment.

Election results:

Results announced by the chairperson:

Attachment

**Candidate list of Directors (Including Independent Directors)
Chang Hwa Commercial Bank, Ltd.**

Serial No.	Shareholder account number / ID number	Name	Education	Experience	Current Position(s)	Number of shares held
1	940001	Ling, Jong-Yuan (Delegate of Ministry of Finance (MOF))	<ul style="list-style-type: none"> • Master of Public Finance, National Chengchi University • Department of Public Administration, National Chengchi University 	<ul style="list-style-type: none"> • Chairperson, Land Bank of Taiwan • Chairperson, The Export-Import Bank of the Republic of China • Director-General, National Treasury Administration, Ministry of Finance • Director-General, National Taxation Bureau of Taipei, Ministry of Finance • Director-General, National Taxation Bureau of the Northern Area, Ministry of Finance • Chief Secretary, Ministry of Finance • Director, Taxation Administration, Ministry of Finance • Deputy-Director, Taxation Administration, Ministry of Finance 	<ul style="list-style-type: none"> • Chairperson, Chang Hwa Bank • Director, CDIB & Partners Investment Holding Corp. 	1,217,507,539
2	940001	Huang, Jui-Mu (Delegate of MOF)	Dept. of Technology Mechanical Engineering, Ming Chi Institute of Technology	<ul style="list-style-type: none"> • Senior Executive Vice President, Bank of Taiwan • Senior Executive Vice President & General Auditor, Bank of Taiwan • Department of Credit Management SVP and General Manager, Bank of Taiwan • Department of Domestic Operations SVP and 	<ul style="list-style-type: none"> • President, Chang Hwa Bank • Director, Taiwan SMECF • Director, Chang Hua Commercial Bank, Ltd. 	1,217,507,539

Serial No.	Shareholder account number / ID number	Name	Education	Experience	Current Position(s)	Number of shares held
				<ul style="list-style-type: none"> General Manager, Bank of Taiwan • Tunhwa Branch VP and General Manager, Bank of Taiwan • Taan Branch VP and General Manager, Bank of Taiwan • Chairman, Tea Industry Co., Ltd. Joint Venture in China • Director/Supervisor, Small & Medium Enterprise Credit Guarantee Fund of Taiwan • Director, Bank Taiwan Life Insurance Co. 		
3	S12037****	Lee, Wen-Siung	Ph. D., Business Administration, University of Houston	<ul style="list-style-type: none"> • Chairman, Land Bank Insurance Brokerage Co., Ltd. • Managing Director, Land Bank of Taiwan • Associate Professor, Finance Department, Chien Hsin University • Director, Securities and Futures Bureau, FSC • Director, Banking Bureau, FSC 	None	0
4	2283562	Hsiao, Chia-Chi (Delegate of Chunghwa Post Co., Ltd.)	Master of Management Science, National Chiao Tung University	<ul style="list-style-type: none"> • Director, Department of Fiscal, Statistical and Financial Affairs, Executive Yuan • Deputy Director-General, National Treasury Administration, Ministry of Finance • Director-General, Department of Accounting, Ministry of Finance • Senior BAS Personnel & Executive Manager of Accounting Management 	<ul style="list-style-type: none"> • Director-General, National Treasury Administration, Ministry of Finance • Director, Chang Hwa Bank 	599,161,144

Serial No.	Shareholder account number / ID number	Name	Education	Experience	Current Position(s)	Number of shares held
				<p>Center, Directorate-General of Budget, Accounting and Statistics, Executive Yuan</p> <ul style="list-style-type: none"> • Director, Directorate-General of Budget, Accounting and Statistics, Executive Yuan • Chief Accountant, Environmental Protection Administration, Executive Yuan • Chief Accountant, Research, Development and Evaluation Commission, Executive Yuan 		
5	71695	Chang, Chien-Yi (Delegate of National Development Fund, Executive Yuan)	<ul style="list-style-type: none"> • Ph. D., Economics, National Taipei University • M.A., Economics, National Taipei University • B.A., Economics, National Taipei University 	<ul style="list-style-type: none"> • Deputy Director, Division II, Taiwan Institute of Economic Research • Associate Research Fellow, Taiwan Institute of Economic Research • Assistant Professor, Department of Economic, Ming Chuan University 	<ul style="list-style-type: none"> • President, Taiwan Institute of Economic Research • Director, Research Division II, Taiwan Institute of Economic Research • Research Fellow, Taiwan Institute of Economic Research • Director, Central Bank of the Republic of China (Taiwan) • Director, Chang Hwa Bank • Director, Yang Ming Marine Transport Corp. 	274,555,117
6	930001	Tsai, Yun-Cheng (Delegate of First Commercial	Ph. D., Department of Computer Science & Information	<ul style="list-style-type: none"> • Project Assistant Professor, Center for General Education, National Taiwan University 	<ul style="list-style-type: none"> • Assistant Professor, School of Big Data Management, 	385,577,469

Serial No.	Shareholder account number / ID number	Name	Education	Experience	Current Position(s)	Number of shares held
		Bank Co., Ltd.)	Engineering, National Taiwan University	<ul style="list-style-type: none"> • Adjunct Assistant Professor, Institute of Information and Decision Sciences, National Taipei University of Business • Predoctoral Fellowship, Max Planck Institute for the History of Science • Predoctoral Fellowship, Center for Applied Statistics and Econometrics (CASE), Humboldt-Universität zu Berlin • Financial Engineer, Numerix LLC 	<ul style="list-style-type: none"> • Soochow University • Adjunct Assistant Professor, Department of Finance, National Taiwan University 	
7	2837094	Wu, Cheng-Ching (Delegate of Taishin Financial Holding Co., Ltd.(TSFHC))	Ph. D., Department of Engineering, Tokyo University	<ul style="list-style-type: none"> • Director, Chang Hwa Bank • Managing Director, Petrochemical Industry Association of Taiwan • Chairman, Taiwan Chemical Industry Association • Member, Steering Committee, China Youth Corps 	<ul style="list-style-type: none"> • Chairman, TASCO Chemical Corp. • Managing Director, Chang Hwa Bank • Director, Taishin Financial Holding Co., Ltd. 	2,251,306,956
8	2837094	Lin, Cheng-Hsien (Delegate of TSFHC)	<ul style="list-style-type: none"> • Master of Law, National Chengchi University • Master of Law, Southern Methodist University 	Judge, Taiwan Taipei District Court	Attorney-at-Law, Lin & Associates Law Firm	2,251,306,956
9	2837094	Cheng, Chia-Chung (Delegate of TSFHC)	M.A degree in Economics of National Taiwan University	<ul style="list-style-type: none"> • Director, Chang Hwa Bank • Director & Supervisor, Taishin Financial Holding Co., Ltd. • Top Advisor, Wan Wan ChinaTimes Group • Chairman, Cti TV 	<ul style="list-style-type: none"> • Chairman, Taishin International Bank Foundation for Arts and Culture • Supervisor, Taishin International Bank 	2,251,306,956

Serial No.	Shareholder account number / ID number	Name	Education	Experience	Current Position(s)	Number of shares held
				<ul style="list-style-type: none"> • President, CTV 		
10	2837094	Tsai, Hung-Hsiang (Delegate of TSFHC)	<ul style="list-style-type: none"> • EMBA in Finance, National Taiwan University • Bachelor in Finance & Tax, National Chengchi University 	<ul style="list-style-type: none"> • Partner, GFSI Country Leader, Board Member, and Semi Senior~ Senior Manager, Deloitte & Touche • Manager, Zhan-Hwa International Co. • Head of Mgt. Dept., Blessing Brothers Co., Ltd. • Tax Officer, National Taxation Bureau of Kaohsiung, Ministry of Finance 	<ul style="list-style-type: none"> • Partner, Taiher CPAs • Supervisor, Taishin D.A. Finance Co., Ltd. • Supervisor, Taishin Financial Leasing (Tianjin) Co., Ltd. 	2,251,306,956
11	2837094	Lin, Shih-Mei (Delegate of TSFHC)	<ul style="list-style-type: none"> • LL.M., University College London, UK • LL.B., National Taiwan University 	<ul style="list-style-type: none"> • Executive Member, Taiwan Association for Human Rights • Director, Amnesty International Taiwan • Supervisor, Taiwan Museum Cultural Educational Foundation • Lawyer, Kew&Lord Law Office • Lawyer, J&J Law Office • Lawyer, K&L Gates Law Office • Lawyer, Island Taiwan Law Office 	<ul style="list-style-type: none"> • Managing Attorney, Dawning Law Office • Independent Director, Fortune Information Systems Corporation • Independent Director, Taimide Technology Incorporation • Director, Taipei Bar Association • Commissioner, Ill-gotten Party Assets Settlement Committee 	2,251,306,956
12	2855197	Chen, Hwai-Chou	Executive MS in Finance, Zicklin School of Business, Baruch College, The City University of New York	<ul style="list-style-type: none"> • Chairman, Managing Director, and President, Chang Hwa Bank • President, Taishin Financial Holding Co., Ltd. • CFO, Taiwan High Speed Rail Corp. • President, Taishin International Bank • General Manager, Bank of America Shun San Br. 	Director, Chang Hwa Bank	160,804

Independent Director Candidates:

Serial No.	ID number	Name	Education	Experience	Current Position(s)	Number of shares held
1	B10092*****	Yu, Chi-Chang	<ul style="list-style-type: none"> • J.S.D., J.S.M., Stanford University • LL. M., LL. B., National Chengchi University 	<ul style="list-style-type: none"> • Associate Professor, Assistant Professor, Department of Industrial and Business Management, Chang Gung University • Managing Director (Independent Director), Agricultural Bank of Taiwan • Members of the Board, Examiners for Bar Examination, Examination Yuan • Commissioner, Complaint Review Board for Government Procurement of Public Construction Commission, Executive Yuan • Partner and Senior Associate, Lee and Li, Attorneys-at-Law • Manage Partner, Yu & Associate, Attorneys-at-Law • Judge, Taiwan Banqiao District Court • Judge, Taiwan I-Lan District Court • Judge, Taiwan Hualian District Court • Revenue Officer, National Taxation Bureau of Taipei 	<ul style="list-style-type: none"> • Adjunct Associate Professor, Accounting, National Taiwan University • Adjunct Associate Professor, School of Law, Soochow University • Independent Director, Mytrex Health Technologies, Inc. • Independent Director, Chang Hwa Bank 	0
2	A22023*****	LIU KEYI	<ul style="list-style-type: none"> • Ph. D., Accounting, Xiamen University, PRC • M.A., Accounting, University of Illinois at 	<ul style="list-style-type: none"> • ROC CPA • USA CPA • Vice Chairman, Taipei Tax Agents Association • Director, National Federation of Certified Public Accountant Associations 	<ul style="list-style-type: none"> • Senior Partner, BDO Taiwan • Independent Director, Taiwan Liposome Co., Ltd. • Independent Director, Genovate 	0

Serial No.	ID number	Name	Education	Experience	Current Position(s)	Number of shares held
			Urbana-Champaign • B.S., Taxation, National Chengchi University	<ul style="list-style-type: none"> • Chairman, Auditing & Accounting Committee, National Federation of Certified Public Accountant Associations • Member of XBRL Committee, Accounting Research and Development Foundation • Member of Taiwan Enterprise Accounting Standards Committee, Accounting Research and Development Foundation • Lecturer, Accounting of National Taipei University • Assistant Professor, National Taipei University of Business 	Biotechnology Co., Ltd.	
3	F22113****	LIN, Chih-Chieh (Carol LIN)	S.J.D. & LL.M., Duke University School of Law	<ul style="list-style-type: none"> • Committee Member, Open Data Consulting Committee of Financial Supervisory Commission, Taiwan (R.O.C.) • Committee Member, Central Integrity Committee of Executive Yuan, Taiwan (R.O.C.) • Director and Associate Dean, of NCTU School of Law • Associate Attorney • Member of judge selection committee of Judicial Yuan • Member of prosecutor selection committee of Judicial Yuan 	<ul style="list-style-type: none"> • Distinguished Professor, National Chiao Tung University (NCTU) • Board Member, Financial Ombudsman Institution, Taiwan (R.O.C.) • Director, Financial Supervision and Corporate Governance Center of NCTU School of Law • Chair Professor, Social Justice of NCTU School of Law • Judicial Reform Advisor, appointed by the President of Taiwan • Committee Member, Integrity 	0

Serial No.	ID number	Name	Education	Experience	Current Position(s)	Number of shares held
					Committee of Ministry of Justice, Ministry of Economic Affairs and Ministry of Transportation and Communications, Taiwan	
4	T10220****	Pan, Jung-Chun	Banking and Insurance Dept., Feng Chia University	<ul style="list-style-type: none"> • Supervisor, Key Ware Electronics Co., Ltd. • Director & President, Mega Asset Management Co., Ltd. • Director & CEO, Concord Financial Management Corp. • Assistant Vice President, Taishin International Bank • Assistant Vice President, Da An Bank • Deputy General Manager, Savings Department of Bank of Communications 	Independent Director, Chang Hwa Bank	0
5	K12020****	Lin, Jong-Horng	Law School of Soochow University	<ul style="list-style-type: none"> • President, Keelung branch, Legal Aid Foundation • Municipal consultant, legal affairs group, Taipei City Government • Legal advisor, Keelung City Government • Council Member, Advisory Committee of Soochow law foundation • Member of the mediation committee, MLMPF • President, Keelung Bar Association • Director, the 9th term board of directors, Taiwan Bar Association • 1st Secretary-General, the 8th term of Taiwan Bar association 	Attorney-at-Law, KO & LIN Law Office	0

Serial No.	ID number	Name	Education	Experience	Current Position(s)	Number of shares held
				<ul style="list-style-type: none"> • Director, the 24th term board of directors, Taipei Bar Association • 2nd Secretary-General, the 23rd term of Taipei Bar Association • Coordinator, Securities and Futures Investors Protection Center • Committee Member, labor dispute arbitration committee, Taipei County Government • Attorney, Evergreen International Law Firm • Attorney, LEIN Law Office 		
6	A10331****	Suen, Chih-Jong	<ul style="list-style-type: none"> • MBA, Youngstown State University, Ohio • Bachelor of Business, Tamkang University 	<ul style="list-style-type: none"> • General Manager, EVP and SVP, China Development Industrial Bank • Chief Auditor, VP and SVP, Taishin International Bank • Senior Auditor, Section Head and Deputy Section Head, Central Deposit Insurance Corporation 	Chairman, Pharma Engine, Inc.	0

Discussion Item No. 4: The release of non-competition restrictions for the Bank’s directors (including independent directors) of the 26th term is proposed for approval.

(Proposed by the Board of Directors.)

Explanation:

1. According to Paragraphs 1 and 5, Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. In case a director violates the regulation hereof, the meeting of shareholders may, by a resolution, consider the earnings in such an act as earnings of the company. In addition, in light of letter No. 89206938, released by Ministry of Economic Affairs on April 24th, 2000, in case a legal person acts as a shareholder of a company or a delegate elected as director pursuant to Paragraph 2, Article 27 of Company Act, both the delegate and the legal person shall abide by non-competition restrictions.
2. For the Bank’s 26th term of directors (including independent directors) and the legal persons represented by them, when conducting any activities or taking on any post for himself or on behalf of another person within the scope of the Bank’s business, on the premise without prejudice to the Bank’s interests, the release of non-competition restrictions is proposed for approval in accordance with Article 209 of the Company Act.
3. In order to facilitate shareholders exercising their voting rights by electronic transmission, the “List of candidates for the Bank’s 26th term of non-independent directors and independent directors to be released from non-competition restrictions” (as attached) is listed in the handbook. After electing the non-independent directors and independent directors in the meeting of shareholders, the final list will be confirmed.

Attachment

2020 Annual General Meeting of CHB**List of candidates for the Bank's 26th term of non-independent directors and independent directors to be released from non-competition restrictions**

	Name	Current Positions in other Companies (referring to the companies which have the same business as our Bank)
Directors and the legal persons represented by them	Ministry of Finance (MOF)	Director, Taiwan Financial Holding Co., Ltd. Director, Mega Financial Holding Co., Ltd. Director, Hua Nan Financial Holdings Co., Ltd. Director, First Financial Holding Co., Ltd. Director, Taiwan Cooperative Financial Holding Co., Ltd. Director, Land Bank of Taiwan Co., Ltd. Director, Taiwan Business Bank Co., Ltd. Director, The Export-Import Bank of the Republic of China
	Delegate of MOF : Ling, Jong-Yuan	Director, CDIB & Partners Investment Holding Corp.
	Chunghwa Post Co., Ltd.	Director, Mega Financial Holding Co., Ltd.
	National Development Fund, Executive Yuan (NDF)	Director, Mega Financial Holding Co., Ltd. Director, iPASS Corporation
	Delegate of NDF : Chang, Chien-Yi	Director, Central Bank of the Republic of China (Taiwan)
	First Commercial Bank Co., Ltd.	Chairman/Director/Supervisor, FCB Leasing Co., Ltd. Chairman /Director, First Commercial Bank (USA) Director, East Asia Real Estate Management Co., Ltd. Supervisor, Taipei Forex Incorporation Director, Lien-An Service Corp. Supervisor, Financial Information Service Co., Ltd. Director, Taiwan Financial Asset Service Corp. Director, Taiwan Mobile Payment Co. Ltd. Director, Taipei Financial Center Corp. Vice Chairman, IBF Financial Holdings Co., Ltd. Director, Taiwan Urban Regeneration and Financial Services Co. Ltd. Director, CDIB & Partners Investment Holding Co.
	Taishin Financial Holding Co., Ltd (TSFHC)	Director/Supervisor, Taishin International Bank Co., Ltd. Director/ Supervisor, Taishin Securities Co., Ltd. Director/Supervisor, Taishin Asset Management Co., Ltd.
	Delegate of TSFHC: Wu, Cheng-Ching	Director, China Investment & Development Co., Ltd. Director, CIDC Consultants INC. Director, TSFHC

Questions and Motions

II. Appendices

Appendix 1: Rules of Procedure for Shareholders Meetings

Chang Hwa Commercial Bank, Ltd.

Established on September 19th 1972 by AGM

Revised on September 27th 1986 by AGM

Revised on October 17th 1998 by AGM

Revised on May 18th 2001 by AGM

Revised on June 22th 2012 by AGM

Revised on June 12th 2015 by AGM

Revised on June 14th 2019 by AGM

Article 1 (Basis of Establishment)

To establish a strong governance system and sound supervisory capabilities for Chang Hwa Commercial Bank (hereafter as “CHB”) shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and the Corporate Governance Best-Practice Principles for Banking Industry.

Article 2 (Rules of Adoption)

The rules of procedures for CHB’s shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 (Convening shareholders meetings and shareholders meeting notices)

Unless otherwise provided by law or regulation, CHB’s shareholders meetings shall be convened by the board of directors.

CHB shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. CHB shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, CHB shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at CHB and its professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

CHB shall inform all shareholders before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting; as to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement via MOPS.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Matters pertaining to election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger or demerger of the corporation, or any matter under Article 185, Paragraph 1 of the Company Act, Article 26-1 and 43-6 of the Securities and Exchange Act or Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or CHB, and such website shall be indicated in the above notice.

A shareholder holding 1 percent or more of the total number of issued shares may submit to CHB a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Unless any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors shall include it in the agenda.

Prior to the book closure date before a regular shareholders meeting is held, CHB shall publicly announce that it will receive shareholder proposals in writing or by way of electronic transmission, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

A shareholder proposal proposed under Paragraph Six for urging CHB to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors.

Prior to the date for issuance of notice of a shareholders meeting, CHB shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the

shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 (Proxy to attend shareholders meetings)

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by CHB and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to CHB or its professional shareholder services agent before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to CHB or its professional shareholder services agent, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to CHB before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 (The time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of CHB, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6 (Procedures for reporting and preparation of AGM related documents)

CHB shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. CHB may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

Attending shareholders may hand in a sign-in card in lieu of signing in.

CHB shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 (The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the managing directors to act as chair; where the chairperson does not make such a designation, the managing directors shall select from among themselves one person to serve as chair.

When a managing director serves as chair, as referred to in the preceding paragraph, the managing director shall be one who has held that position for six months or more and who understands the financial and business conditions of CHB. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

CHB may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 (Documentation of a shareholders meeting by audio or video)

CHB, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 (Calculation of the number of shares in attendance)

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act and Article 13, paragraph 7 of this Rules.

Article 10 (Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to

a vote, the chair may announce the discussion closed and call for a vote.

Article 11 (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 (Calculation of voting shares and recusal for conflict of interest)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

If a shareholder holds shares for other persons, and asserts the exercise of split voting, the provisions of related regulations set by Securities authority shall be complied with.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of CHB, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 (Voting, Scrutinizing and Calculation for Proposals)

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act or other regulations.

When CHB holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. The method of exercise shall be specified in the shareholders meeting notice.

A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person under the preceding paragraph, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means shall deliver a written declaration of intent to CHB or its professional shareholder services agent before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to CHB, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in CHB's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented

by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results based on the numbers of votes for and against and the number of abstentions shall be entered into the MOPS. However, if a proposal passed without objection of any shareholder made by the chair, shall be deemed to be voted.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of CHB.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election of directors)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by CHB, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 (Meeting Minutes)

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and made a public announcement via the MOPS within 20 days after the conclusion of the meeting,

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of CHB.

Article 16 (Public Disclosure)

On the day of a shareholders meeting, CHB shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, CHB shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

A shareholder speaks without the equipment provided by CHB, or speaks at the non-designated area set up by CHB, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days, will be not applicable to Article 172 of the Company Act and the Article 3 of this Rules.

Article 19 (Authorized Level and Execution)

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix 2: Articles of Incorporation

Chang Hwa Commercial Bank, Ltd.

Enacted on 1 January 1947	Amended on 23 November 1992
Amended on 28 February 1948	Amended on 1 December 1993
Amended on 1 November 1948	Amended on 15 October 1994
Amended on 21 December 1950	Amended on 16 November 1996
Amended on 16 February 1951	Amended on 21 March 1998
Amended on 26 February 1955	Amended on 17 October 1998
Amended on 22 February 1958	Amended on 3 June 2000
Amended on 26 February 1959	Amended on 18 May 2001
Amended on 24 February 1960	Amended on 24 May 2002
Amended on 28 February 1961	Amended on 6 June 2003
Amended on 25 February 1964	Amended on 11 June 2004
Amended on 25 February 1965	Amended on 10 June 2005
Amended on 24 February 1967	Amended on 23 September 2005
Amended on 23 February 1968	Amended on 9 June 2006
Amended on 14 March 1969	Amended on 15 June 2007
Amended on 19 September 1972	Amended on 13 June 2008
Amended on 24 September 1974	Amended on 19 June 2009
Amended on 24 September 1975	Amended on 2 June 2010
Amended on 24 September 1976	Amended on 10 June 2011
Amended on 19 September 1980	Amended on 22 June 2012
Amended on 17 September 1982	Amended on 8 December 2014
Amended on 28 October 1988	Amended on 12 June 2015
Amended on 12 December 1989	Amended on 8 June 2016
Amended on 27 September 1990	Amended on 16 June 2017
Amended on 22 October 1991	

Chapter One General Provisions

- Article 1 The objectives of the Bank are to promote economic development in line with national financial policies, provide comprehensive financial services for the society and the public, safeguard public interests, achieve operating efficiency and enhance shareholders' equity.
- Article 2 The Bank is organised and registered in accordance with the regulations of the Banking Act and the Company Act and is named Chang Hwa Commercial Bank, Ltd, hereinafter called Chang Hwa Bank. The English name of the bank is CHANG HWA COMMERCIAL BANK, LTD. or CHANG HWA BANK in short.
- Article 3 The head office of the Bank is located in Taichung City Taiwan, and the bank may establish branch institutions domestically and overseas at appropriate locations based on business needs.
- Article 4 (deleted)

Chapter Two Shares

- Article 5 The authorized capital of the Bank is New Taiwan Dollars one hundred and ten billion (NT\$110,000,000,000), divided into eleven billion shares, at par value of ten New Taiwan Dollars (NT\$10) per share. The shares may be issued at a premium. The Board of Directors is authorized to issue the unissued shares in installments.
- Article 6 All share certificates of the Bank shall be in inscribed form and issued in accordance with the laws.
- The Bank may be exempted from printing any share certificate for the shares issued, but shall appoint a centralized securities custody enterprise/institution to record the issue of such shares.
- Article 7 The shareholder of the Bank shall complete a seal/signature specimen card and submit it to the Bank for record. All claims for collection of share dividend, bonus, exercising of shareholder's rights in writing or written correspondence with the Bank shall be verified against the seal/signature specimen card.

Article 8 Matters relating to shareholders of the Bank shall be processed and exercised in accordance with the relevant laws and regulations of the competent authorities.

Chapter Three Businesses

Article 9 The business scope of the Bank is classified as H101021 Commercial Bank, H601011 Personal Insurance Agent and H601021 Property Insurance Agent, and may conduct the following businesses:

- (1) To accept Cheque Deposits;
- (2) To accept Current Deposits;
- (3) To accept Time Deposits;
- (4) To issue Bank Debentures;
- (5) To extend Short-term, medium-term and long-term loans;
- (6) To handle discount bills and notes;
- (7) To invest in government bonds, short-term notes, corporate bonds, Bank Debentures and corporate stocks;
- (8) To handle domestic and foreign remittances;
- (9) To accept commercial drafts;
- (10) To issue domestic and foreign Letters of Credit;
- (11) To guarantee the issuance of corporate bonds;
- (12) To provide guarantee for domestic and foreign transactions;
- (13) To act as collecting and paying agent;
- (14) To act as agent to sell government bonds, treasury notes, corporate bonds and stocks;
- (15) To conduct credit card business;
- (16) To conduct trust business;
- (17) To conduct securities business;
- (18) To conduct warehousing, custody and agency businesses in relation to the businesses in the preceding 17 items subparagraphs;
- (19) To engage in futures introducing broker business;
- (20) To conduct life insurance agency business;
- (21) To conduct property insurance agency business; and
- (22) To conduct other relevant businesses which may be authorized by the Competent Authority.

Chapter Four Shareholders' Meeting

Article 10 The Shareholders' Meeting of the Bank shall be categorised into general meeting and extraordinary meeting. The general Shareholders' Meeting shall be convened once a year within six months after the end of each fiscal year. The extraordinary Shareholders' Meeting shall be convened whenever deemed necessary.

Article 11 A notice indicating the date, the venue and the cause(s) or subject(s) for convening the meeting shall be given to each shareholder no later than thirty days prior to an ordinary meeting, and no later than fifteen days prior to an extraordinary meeting.

A public notice may be given to those shareholders who own less than one thousand shares no later than thirty days prior to an ordinary meeting, and no later than fifteen days prior to an extraordinary meeting.

Article 12 In the event that a shareholder is unable to attend a shareholders' meeting due to any reason, may appoint a proxy to attend a Shareholders' Meeting in his/her/its behalf by executing a power of attorney printed by the Bank stating therein the scope of power authorized to the proxy. The power of attorney shall be delivered to the Bank no later than five days prior to the date of the Shareholders' Meeting. A shareholder may only execute one power of attorney and appoint one proxy only.

When a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Bank, otherwise, the portion of excessive voting power shall not be counted.

Article 13 For a Shareholders' Meeting convened by the Board of Directors, the chairman of the Board of Directors shall preside over the Shareholders' Meeting. In the event that the chairman of the Board of Directors is on leave or cannot exercise his/her power and authority for any cause, the chairman of the Board of Directors shall designate one of the managing directors to act on his/her behalf. In the absence of such a designation, the managing directors shall elect from among themselves an acting chairman of the meeting.

A proxy referred in the preceding paragraph, for a Shareholders' Meeting convened by any other person having the convening right, he/she shall act as the chairman of the meeting, however if there are two or more persons having the

convening right, the chairman of the meeting shall be elected from among themselves.

Article 14 The Shareholders' Meeting are empowered to resolve the following matters:

- (1) To draft and amend the Articles of Incorporation of the Bank.
- (2) To elect and discharge of directors.
- (3) To examine and approve the statements and records prepared and submitted by the Board of Directors. In order to conduct the examination, the Shareholders' Meeting may select and appoint inspectors as required.
- (4) To increase or reduce capital.
- (5) To distribute profits, dividends and bonuses.
- (6) Other important matters.

Article 15 Article 15 Resolutions at a Shareholders' Meeting shall, unless otherwise stipulated under the Company Act or other laws, be adopted by more than half vote of the shareholders present, who represent more than half of the total number of voting shares.

In the event that the number of shareholders present does not constitute the quorum referred to in the preceding paragraph, but the shareholders present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by more than half of those present. A notice of such tentative resolution shall be given to each of the shareholders, and reconvene a Shareholders' Meeting within one month.

In the aforesaid Shareholders' Meeting, if the tentative resolution is again adopted by more than half of those present who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the first paragraph.

Article 16 Unless otherwise provided for in the laws or in these Articles of Incorporation, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 17 Resolutions adopted at a Shareholders' Meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be published within twenty (20) days after the meeting.

The minutes of Shareholders' Meeting shall record the date, venue, the name of the chairman, the method of adopting resolutions, and a summary of the

essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Bank.

The attendance book bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Bank for a minimum period of one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the attendance book and the powers of attorney of the proxies shall be kept until the legal proceedings of the foregoing lawsuit have been concluded.

Chapter Five

Board of Directors

Article 18 The Board of Director of the Bank shall comprise nine directors, to be elected in the Shareholders' Meeting among the persons with disposing capacity.

The 24th term of office for Board of Directors shall be two years and seven months and from the 25th term of office for Board of Directors, the term shall be three years. Directors may be eligible for re-election. Starting from the 25th term of office, election of the Bank's non-independent directors shall be performed through candidate nomination mechanism; the non-independent directors shall be duly elected at the Shareholders' Meeting from a list of nominated non-independent directors. The ways of nomination and election shall be in accordance with the Company Act.

In the event that a governmental organization or juristic-person shareholder is elected as director, its representative may be re-appointed at any time due to the change of the official functions and duties of the original representative, and they shall serve out the remainder of the term of office of their predecessors.

Starting from the 24th term of the Board of Directors, the number of independent directors in the list of directors which set under the first paragraph shall be no less than three persons and no less than one-fifth of the total number of directors. The candidate nomination mechanism shall be adopted; the independent directors shall be duly elected at the Shareholders' Meeting from among the nominees listed in the roster of independent director candidates.

Election for the independent directors and non-independent directors shall be held together but their votes shall be counted separately.

Regulations governing the professional qualifications, restrictions on

shareholdings and concurrent positions held, manner of nomination and election, and other matters for compliance with respect to independent directors shall be in accordance with the regulations prescribed by the competent authority.

The total number of shares held by all the directors shall be in accordance with the regulations prescribed by the relevant authority.

Article 19 The Board of Directors shall have three managing directors, to be elected in a meeting attended by over two thirds of the directors and consent by more than half of the directors present. The chairman of the Board of Directors shall be elected from among the managing directors in the same manner. The chairman of the Board of Directors shall act internally as the chairperson of the meetings of the Board of Directors and the meetings of the managing directors, and shall externally represent the Bank.

Amongst the managing directors, the number of independent directors shall not be less than one and not less than one-fifth of the total number of managing directors.

In the event that the chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, he shall designate one of the managing directors to act on his behalf. In the absence of such a designation, the managing directors shall elect from among themselves an acting chairman of the Board of Directors.

Article 19.1 Starting from the 24th term of the Board of Directors, the Bank shall establish an audit committee, to be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convener, and at least one of whom shall have accounting or financing expertise.

The Bank shall adopt an audit committee charter; the exercise of power by audit committee, as well as other compliance requirements, shall be in accordance with the regulations prescribed by the audit committee charter, the Bank's rules and regulations, and the relevant laws and regulations prescribed by the competent authority.

Article 20 The duties and powers of the Board of Directors shall be as follows:

(1) To approve rules and regulations matters defining power and responsibility, articles of association and important businesses of the Bank.

- (2) To approve business operations plan.
- (3) To propose the increase or reduction of capital.
- (4) To approve the establishment, revocation or changes of the branch institutions.
- (5) To approve various significant contracts or agreements.
- (6) To approve yearly and half-yearly financial reports.
- (7) To approve the budgets.
- (8) To approve real estate transactions.
- (9) To approve investments in other companies.
- (10) To propose profit distribution or loss appropriation.
- (11) To review discussion on business reports.
- (12) To approve internal control system.
- (13) To decide and determine director's remuneration, regardless of profit or loss, the remuneration of the directors to be on par with the salary levels of directors of financial institutions similar in size to the Bank.
- (14) To approve the appointment, dismissal and remuneration of the President, Executive Vice-Presidents, Chief Auditor, head of regulatory compliance, section heads and branch heads.
- (15) To handle assignments from Chairman of the Board.
- (16) All other authority in accordance with the law, articles of incorporation and vested by the meetings of the shareholders.

When exercising the authority under item (9) of this Article, the Board of Directors is not required to limit the Bank's total amount of investments to 40% of the Bank's capital as prescribed in paragraph 1 Article 13 of the Company Act.

Article 21 The ordinary meeting of the Board of Directors shall be convened on a quarterly basis. An extraordinary meeting may be convened in the event of an emergency or upon the request by more than half of the directors. Unless otherwise stipulated under the Company Act, all meetings of the Board of Directors shall be called by way of written notice or electronic means by the Chairman of the Board of Directors.

The Board of Directors shall adopt rules of procedures for Board of Directors meetings to enhance operational efficiency and policy decision capability of the Board of Directors.

In order to strengthen management functions, the Board of Directors shall set up various types of special functional committees. The rules and regulations

governing their functions and powers shall be drawn up separately by the Board of Directors.

Article 22 In case a director for any reason is unable to attend a meeting of the Board of Directors, he may appoint another director to attend the meeting on his behalf by issue a written proxy in each time. The written proxy shall state the scope of authority with reference to the subjects to be discussed at the meeting.

A director may accept the appointment to act as the proxy referred to in the preceding paragraph of one director only.

Article 23 Unless otherwise provided for in the Company Act or other laws and decrees, resolutions of the Board of Directors shall be adopted by a more than half of the directors at a meeting attended by more than half of the directors.

Article 24 Minutes of the Board of Directors shall be affixed with the signature or seal by the Chairman and the recorder. It shall be distributed to each director within twenty days after the close of the meeting.

The attendance book bearing the signatures of the directors present at the meeting shall form part of the minutes and must be kept together with the minutes as the important files of the bank for as long as the bank in existence.

The powers of attorney of the directors appointing other directors as proxies shall be kept by the Bank for a minimum period of one year.

Article 25 During the meeting of the Board of Directors, President, Executive Vice-President and the Chief Auditor shall be invited to attend the meeting. However they have no voting rights.

Article 26 During the recess of the Board of Directors, the managing directors shall, pursuant to applicable laws and regulations, the Articles of Incorporation of the Bank, resolutions adopted by the Shareholders' Meetings and the meetings of the Board of Directors, hold conferences from time to time to regularly exercise the duties and powers of the Board of Directors. Such conferences shall be convened by way of written notice or electronic means by the Chairman of the Board of Directors and shall preside by him as the Chairman. If Chairman of the Board of Directors is unable to attend the conference for any cause, he shall designate one of the managing directors to act on his behalf. In the absence of such a designation, the managing directors shall elect from among themselves an acting chairman of the conference.

The scope of duties and powers carried out by the Board of Managing Directors in accordance with the preceding paragraph shall be set out clearly in the rules of procedures for Board of Directors meetings.

Article 27 (deleted)

Article 28 During the meeting of the Board of Managing Director, President, Executive Vice-President and the Chief Auditor shall be invited to attend the meeting. However, they shall have no voting rights.

The provisions of Article 22 to 24 of these Articles of Incorporation shall apply mutatis mutandis to the meetings of the Board of Managing Directors.

Article 29 The Chief Auditor shall be responsible for leading and supervising the Internal Audit Division which comes under the Board of Directors. The Internal Audit Division shall assess and put it on record the internal control system and its performance and shall report its audit business to the Board of Directors at a minimum period of every six months.

The employment, dismissal or transfer of the Chief Auditor shall be allowed only if consent of more than two-thirds of the directors is given and prior approval is obtained from the competent authority.

Chapter Six (Deleted)

Article 30 (deleted)

Article 31 (deleted)

Article 32 (deleted)

Article 33 (deleted)

Article 33.1 (deleted)

Chapter Seven Presidents

Article 34 The Bank shall have one President in charge of the Bank's operations in accordance with the resolutions of the Board of Directors. The appointment and dismissal of the President shall be recommended by the chairman of the Board of Directors and proposed at the Board of Directors' Meeting. Resolution of

consent shall be adopted by a more than half of the directors at a meeting attended by more than half of the directors.

The President shall be assisted by several Executive Vice-Presidents. The appointment and dismissal of the Executive Vice-Presidents shall be recommended by the President and proposed at the Board of Directors' Meeting. Resolution of consent shall be adopted by more than half of the directors at a meeting attended by more than half of the directors.

Article 35 In case the President cannot perform his duties for any cause, the Chairman of the Board of Directors shall designate one of the Executive Vice-President as acting President and refer this designation to the Board of Directors for its approval.

Chapter Eight

Accounting

Article 36 The fiscal year of the Bank shall commence from 1 January and end at 31 December of the same year. At the end of each fiscal year, the Bank shall prepare the year-end financial statements. The closing date of each year is 31 December.

Article 37 At the end of each fiscal year, the Bank shall prepare annual report and the Board of Directors shall prepare the following statements and records and submit to the general Shareholders' Meeting for ratification in accordance with the procedures prescribed by the competent authority:

- (1) The business report.
- (2) Financial statements.
- (3) Proposals on distribution of profit or loss appropriation.
- (4) Other items specified by the competent authority.

The above statements and records, together with the annual report, shall be submitted to the competent authority and the Central Bank within 15 days after the ratification by the ordinary meeting of shareholders. The financial statement and other items specified by the competent authority shall be published in the local daily newspapers or announced according to the mode specified by the competent authority; and shall also be placed at a prominent place of each business office for perusal. Public notice is exempted if Article 36 of the Stock Exchange Act has been complied with.

The publicly announced statements and other items specified by the competent

authority referred to in the preceding paragraph shall be duly audited and attested by a certified public accountant.

Article 38 At the end of fiscal year, profit (profit refers to profit before tax and before the deduction of bonuses of employees and remuneration of directors), if any, shall be distributed with 1% to 6% of the profit as employees' bonuses and up to 0.8% distributed as remuneration of directors. However, if the bank has any accumulated losses, profit shall be reserved to cover such amounts first.

The aforementioned bonuses of employees can be in the form of stocks or cash; while remuneration for directors shall be in the form of cash. The aforementioned bonuses and remuneration shall be proposed at the Board of Directors' Meeting attended by at least two-thirds of the directors and approved by at least half the directors present at the meeting, and reported at the Shareholders' Meeting.

Article 38-1 After the final closing of accounts, surplus, if any, shall be used to make up for the prior year's loss and payment of tax before setting aside 30% of the net profit as statutory reserve in accordance to Banking Act and provision or reverse of special reserves under other relevant law. 30% to 100% of shareholders' dividends and bonuses and other undistributed surplus of previous years can be distributed, to be proposed by the Board of Directors and approved at the Shareholders' Meeting before distribution.

In order to continuously expand the bank's operation and increase its profitability, the Bank adopts the residual dividend approach. According to the Bank's business needs and taking into account future plan for capital budgeting, shareholders' dividend and bonus shall be given primarily in the form of stock dividend in order to reserving an amount for necessary funds and distributing the remainder in the form of cash, provided such cash dividend shall not be less than 10% of the total dividends. No cash dividend will be distributed if the cash dividend falls short of NTD0.1 per share, unless otherwise determined in the Shareholders' Meeting.

The Bank shall not distribute cash profits or buy back shares if any situation stipulated in Article 44-1, subparagraph 1 of the Banking Act occurs.

If the total amount of the legal reserves as stipulated in subparagraph 1 has not reached the total amount of capital, the amount of profit distributed as cash may not exceed 15% of the total capital.

In the event that the legal reserve equals or exceeds the Bank's paid-in capital or the Bank is sound in both its finance and business operations and has set aside legal reserve in compliance with the company Act, the restrictions stipulated in paragraph 1 and paragraph 4 shall not apply.

Chapter 9
Addendum

- Article 39 The Bank shall enter into liability insurance contract with the insurance industry on the liability of indemnity incurred in the course of their duties and according to law by its directors and key officials.
- Article 40 All other matters not specified herein shall be regulated under the Banking Act, the Company Act and other relevant laws or regulations.
- Article 41 These Articles of Incorporation will be implemented after it has been resolved and approved at the meeting of shareholders. The same applies to any amendments to the Articles.
- Article 42 These Articles of Incorporation are concluded on 1 January 1947.

Appendix 3: Rules for Director Elections

Chang Hwa Commercial Bank, Ltd.

Established on November 25th 2005 by 2nd ISM

Revised on June 15th 2007 by AGM

Revised on December 8th 2014 by 1st ISM

Revised on June 12th 2015 by AGM

Revised on June 14th 2019 by AGM

Article 1

These Rules are established by Chang Hwa Commercial Bank (hereafter as “CHB”) for the purpose of fair, just and open election of directors.

Article 2

Except as otherwise provided by the relevant laws and regulations and the Articles of Incorporation of CHB, the election of directors of CHB shall be in accordance with these Rules.

Article 3

Except as otherwise provided by the Articles of Incorporation of CHB, each share will have voting rights for director elections of CHB in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

An independent director and non-independent director candidates nomination system is adopted by CHB, and it shall be processed under the procedures of candidates nomination system pursuant to the provisions of Article 192-1 of the Company Act and Article 18 of the Articles of Incorporation of CHB. The shareholders shall elect the independent directors and non-independent directors from among the nominees listed in the rosters of independent director and non-independent director candidates.

An independent director and non-independent director candidates nomination system is adopted by CHB, and it shall be processed under the procedures of candidates nomination system pursuant to the provisions of Article 192-1 of the Company Act and Article 18 of the Articles of Incorporation of CHB.

Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers. An independent director candidate or a non-independent director candidate to whom the ballots cast represent a prevailing number of votes shall be deemed an independent director or a non-dependent director elect.

The provision of Article 178 of the Company Act shall not apply to the voting power referred to these Rules.

Article 4

Except as otherwise provided by the Articles of Incorporation of CHB, any shareholder of CHB shall have the right to elect directors.

Except as otherwise provided by relevant laws and regulations, any person who has the capacity to make juridical acts (employee of CHB included), but not in the limit of being a shareholder of CHB, may be elected as a director of CHB under these Rules. However, a certain proportion of directors shall meet relevant qualifications under “Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks”.

A government agency or a juristic person acts as a shareholder of CHB, may authorize one or more representatives to be elected as a director.

People who violate relevant provisions about the qualification of a director of the Company Act, the Securities and Exchange Act, the Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or other laws and regulations, may not serve as a directors of CHB. An elect under such circumstances shall be removed from such positions upon discovery.

Article 5

The number of directors will be as specified in the Articles of Incorporation of CHB, and those independent director candidates and non-independent director candidates who receive ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.

When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner at the time when the election ends. The chair will draw lots on behalf of any person not in attendance.

Article 6

Except as otherwise provided by the Company Act or other relevant regulations, in the event that a candidate is elected both a director and an independent director at the same

time, the candidate shall have the choice to decide whether to serve as a director or an independent director, but not both, and the vacancy will be filled by the next candidate who has less number of votes than the aforesaid candidate.

Article 7

The board of directors shall prepare ballots for directors election with seals stamped. The number of voting rights and attendance number for shareholders associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders or their proxies at the shareholders meeting. However, shareholders who exercise voting rights by correspondence or electronic means shall follow the instructions specified in the shareholders meeting notice.

Article 8

At the beginning of the election, the chair will ask for 5 shareholders volunteer to perform the respective duties of vote monitoring personnel. If there are no volunteers and less than 5 volunteers available, the vacancy will be appointed by the chair. In the case of more than 5 volunteers available for voting monitoring personnel, the positions shall be decided by drawing lots.

At the beginning of the election, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote counting personnel.

The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 9

Where the candidate is a natural person, his/her name and ID numbers (part will be hidden) will be printed in the “candidate of independent directors” or “candidate of non-independent directors” column of the ballots by CHB. Where a non-independent director candidate is a government agency or a corporate shareholder, the name and the shareholder account number of the government agency or corporate shareholder will be printed in the “candidate of non-independent directors” column of the ballots by CHB. In the case where a non-independent director candidate is a representative of the government agency or corporate shareholder, in addition to the name and the shareholder account number of the government agency or corporate shareholder will be printed in the “candidate of non-independent directors” column of the ballots, the name of the representative will be printed in the same column as well.

The number of voting rights for each candidate of directors shall be entered by voters in the column of “number of voting rights allotted” on the ballots.

Article 10

In the case that the sum in “number of voting rights allotted” column of the ballots is less than the number of the voting rights specified in the ballots, the shortage of voting rights shall be deemed waived.

Article 11

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors of CHB.
2. A blank ballot is placed into the ballot box.
3. The sum entered by a voter in “number of voting rights allotted” column exceeds the number of the voting rights specified in the ballot.
4. Any ballot placed into the ballot box after the polling hours.

Article 12

The number entered by a voter in the “number of voting rights allotted” column of a ballot is invalid under any of the following circumstances:

1. The writing is unrecognized because of defacing.
2. The writing has been altered.

Article 13

The identification of Article 11 and Article 12 of these Rules are executed by vote monitoring personnel; if vote monitoring personnel hold differing views, they shall go for a vote. When the numbers of positive and negative sides are the same, the ballot shall be deemed to be valid.

Article 14

Once voting is finished, the chair shall announce to have votes counted on the spot. The vote counting personnel will record the number of votes each candidate receives, under the supervision of the vote monitoring personnel.

Based on the outcome of the ballot counting on the spot plus the number of rights whose voting rights are exercised by correspondence or electronically, the chair shall announce the list of elected directors, and the number of votes each receives.

Article 15

A letter of understanding shall be issued by each elected director, within the specified period of time set by CHB, to consent to act as director. Any elected director does not issued such letter of understanding within the specified period of time, shall be deemed as a renunciation.

Article 16

All other matters not specified herein shall be regulated under the Company Act, the Securities and Exchange Act, the Civil Code, relevant regulations and the Articles of Incorporation of CHB.

Article 17

The Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders' Meeting.

Appendix 4: Shareholding of Directors

The minimum shares required to be held by the entire body of the Bank's directors and the shares held by individual directors and the entire body of directors as stated in the shareholders' list as of the day the stock transfer is suspended before the shareholders' ordinary meeting, are as follows:

1. The Bank has already issued 9,985,311,160 shares, and, according to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum shares required to be held by the entire body of directors is 159,764,978 shares.
2. Detailed list of the shares held by respective directors and the entire body of directors:

Chang Hwa Commercial Bank, Ltd. Shareholding of Directors

Book closure date: Apr. 21, 2020

Title	Name	Shares held as of the day suspending the stock transfer before this time of shareholders' meeting	
		Shareholding (shares)	Shareholding Ratio(%)
Chairperson	Joanne Ling (Delegate of Ministry of Finance)	1,217,507,539	12.19
Managing Director	Cheng-Ching Wu (Delegate of Taishin Financial Holding Co., Ltd)	2,251,306,956	22.55
Managing Director (Independent Director)	Kuo-Yuan Liang	0	0
Director	Chia-Chi Hsiao (Delegate of Ministry of Finance)	(1,217,507,539)	(12.19)
Director	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)	274,555,117	2.75
Director	Julius Chen (Delegate of Taishin Financial Holding Co., Ltd)	(2,251,306,956)	(22.55)
Independent Director	Jung-Chun Pan	0	0
Independent Director	Chi-Chang Yu	0	0
Total shares held by the entire body of directors		3,743,369,612	37.49

Appendix 5: Status of proposition put forth by the shareholders holding more than 1% of the Bank's shares:

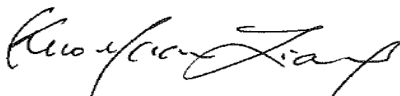
N/A

Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
February 25, 2020

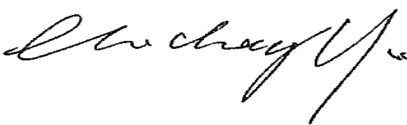
To: Shareholders of Chang Hwa Commercial Bank, Ltd.

The Board of Directors has prepared the 2019 Report on Business Operations and various financial statements (including Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement). All the financial statements (including consolidated basis) have been certified by Jimmy S. Wu, CPA and Titan Lee, CPA of Deloitte & Touche, and upon which a Standard Unqualified Opinion has been issued. These statements referred to above present fairly the financial position as of December 31, 2019 and the operation results and cash flows in 2019 of the company. The Audit Committee has reviewed the above-mentioned statements in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereby provides such audit report.

The Audit Committee, Chang Hwa Commercial Bank, Ltd.

Independent Director & Chairman : Kuo-Yuan Liang 

Independent Director : Jung-Chun Pan 

Independent Director : Chi-Chang Yu 

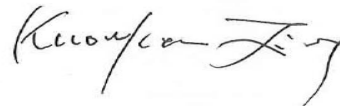
Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
April 17, 2020

To: Shareholders of Chang Hwa Commercial Bank, Ltd.

The Board of Directors has prepared the 2019 Earnings Distribution Proposal. The Audit Committee has reviewed the aforementioned Proposal in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and confirmed its consistency with related laws and rules. The Audit Committee hereby provides the said audit report.

The Audit Committee, Chang Hwa Commercial Bank, Ltd.

Independent Director & Chairman : Kuo-Yuan Liang



Independent Director : Jung-Chun Pan



Independent Director : Chi-Chang Yu



2019 Business Report of Chang Hwa Commercial Bank, Ltd.

The global expansion continues to lose momentum in 2019 due to the U.S.–China trade war, heightened geopolitical risks, the delay of Brexit (British exit), Japan–South Korea trade dispute, on-going Anti-Extradition Law Amendment Bill Movement in Hong Kong, the multiple uncertain factors caused the external environment became tougher than last year.

The domestic economy is also accelerating the pace of global supply chain restructuring due to the U.S.–China trade war, and driving overseas Taiwanese businessmen to increase the domestic capacity allocation, supplemented by the Homecoming Taiwanese Entrepreneurs Investment Policy, which has successfully offset some of the negative impacts and made the economic expansion momentum of the year better than expected.

In addition, the monetary policies of the major central banks have become looser since the latter half of the year, it not only gives a great boost to the global economy but also soothes the market liquidity risk.

The Bank managed to deliver exceptional results in 2019, owing to the contribution of all employees, with cumulative pre-tax earnings amounting to TWD 13.52 billion, making 2019 as the 10th consecutive year in which the Bank has earned more than TWD 10 billion. In the aspect of credit ratings, comparison from 2019 to 2018, the Bank has upgraded from ‘twAA/twA-1+’ to ‘twAA+/twA-1+’ by Taiwan Ratings and from ‘BBB+/A-2’ to ‘A-/A-2’ by S&P. Continued to focus on corporate governance, the Bank has been selected by the Taiwan Stock Exchange as a constituent stock of the TWSE Corporate Governance 100 Index for four consecutive years, demonstrating its affirmation of the Bank's corporate governance, finance, and sound operation. We want to thank all our shareholders for their long-term support and encouragement. In the future, the Bank will continue to strive for excellence.

A. 2019 Results of Operations

a. Organization Changes

In order to strengthen organization operation and enhance market competitiveness, the Bank decided to separate its Investment Consultant Section from the Trust Division, and affiliated with the Wealth Management Division.

b. Accomplishments

1. Deposit:

Optimized e-Banking functions; launched easy transfer service, nighttime foreign exchange service, and small amount regular deposit/lump-sum saving for small

withdrawal time deposit to meet flexible demand for customers.

2. Lending:

Launched the “TWD/Foreign currency loans for SMEs” project; launched personal mortgage loan related projects to raise mortgage loan business volume. Positively activated the syndicated loan cases; domestic business units completed a total of 89 syndicated loan cases in 2019.

3. Foreign Exchange:

Provided consultant service and advisory fund plan in a one-stop service for customers and joined SWIFT GPI to improve cross-border remittance service quality and to provide instant transaction information service.

4. Wealth Management:

(1)A total of 95 thematic financial seminars were held in 2019 to enhance the customer satisfaction with the Bank. (2)Set up a high-assets team to assist high-end customers in wealth inheritance, asset allocation planning and investment planning. (3)Develop e-Banking investment planning service to assist customers with financial plans.

5. Trust:

In 2019, the Bank added 23 new domestic funds, 46 new offshore funds, 30 new foreign bonds to the product portfolio. As of the end of 2019, the Bank had a total of 1,024 domestic funds, 1,109 foreign funds, 157 overseas ETF and foreign bonds, distributed to the market, provide clients with diversified investment options.

6. Credit Card:

(1)Optimized credit card online application functions, added the verification of using credit cards from other financial institutions and document upload functions. (2) Provided a service of paying credit card bill with Visa Debit card embedded in the CHB Wallet. (3) Added self-service of reprint bills by the kiosk in convenience stores. (4) Added service of an application for withholding public utility bills on credit cards.

7. E-banking:

(1)Established CHB “I Pay” APP, to broaden the foundation of collection acquiring business, the Bank provided a comprehensive mobile cash flow collecting channel. (2)LINE personal service: launched advanced edition of LINE official account –LINE personal service, attract young people and enhance our digital corporate image.

c. Budget Execution

1. The total deposit volume reached NT\$1,715,728,778 thousand or 98.75% of the original

budget target.

2. The total loans volume was NT\$1,388,512,645 thousand or 97.55% of the original budget target.
3. The total investment business (securities) average volume was NT\$381,799,541 thousand or 100.75% of the original budget target.
4. The foreign exchange transactions totaled US\$135,485,305 thousand amounting to 93.76% of the original budget target.
5. The securities brokerage transactions totaled NT\$83,936,945 thousand or 83.11% of the original budget target.
6. Trust fund subscription business totaled NT\$35,995,232 thousand or 87.95% of the original budget target.
7. The assets under custody totaled NT\$226,850,451 thousand or 154.85% of the original budget target.
8. The insurance agency transactions totaled NT\$30,403,484 thousand or 106.10% of the original budget target.
9. The total card transaction volume (retail spend) reached NT\$18,900,965 thousand representing 104.99% of the original target.

d. Financial Highlights

1. Net interest income: NT\$22,849,707 thousand.
2. Net income other than net interest income: NT\$9,228,646 thousand.
3. Net revenue and gains: NT\$32,078,353 thousand.
4. Provisions for bad debts expenses, commitment and guarantee liability: NT\$2,136,395 thousand.
5. Total operating expenses: NT\$16,421,666 thousand.
6. Income before income tax: NT\$13,520,292 thousand.
7. Income tax expenses: NT\$1,948,510 thousand.
8. Net income after income tax: NT\$11,571,782 thousand.
9. Other comprehensive income (loss), net of tax: NT\$369,075 thousand.
10. Total comprehensive income(loss): NT\$11,940,857 thousand.
11. After tax EPS: NT\$1.16.
12. Return on Assets (ROA): 0.55%.
13. Return on Equity (ROE): 7.26%.

e. Research and Development

1. Active development of digital finance service with patent registration:

The Bank actively deploys Fin-Tech in 2019: (1) For patent applications, a total of 55 new patents and 20 new invention patents, of which 46 new patents have been approved. (2) For customer service, the Bank launched CHB I Pay APP, finance API payment/collect service and issued MY LOVE cash reward credit card. (3) For digital finance, the Bank launched an easy transfer service, LINE personal service, and credit card QR code scan payment service. (4) For artificial intelligence, the Bank has launched conversational business services.

2. More business research to striving for innovation:

In order to promote innovation and development of the Bank's business, the Bank identified subjects on the current business operations and related financial issues studied by all employees. In 2019, a total of 27 business research reports completed as reference for units' business operations.

3. Applying Big Data to Improve Business Promotion Efficiency:

The Bank actively cooperated with government policies and assisted small, medium, and micro-enterprises in financing gaps. Utilized big data technology to reconfigure the marketing links of customer groups, and uses an innovative data model system to automatically collect public customer information and optimize learning, and continuously expand the scale of public information service in order to improve the efficiency of business development.

B. 2020 Highlights of Business Plans

a. Business Directions and Operational Policies

1. Deposits:

Launch preferential interest rate deposit program for targeted customers to broaden the Bank deposit scale and market share.

2. Lending:

Maintain the growth of personal loan operation volume, deepen the SME customer base, and build a strong foundation for credit business; optimize the depth and breadth of financial services for large enterprises, and grasp the business opportunities of return of overseas funds to increase the market share of credit business.

3. Investment:

Get familiar with market pulsations and provide diversified financial products. At the same time, research on various financial product trends, use the Bank's operable product

line, consider the risks and rewards, and conduct with financial operations to adjust portfolio positions promptly to increase surplus.

4. Foreign Exchange:

Stabilized the virtuous cycle of the U.S. dollar capital chain, increase the foreign currency loan-to-deposit ratio, revitalize the foreign exchange business commitment, and continue to grasp the business opportunities for repatriation of foreign funds.

5. Securities Brokerage:

Continue to promote E-order business volume, broaden the entire business volume of securities in order to increase handling fees.

6. Wealth Management:

Develop diversified wealth management products and expand service differentiation; support high-asset team customer business models to support branches to expand their business; and use big data for accurate customer group marketing and management.

7. Trust:

Continue to introduce excellent financial securities in domestic and from foreign countries; promote the trust for Elderly care and strive for reconstruction of urban unsafe and old buildings trust.

8. Insurance Agency Business:

Adjust the business structure of insurance products to increase the commission fee; pay attention to market trends, and expand the diversity of life insurance products for different customer groups; develop digital financial services, and launch mobile insurance business.

9. Cards:

Increase the issuing volume of credit card and collaborate with acquiring authorized stores of distinction, with promoting mobile payment products and effectively control risks.

10. E-commerce/Online Banking:

Plan enterprise online banking upgrade to support diversified and multinational business development. Build up VVIP mechanism for enterprise online banking to provide differentiated exclusive services.

b. Business Operational Targets

1. Deposit Volume: NT\$1,780,535,233 thousand.

2. Loans Volume: NT\$1,442,243,050 thousand.

3. Investment Business (Securities): NT\$424,387,470 thousand.
4. Foreign Exchange Transactions: US\$138,562,943 thousand.
5. Securities Brokerage Transactions: NT\$88,245,300 thousand.
6. Trust Fund Application Transactions: NT\$39,172,755 thousand.
7. Assets under Custody: NT\$231,165,674 thousand.
8. Insurance Agency Transactions: NT\$30,129,649 thousand.
9. Credit Card (Transaction Amount): NT\$20,359,526 thousand.

C. Future Development Strategy

a. Cultivate financial professionals

Cooperating with business strategy and development, provide a diversified human resource training system, implement internal management and compliance, actively train talents for management at all levels, cultivate financial talents with innovative thinking to create a high performance for the Bank.

b. Innovative and diversified investment products

Promote the launch of domestic and foreign funds, foreign bonds, and ETFs to enrich the investment product line. Enhance the function of the trust system and optimize the quality of operations and services. Respond to government nursing care policies to promote elderly trust and trust for the disabled.

c. Strengthen the competitiveness on insurance business

Pay attention to market trends, and meet the needs of different customer groups on insurance, introduce innovative insurance products and provide customers with a variety of options and deeply root foundation for the insurance business.

d. Facilitate data analysis to provide high-quality full services

Use financial data analysis to combine products, marketing, channels, and people, provide full financial wealth management product planning, strengthen the adaptability for products in investment and wealth management and improve quality and efficiency for service and increase profitability.

e. Implement digital transformation and deeply root professional expertise

Utilize FinTech innovations to enhance digital capabilities on business people, foster the development of business talent, and through the use of technology, the integration of virtual and real channels to implement digital transformation simultaneously.

D. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

a. External Competitive Environment

1. The authority announced “Establishing thresholds for traditional life insurance” at the end of 2019 to let insurance return to the essence of guarantee and discourage excessive bias towards financial management and is expected to launch in the second half of 2020, and then affect customers' willingness to purchase deposit insurance products. To adjust the previous releases, the Bank will counsel the salesmen in branches to transform and launch guarantee products with market competitiveness simultaneously
2. To avoid excessive business competition in insurance channel, the authority add the rate of additional surcharges for new mortgage life insurance must not exceed a certain percentage of the total premium. And the commission must be limited to pay to the channel at least six years installment, and is expected to be implemented in the second half of 2020. The Bank will continue to plan and promote mortgage life insurance.
3. To prevent insurance salespersons from selling insurance by persuading customers with insurance policy loan or loan, the authority updated related additions to measures, establish a consistent mechanism for financial information on the source of premium funds transactions, and stipulate control measures such as prohibiting crediting and deposit personnel from selling insurance and investment products with cash surrender value. The Bank will adopt relevant responsive strategies for insurance agency business
4. The authority continue to strengthen financial supervision and personal security control and the increase awareness of financial consumer protection, the cost of related monitoring mechanisms has increased consequently. To avoid inappropriate selling behaviors, the Bank will strengthen the content of relevant inspection, control mechanisms, and amend operating code of practice, raise the awareness of colleagues to obey the law, eliminate misconduct by financial advisors and reduce the risk of fraud simultaneously to enhance customers' trust and confidence on the Bank.

b. Regulatory Environment

1. On April 1, 2019, The Bankers Association of the Republic of China amended “Corporate Governance Best Practice Principles of Banks” which set out regulations about the terms of independent directors of banking industry and the set of corporate governance officer to enhance sound management of the financial industry. To comply with regulations, the Bank has set up a chief corporate governance officer to comprehensively manage affairs related to corporate governance.
2. On September 30, 2019, the Financial Supervisory Commission (FSC) amended

“Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation”, the Bank will cooperate with the amendment to comply with regulations.

3. To cooperate with amendments of “Counter-Terrorism Financing Act”, “Regulations Governing Anti-Money Laundering of Financial Institutions” and “Money Laundering Control Act”, The Bankers Association Of The Republic Of China amended “Guidelines Governing Anti-Money Laundering and Combatting the Financing of Terrorism by the Banking Sector” and “Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program” on April 23, 2019 to strengthen anti-money laundering related mechanisms. The Bank has cooperated to amend the related regulations of AML/CFT Policy and Guidelines Governing AML/CFT and implement the execution.

c. Macroeconomic Environment

Looking forward to 2020, the outbreak of the novel coronavirus (COVID-19) in 2019 is for the time being the most significant black swan this year. The outbreak and the extraordinary official measures to contain it have hit China’s economy hard, the economic downturn affects market demand, and the lockdown city policy has disrupted the supply chain. The atmosphere of optimism casts a shadow over the global economic recovery.

In addition, the international economic situation is still affected by the variables of Brexit and the United States’ future trade negotiations with China and the risk of political uncertainty brewing in the US presidential election.

If the epidemic of COVID-19 continues, it might damage consumer demand. In this case, we should keep an eye on the spread of COVID-19. Fortunately, the government continues to optimize the internal investment environment. Taiwanese companies have made great achievements in investing in Taiwan and repatriating overseas funds. In addition, telecommunications companies will gradually deploy 5G networks, which expected to drive the steady expansion of corporate investment and will be conducive to the business development of banks.

Facing the international and domestic economic challenges, the Bank will adhere to the principle of sound operation: "Enhancing core business", "Developing multiple sources of profit", "Expanding overseas layout", "Improving digital financial competitiveness", "Implementing Compliance and Corporate Governance". With five main axes as the operating policy, we will try our best to implement and create the best performance to

achieve the win-win goal of shareholders, customers, and employees.

E. Latest Credit Ratings

Rating Agency	Release Date	Global Rating		National Rating		Outlook
		Long-term	Short-term	Long-term	Short-term	
Taiwan Ratings	2019/11	-	-	twAA+	twA-1+	Stable
(S&P)	2019/11	A-	A-2	-	-	Stable
(Moody's)	2019/2	A2	P-1	-	-	Stable

On 2019, compared with 2018, Taiwan Ratings Corp. raised its issuer credit ratings on Chang Hwa Commercial Bank Ltd. to “twAA+/twA-1+” from “twAA/twA-1+” ; S&P Global Ratings raised its issuer credit ratings on Chang Hwa Commercial Bank Ltd. to “A-/A-2” from “BBB+/A-2”.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chang Hwa Commercial Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Chang Hwa Commercial Bank, Ltd. (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the descriptions of the key audit matters in the audit of the consolidated financial statements of the Group for the year ended December 31, 2019.

Impairment Assessment of Loans

Loans are the most important assets of the Group. As of December 31, 2019, the balance of the Bank's loans totaled \$1,427,350,947 thousand, accounting for 67% of the Group's total consolidated assets. For impairment assessment of loans, the group had in accordance with IFRS 9 to assess the impairment of loans and compliance with regulations on the allowance for loan losses. In addition, evaluation of the impairment of loans involves management's estimation of future cash flows. Therefore, we considered the impairment assessment of loans to be a key audit matter. Refer to Notes 4, 5 and 12 to the Group's consolidated financial statements for related information.

When assessing the appropriateness of the impairment of loans, we understood and tested the internal controls for lending operations and determined the provisions for impairment losses. We tested the calculation of expected credit loss (ECLs) to determine whether the ECLs of loans would be assessed in groups based on debtor and credit risk characteristics. We tested the rationality of the input value (The forward-looking adjusted probability of default (PD), loss given default (LGD), and the exposure at default (EAD)) used by the Bank for each group to calculation of ECLs had appropriately reflect the actual situation and recalculated and confirmed the accuracy of the impairment of loans. Finally, we checked the Group's compliance with regulations on classification of loans and assessment of impairment.

Other Matter

We have also audited the financial statements of Chang Hwa Commercial Bank, Ltd. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shih Tsung Wu and Tung Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 32,418,679	1	\$ 51,073,179	2
Due from the Central Bank and call loans to banks	166,917,091	8	197,942,600	10
Financial assets at fair value through profit or loss	11,483,389	1	10,917,490	1
Financial assets at fair value through other comprehensive income	116,296,139	5	91,938,199	4
Financial assets for hedging	247,375	-	244,763	-
Investments in debt instruments at amortized cost	276,058,976	13	268,059,805	13
Receivables, net	23,201,037	1	29,933,985	1
Current tax assets	207,520	-	289,771	-
Discounts and loans, net	1,427,350,947	67	1,336,701,095	64
Other financial assets, net	40,133,881	2	55,045,230	3
Property and equipment, net	20,739,036	1	21,071,298	1
Right-of-use assets	1,620,404	-	-	-
Investment properties, net	13,872,790	1	13,742,376	1
Intangible assets, net	720,656	-	731,364	-
Deferred tax assets	3,312,325	-	3,120,664	-
Other assets, net	<u>1,062,958</u>	<u>-</u>	<u>999,851</u>	<u>-</u>
TOTAL	<u>\$ 2,135,643,203</u>	<u>100</u>	<u>\$ 2,081,811,670</u>	<u>100</u>
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks	\$ 102,305,626	5	\$ 113,038,541	6
Financial liabilities at fair value through profit or loss	4,247,279	-	11,047,488	1
Securities sold under repurchase agreements	1,547,291	-	5,285,890	-
Payables	21,846,910	1	36,677,779	2
Current tax liabilities	507,880	-	241,285	-
Deposits and remittances	1,765,948,203	83	1,689,581,112	81
Bank notes payable	55,521,014	3	49,549,055	2
Other financial liabilities	4,274,900	-	4,387,078	-
Reserve for liabilities	5,340,555	-	5,296,332	-
Lease liabilities	1,420,392	-	-	-
Deferred tax liabilities	7,902,609	-	7,352,277	-
Other liabilities	<u>2,543,349</u>	<u>-</u>	<u>2,793,202</u>	<u>-</u>
Total liabilities	<u>1,973,406,008</u>	<u>92</u>	<u>1,925,250,039</u>	<u>92</u>
EQUITY				
Capital stock				
Common stock	99,853,111	5	97,895,207	5
Retained earnings				
Legal reserve	34,832,629	2	31,038,668	1
Special reserve	12,204,648	1	12,141,416	1
Unappropriated earnings	11,458,160	-	12,091,349	1
Other equity	<u>3,888,647</u>	<u>-</u>	<u>3,394,991</u>	<u>-</u>
Total equity	<u>162,237,195</u>	<u>8</u>	<u>156,561,631</u>	<u>8</u>
TOTAL	<u>\$ 2,135,643,203</u>	<u>100</u>	<u>\$ 2,081,811,670</u>	<u>100</u>

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST INCOME	\$ 39,190,235	122	\$ 38,422,200	116	2
INTEREST EXPENSE	<u>(16,340,528)</u>	<u>(51)</u>	<u>(15,232,556)</u>	<u>(46)</u>	7
NET INCOME OF INTEREST	<u>22,849,707</u>	<u>71</u>	<u>23,189,644</u>	<u>70</u>	(1)
NET NON-INTEREST INCOME (LOSS)					
Net service fee income	4,634,766	14	4,867,954	15	(5)
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss	1,836,773	6	2,711,956	8	(32)
Realized gain (loss) on financial assets at fair value through other comprehensive income	1,365,271	4	781,888	2	75
Gain (loss) arising from derecognition of financial assets at amortized cost	-	-	(101,029)	-	100
Foreign exchange gain (loss)	918,885	3	1,181,591	4	(22)
Net other non-interest income (loss)	<u>472,951</u>	<u>2</u>	<u>476,185</u>	<u>1</u>	(1)
Net non-interest income	<u>9,228,646</u>	<u>29</u>	<u>9,918,545</u>	<u>30</u>	(7)
NET REVENUE AND GAINS	<u>32,078,353</u>	<u>100</u>	<u>33,108,189</u>	<u>100</u>	(3)
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(2,136,395)</u>	<u>(7)</u>	<u>(2,203,252)</u>	<u>(7)</u>	(3)
OPERATING EXPENSES					
Employee benefits expenses	(10,867,641)	(34)	(10,796,961)	(33)	1

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Depreciation and amortization expenses	(1,436,869)	(4)	(716,163)	(2)	101
Other general and administrative expenses	<u>(4,117,156)</u>	<u>(13)</u>	<u>(4,681,729)</u>	<u>(14)</u>	(12)
Total operating expenses	<u>(16,421,666)</u>	<u>(51)</u>	<u>(16,194,853)</u>	<u>(49)</u>	1
INCOME BEFORE INCOME TAX	13,520,292	42	14,710,084	44	(8)
INCOME TAX EXPENSE	<u>(1,948,510)</u>	<u>(6)</u>	<u>(2,063,549)</u>	<u>(6)</u>	(6)
NET INCOME	<u>11,571,782</u>	<u>36</u>	<u>12,646,535</u>	<u>38</u>	(8)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans	(157,063)	-	(317,259)	(1)	(50)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	1,629,390	5	(237,132)	-	787
Changes in fair value of financial liabilities attributable to changes in credit risk of liability	(818)	-	900	-	(191)
Income tax related to items that will not be reclassified to profit or loss	31,412	-	63,452	-	(50)
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation	(1,185,701)	(4)	657,497	2	(280)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	44,954	-	(46,579)	-	197
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(107,044)	-	(26,306)	-	307
Income tax related to items that will be reclassified to profit or loss	<u>113,945</u>	<u>-</u>	<u>14,961</u>	<u>-</u>	662
Other comprehensive income (loss), net of income tax	<u>369,075</u>	<u>1</u>	<u>109,534</u>	<u>1</u>	237
TOTAL COMPREHENSIVE INCOME	<u>\$ 11,940,857</u>	<u>37</u>	<u>\$ 12,756,069</u>	<u>39</u>	(6)
NET INCOME ATTRIBUTABLE TO:					
Owners of the Parent	<u>\$ 11,571,782</u>	<u>36</u>	<u>\$ 12,646,535</u>	<u>38</u>	(8)
Non-controlling equity	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Parent	<u>\$ 11,940,857</u>	<u>37</u>	<u>\$ 12,756,069</u>	<u>39</u>	(6)
Non-controlling equity	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
EARNINGS PER SHARE					
Basic	<u>\$ 1.16</u>		<u>\$ 1.27</u>		
Diluted	<u>\$ 1.15</u>		<u>\$ 1.26</u>		

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Shares of Capital Stock)**

	Equity Attributable to Owners of the Bank					Other Equity				Total Equity
	Capital Stock		Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	
	Common Stock (In Thousands)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2018	9,413,001	\$ 94,130,007	\$ 27,410,736	\$ 12,080,950	\$ 11,779,842	\$ (1,251,858)	\$ 797,969	\$ -	\$ (82)	\$ 144,947,564
Effect of retrospective application	-	-	-	-	(347,750)	-	(797,969)	4,239,567	-	3,093,848
BALANCE, JANUARY 1, 2018 AS RESTATED	9,413,001	94,130,007	27,410,736	12,080,950	11,432,092	(1,251,858)	-	4,239,567	(82)	148,041,412
Appropriation of 2017 earnings										
Legal reserve appropriated	-	-	3,627,932	-	(3,627,932)	-	-	-	-	-
Special reserve appropriated	-	-	-	60,466	(60,466)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,235,850)	-	-	-	-	(4,235,850)
Stock dividends	376,520	3,765,200	-	-	(3,765,200)	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	12,646,535	-	-	-	-	12,646,535
Other comprehensive income (loss) for the year ended December 31, 2018, net of tax	-	-	-	-	(253,807)	637,065	-	(274,624)	900	109,534
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	12,392,728	637,065	-	(274,624)	900	12,756,069
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(44,023)	-	-	44,023	-	-
BALANCE, DECEMBER 31, 2018	9,789,521	97,895,207	31,038,668	12,141,416	12,091,349	(614,793)	-	4,008,966	818	156,561,631
Appropriation of 2018 earnings										
Legal reserve appropriated	-	-	3,793,961	-	(3,793,961)	-	-	-	-	-
Special reserve appropriated	-	-	-	63,232	(63,232)	-	-	-	-	-
Cash dividends	-	-	-	-	(6,265,293)	-	-	-	-	(6,265,293)
Stock dividends	195,790	1,957,904	-	-	(1,957,904)	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	11,571,782	-	-	-	-	11,571,782
Other comprehensive income (loss) for the year ended December 31, 2019, net of tax	-	-	-	-	(125,651)	(1,027,810)	-	1,523,354	(818)	369,075
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,446,131	(1,027,810)	-	1,523,354	(818)	11,940,857
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,070	-	-	(1,070)	-	-
BALANCE, DECEMBER 31, 2019	9,985,311	\$ 99,853,111	\$ 34,832,629	\$ 12,204,648	\$ 11,458,160	\$ (1,642,603)	\$ -	\$ 5,531,250	\$ -	\$ 162,237,195

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 13,520,292	\$ 14,710,084
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	2,136,395	2,203,252
Depreciation expense	1,216,452	514,203
Amortization expense	220,417	201,960
Interest income	(39,190,235)	(38,422,200)
Dividend income	(523,627)	(464,340)
Interest expense	16,340,528	15,232,556
Net gain on financial assets or liabilities at fair value through profit or loss	(72,939)	(3,505,054)
Gain on disposal of investments	(844,113)	(324,537)
Unrealized foreign exchange (gains) losses	(1,763,834)	793,098
Other adjustments	285,165	(2,625)
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank	5,948,432	(2,341,880)
Decrease in financial assets at fair value through profit or loss	52,006	1,206,800
Decrease (increase) in receivables	6,274,408	(3,949,093)
(Increase) decrease in discounts and loans	(92,787,355)	38,661,627
Increase in financial assets at fair value through other comprehensive income	(21,946,527)	(15,912,118)
Increase in investments in debt instruments at amortized cost	(8,009,682)	(21,311,578)
Decrease (increase) in other financial assets	14,911,349	(28,029,476)
Increase in other assets	(266,582)	(35,330)
Decrease in deposits from the Central Bank and banks	(28,694,309)	(430,887)
Increase in deposits and remittances	76,367,091	17,501,328
(Decrease) increase in payables	(14,750,537)	1,211,122
Increase (decrease) in financial liabilities at fair value through profit or loss	2,337,430	(2,133,537)
Decrease in reserve for liabilities	(256,647)	(233,675)
(Decrease) increase in other financial liabilities	(111,522)	724,478
(Decrease) increase in other liabilities	(263,315)	234,690
Cash flows used in operations	(69,871,259)	(23,901,132)
Interest received	39,829,059	37,023,809
Dividends received	523,627	464,340
Interest paid	(16,381,104)	(14,648,505)
Income taxes paid	(1,177,886)	(2,394,598)
Net cash flows used in operating activities	<u>(47,077,563)</u>	<u>(3,456,086)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(457,661)	(1,079,159)
Proceeds from disposal of property and equipment	170	1,061
Acquisition of intangible assets	(139,782)	(347,387)
Acquisition of right-of-use assets	(432,554)	-

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Acquisition of investment properties	<u>(1,203)</u>	<u>(1,281)</u>
Net cash flows used in investing activities	<u>(1,031,030)</u>	<u>(1,426,766)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	17,961,394	5,317,561
Proceeds from issuing bank notes	5,960,000	10,000,000
Repayments of bank notes	(7,991,100)	(2,200,000)
Repayment of the principal portion of lease liabilities	(363,684)	-
Cash dividends paid	(6,265,293)	(4,235,850)
(Decrease) increase in securities sold under repurchase agreement	<u>(3,738,599)</u>	<u>2,167,354</u>
Net cash flows generated from financing activities	<u>5,562,718</u>	<u>11,049,065</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(1,185,702)</u>	<u>657,497</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(43,731,577)	6,823,710
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>179,641,968</u>	<u>172,818,258</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 135,910,391</u>	<u>\$ 179,641,968</u>
	December 31	
	2019	2018
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in balance sheet	\$ 32,418,679	\$ 51,073,179
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>103,491,712</u>	<u>128,568,789</u>
Cash and cash equivalents at end of year	<u>\$ 135,910,391</u>	<u>\$ 179,641,968</u>

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chang Hwa Commercial Bank, Ltd.

Opinion

We have audited the accompanying financial statements of Chang Hwa Commercial Bank, Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the descriptions of the key audit matters in the audit of the financial statements of the Bank for the year ended December 31, 2019.

Impairment Assessment of Loans

Loans are the most important assets of the Bank. As of December 31, 2019, the balance of the Bank's loans totaled \$1,412,641,860 thousand, accounting for 66% of the Bank's total assets. For impairment assessment of loans, the Bank had in accordance with IFRS 9 to assess the impairment of loans and compliance with regulations on the allowance for loan losses. In addition, evaluation of the impairment of loans involves management's estimation of future cash flows. Therefore, we considered the impairment assessment of loans to be a key audit matter. Refer to Notes 4, 5 and 12 to the Bank's financial statements for related information.

When assessing the appropriateness of the impairment of loans, we understood and tested the internal controls for lending operations and determined the provisions for impairment losses. We tested the calculation of expected credit loss (ECLs) to determine whether the ECLs of loans would be assessed in groups based on debtor and credit risk characteristics. We tested the rationality of the input value (The forward-looking adjusted probability of default (PD), loss given default (LGD), and the exposure at default (EAD)) used by the Bank for each group to calculation of ECLs had appropriately reflect the actual situation and recalculated and confirmed the accuracy of the impairment of loans. Finally, we checked the Bank's compliance with regulations on classification of loans and assessment of impairment.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shih Tsung Wu and Tung Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2020

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

CHANG HWA COMMERCIAL BANK, LTD.

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 31,849,140	1	\$ 50,278,750	2
Due from the Central Bank and call loans to banks	161,472,256	8	196,829,214	10
Financial assets at fair value through profit or loss	11,483,389	1	10,917,490	1
Financial assets at fair value through other comprehensive income	111,610,083	5	90,390,520	4
Financial assets for hedging	247,375	-	244,763	-
Investments in debt instruments at amortized cost	276,058,976	13	268,059,805	13
Receivables, net	22,979,066	1	28,984,785	1
Current tax assets	207,398	-	289,771	-
Discounts and loans, net	1,412,641,860	66	1,320,077,226	64
Investments measured by equity method, net	13,087,475	1	12,536,866	1
Other financial assets, net	44,428,881	2	51,821,709	2
Property and equipment, net	19,995,240	1	20,200,024	1
Right-of-use assets, net	1,601,174	-	-	-
Investment properties, net	13,872,790	1	13,742,376	1
Intangible assets, net	645,360	-	714,842	-
Deferred tax assets	3,197,348	-	3,001,405	-
Other assets, net	<u>1,051,475</u>	<u>-</u>	<u>990,474</u>	<u>-</u>
TOTAL	<u>\$ 2,126,429,286</u>	<u>100</u>	<u>\$ 2,069,080,020</u>	<u>100</u>
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks	\$ 102,187,587	5	\$ 110,858,179	5
Financial liabilities at fair value through profit or loss	4,247,279	-	11,047,488	1
Securities sold under repurchase agreements	1,547,291	-	5,285,890	-
Payables	21,676,201	1	35,699,603	2
Current tax liabilities	465,752	-	218,866	-
Deposits and remittances	1,757,136,850	83	1,680,087,976	81
Bank notes payable	55,521,014	3	49,549,055	3
Other financial liabilities	4,274,900	-	4,387,078	-
Reserve for liabilities	5,322,733	-	5,272,477	-
Lease liabilities	1,401,162	-	-	-
Deferred tax liabilities	7,892,389	-	7,350,045	-
Other liabilities	<u>2,518,933</u>	<u>-</u>	<u>2,761,732</u>	<u>-</u>
Total liabilities	<u>1,964,192,091</u>	<u>92</u>	<u>1,912,518,389</u>	<u>92</u>
EQUITY				
Capital stock				
Common stock	99,853,111	5	97,895,207	5
Retained earnings				
Legal reserve	34,832,629	2	31,038,668	1
Special reserve	12,204,648	1	12,141,416	1
Unappropriated earnings	11,458,160	-	12,091,349	1
Other equity	<u>3,888,647</u>	<u>-</u>	<u>3,394,991</u>	<u>-</u>
Total equity	<u>162,237,195</u>	<u>8</u>	<u>156,561,631</u>	<u>8</u>
TOTAL	<u>\$ 2,126,429,286</u>	<u>100</u>	<u>\$ 2,069,080,020</u>	<u>100</u>

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST INCOME	\$ 38,189,030	121	\$ 38,335,813	116	-
INTEREST EXPENSE	<u>(16,118,024)</u>	<u>(51)</u>	<u>(15,210,271)</u>	<u>(46)</u>	6
NET INCOME OF INTEREST	<u>22,071,006</u>	<u>70</u>	<u>23,125,542</u>	<u>70</u>	(5)
NET NON-INTEREST INCOME (LOSS)					
Net service fee income	4,615,049	15	4,862,338	15	(5)
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss	1,836,773	6	2,711,956	8	(32)
Realized gain (loss) on financial assets at fair value through other comprehensive income	1,352,667	4	781,888	2	73
Gain (loss) arising from derecognition of financial assets at amortized cost	-	-	(101,029)	-	100
Foreign exchange gain (loss)	968,007	3	745,536	2	30
Share of profit (loss) of associates and joint ventures accounted for using equity method	418,059	1	394,394	1	6
Net other non-interest income (loss)	<u>450,463</u>	<u>1</u>	<u>475,471</u>	<u>2</u>	(5)
Net non-interest income	<u>9,641,018</u>	<u>30</u>	<u>9,870,554</u>	<u>30</u>	(2)
NET REVENUE AND GAINS	<u>31,712,024</u>	<u>100</u>	<u>32,996,096</u>	<u>100</u>	(4)
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(2,148,065)</u>	<u>(7)</u>	<u>(2,213,028)</u>	<u>(7)</u>	(3)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expenses	(10,641,484)	(33)	(10,731,285)	(33)	(1)
Depreciation and amortization expenses	(1,394,368)	(4)	(714,083)	(2)	95
Other general and administrative expenses	<u>(4,015,631)</u>	<u>(13)</u>	<u>(4,631,166)</u>	<u>(14)</u>	(13)
Total operating expenses	<u>(16,051,483)</u>	<u>(50)</u>	<u>(16,076,534)</u>	<u>(49)</u>	-
INCOME BEFORE INCOME TAX	13,512,476	43	14,706,534	44	(8)
INCOME TAX EXPENSE	<u>(1,940,694)</u>	<u>(6)</u>	<u>(2,059,999)</u>	<u>(6)</u>	(6)
NET INCOME	<u>11,571,782</u>	<u>37</u>	<u>12,646,535</u>	<u>38</u>	(8)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans	(157,063)	-	(317,259)	(1)	(50)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	1,620,760	5	(237,132)	-	783
Changes in fair value of financial liabilities attributable to changes in credit risk of liability	(818)	-	900	-	(191)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	8,630	-	-	-	-
Income tax related to items that will not be reclassified to profit or loss	31,412	-	63,452	-	(50)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation	(1,185,701)	(4)	657,497	2	(280)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	24,041	-	7,338	-	228
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	14,443	-	(55,506)	-	126
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(108,202)	-	(26,948)	-	302
Income tax related to items that will be reclassified to profit or loss	<u>121,573</u>	<u>-</u>	<u>17,192</u>	<u>-</u>	607
Other comprehensive income (loss), net of income tax	<u>369,075</u>	<u>1</u>	<u>109,534</u>	<u>1</u>	237
TOTAL COMPREHENSIVE INCOME	<u>\$ 11,940,857</u>	<u>38</u>	<u>\$ 12,756,069</u>	<u>39</u>	(6)
EARNINGS PER SHARE					
Basic	<u>\$ 1.16</u>		<u>\$ 1.27</u>		(9)
Diluted	<u>\$ 1.15</u>		<u>\$ 1.26</u>		(9)

CHANG HWA COMMERCIAL BANK, LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Shares of Capital Stock)**

	Equity Attributable to Owners of the Bank					Other Equity				Total Equity
	Capital Stock		Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	
	Common Stock (In Thousands)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2018	9,413,001	\$ 94,130,007	\$ 27,410,736	\$ 12,080,950	\$ 11,779,842	\$ (1,251,858)	\$ 797,969	\$ -	\$ (82)	\$ 144,947,564
Effect of retrospective application	-	-	-	-	(347,750)	-	(797,969)	4,239,567	-	3,093,848
BALANCE, JANUARY 1, 2018 AS RESTATED	9,413,001	94,130,007	27,410,736	12,080,950	11,432,092	(1,251,858)	-	4,239,567	(82)	148,041,412
Appropriation of 2017 earnings										
Legal reserve appropriated	-	-	3,627,932	-	(3,627,932)	-	-	-	-	-
Special reserve appropriated	-	-	-	60,466	(60,466)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,235,850)	-	-	-	-	(4,235,850)
Stock dividends	376,520	3,765,200	-	-	(3,765,200)	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	12,646,535	-	-	-	-	12,646,535
Other comprehensive income (loss) for the year ended December 31, 2018, net of tax	-	-	-	-	(253,807)	637,065	-	(274,624)	900	109,534
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	12,392,728	637,065	-	(274,624)	900	12,756,069
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(44,023)	-	-	44,023	-	-
BALANCE, DECEMBER 31, 2018	9,789,521	97,895,207	31,038,668	12,141,416	12,091,349	(614,793)	-	4,008,966	818	156,561,631
Appropriation of 2018 earnings										
Legal reserve appropriated	-	-	3,793,961	-	(3,793,961)	-	-	-	-	-
Special reserve appropriated	-	-	-	63,232	(63,232)	-	-	-	-	-
Cash dividends	-	-	-	-	(6,265,293)	-	-	-	-	(6,265,293)
Stock dividends	195,790	1,957,904	-	-	(1,957,904)	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	11,571,782	-	-	-	-	11,571,782
Other comprehensive income (loss) for the year ended December 31, 2019, net of tax	-	-	-	-	(125,651)	(1,027,810)	-	1,523,354	(818)	369,075
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,446,131	(1,027,810)	-	1,523,354	(818)	11,940,857
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,070	-	-	(1,070)	-	-
BALANCE, DECEMBER 31, 2019	9,985,311	\$ 99,853,111	\$ 34,832,629	\$ 12,204,648	\$ 11,458,160	\$ (1,642,603)	\$ -	\$ 5,531,250	\$ -	\$ 162,237,195

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 13,512,476	\$ 14,706,534
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	2,148,065	2,213,028
Depreciation expense	1,185,464	512,577
Amortization expense	208,904	201,506
Share of profit (loss) of subsidiaries for using equity method	(418,059)	(394,394)
Interest income	(38,189,030)	(38,335,813)
Dividend income	(523,627)	(464,340)
Interest expense	16,118,024	15,210,271
Net gain on financial assets or liabilities at fair value through profit or loss	(72,939)	(3,505,054)
Gain on disposal of investments	(831,510)	(324,537)
Unrealized foreign exchange (gains) losses	(1,763,834)	793,098
Other adjustments	224,708	(5,694)
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank	4,882,909	(1,542,799)
Decrease in financial assets at fair value through profit or loss	52,006	1,206,800
Decrease (increase) in receivables	5,535,746	(3,893,701)
(Increase) decrease in discounts and loans	(94,712,733)	38,228,187
Increase in financial assets at fair value through other comprehensive income	(18,861,052)	(14,418,844)
Increase in investments in debt instruments at amortized cost	(8,009,682)	(21,311,579)
Decrease (increase) in other financial assets	7,392,828	(24,805,955)
Increase in other assets	(263,436)	(25,953)
(Decrease) increase in deposits from the Central Bank and banks	(26,378,048)	1,148,580
Increase in deposits and remittances	77,048,874	16,530,545
(Decrease) increase in payables	(14,014,519)	478,135
Increase (decrease) in financial liabilities at fair value through profit or loss	2,337,430	(2,133,537)
Decrease in reserve for liabilities	(250,624)	(233,785)
(Decrease) Increase in other financial liabilities	(111,522)	724,478
(Decrease) increase in other liabilities	(229,336)	143,773
Cash flows used in operations	(73,982,517)	(19,298,473)
Interest received	38,811,954	37,023,453
Dividends received	523,627	464,340
Interest paid	(16,099,320)	(14,617,359)
Income taxes paid	(1,194,421)	(2,428,163)
Net cash flows (used in) generated from operating activities	<u>(51,940,677)</u>	<u>1,143,798</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using the equity method	(600,000)	(11,235,849)
Acquisition of property and equipment	(441,322)	(492,646)
Proceeds from disposal of property and equipment	170	1,061

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Acquisition of intangible assets	(137,032)	(347,039)
Acquisition of right-of-use assets	(424,879)	-
Acquisition of investment properties	<u>(1,203)</u>	<u>(1,281)</u>
Net cash flows used in investing activities	<u>(1,604,266)</u>	<u>(12,075,754)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	17,707,456	10,973,906
Proceeds from issuing bank notes	5,960,000	10,000,000
Repayments of bank notes	(7,991,100)	(2,200,000)
(Decrease) increase in securities sold under repurchase agreement	(3,738,599)	2,167,354
Repayments of the principal portion of lease liabilities	(349,851)	-
Cash dividends paid	<u>(6,265,293)</u>	<u>(4,235,850)</u>
Net cash flows generated from financing activities	<u>5,322,613</u>	<u>16,705,410</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(681,329)</u>	<u>1,207,986</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(48,903,659)	6,981,440
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>179,799,698</u>	<u>172,818,258</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 130,896,039</u>	<u>\$ 179,799,698</u>
	December 31	
	2019	2018
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in balance sheet	\$ 31,849,140	\$ 50,278,750
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>99,046,899</u>	<u>129,520,948</u>
Cash and cash equivalents at end of year	<u>\$ 130,896,039</u>	<u>\$ 179,799,698</u>