



Chang Hwa Commercial Bank, Ltd.
Minutes for the 2022 Annual Meeting of Shareholders
(Summary Translation)

Meeting Time : 9 : 00 a.m. on Friday, June 17, 2022

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

Meeting type: visual communication assisted shareholders meeting (Hybrid, physical shareholders meeting supported by video conferencing)

E-Meeting Platform: Taiwan Depository & Clearing Corporation website:

<http://www.stockvote.com.tw>

Total outstanding shares of the Company: 10,488,570,842 shares

Total shares represented by shareholders present in person or by proxy : 5,834,866,005 shares (including 5,232,410,462 shares voted via electronic transmission and E-Meeting)

Percentage of shares held by shareholders present in person or by proxy : 55.63 %

Chairperson: Joanne Ling, Chairperson of the Board of Directors

Directors present:

Directors: Chao-Chung Chou, Julius Chen, Weng-Siung Lee

Independent Directors: Jung-Chun Pan, Jong-Horng Lin, Chih-Jong Suen

Attendees:

President: Chao-Chung Chou

Hengheng Attorneys-at-Law-Lawyer: Chih-Ching Yu

Myriad Attorneys-at-Law-Lawyer: Grace Lu

Deloitte & Touche CPA: Amanda Wu

Mega Securities Registrar & Transfer Agency Dept.: Senior Vice Presidents Chun-Chieh Huang, Yuan-Ling Chen, Manager Ying-Lung Chu

The measures taken in the event of any disruption in the video conferencing platform or participation by video conferencing due to natural disaster, unforeseen event, or other force majeure event, and the outcome of the handling of such disruption, please refer notice for 2022 AGM. (actual situation: no disruption)

Recorders: Ting Wang, Julie Hsiung

Announcement: The aggregate shareholding of the shareholders present constituted a quorum; therefore, the meeting began.

Chairperson Remarks (omitted)

Report Items

Report No. 1:

2021 Business Report. (omitted)

Report No. 2:

Audit Committee review of 2021 audited Financial Statements.

(Please refer to pages 74 to 75 of the handbook.)

Report No. 3:

The Bank's 2021 employee and director remuneration distribution status.

Explanation:

As adopted by the 24th board meeting of the 26th term held on March 29, 2022 for distribution of the Bank's 2021 employee and director remuneration. The employees' cash remuneration is NT\$534,848,650 and the directors' (independent directors not included) cash remuneration is NT\$42,787,892.

Report No. 4:

Propaganda-Article 25 of the Banking Act of The Republic of China.

Explanation:

1. It is handled in accordance with the Letter No.10060005191 dated January 31, 2012 issued by the Financial Supervisory Commission (FSC).
2. Applicable laws and regulations are as following propaganda:
 - (1) In accordance with the Paragraph 2 and Paragraph 3 of Article 25 of the Banking Act, the same person or same concerned party who singly, jointly, or collectively acquires more than five percent (5%) of CHB's outstanding voting shares shall report such fact to the FSC within ten (10) days from the day of acquisition; the preceding provision applies to each cumulative increase or decrease in the shares of the same person or same concerned party by more than one percent (1%) thereafter. The same person or same concerned party who intends to singly, jointly or collectively acquire more than ten percent (10%), twenty-five percent (25%), or fifty percent (50%) of CHB's outstanding voting shares shall apply for prior approval of the FSC. The definitions of the same

person, same concerned party and the situation where the holding of shares is excluded are expressly defined in Article 25-1 of the Banking Act.

- (2) Where the same person or same concerned party who holds voting shares issued by CHB without filing a report with the FSC or obtaining approval from the FSC in accordance with the relevant provisions prescribed, the excess shares held by such same person or same concerned party shall not have voting rights and shall be disposed of within the given period prescribed by the FSC in accordance with the Paragraph 7 of Article 25 of the Banking Act. Besides, according to Paragraph 3 of Article 128 of the Banking Act, such shareholders shall be imposed an administrative fine of not less than Two Million New Taiwan Dollars (NT\$2,000,000) and not more than Ten Million New Taiwan Dollars (NT\$10,000,000). If such person is elected as a director or the responsible person of CHB, such person shall be considered to have dishonest or improper situations which may lead such person not to serve as a responsible person as set forth in Subparagraph 13 of Article 3 of the “Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks”.

The above mentioned reports item acknowledged by all shareholders present.

Recognition Items

Recognition Item No. 1: Adoption of the Bank’s 2021 Business Report and Financial Statements.

Explanation:

The Bank’s 2021 Financial Statements, balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows, etc. (including stand-alone and consolidated basis, please refer to pages 76 to 106 of the handbook), have been certified by Amanda 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 23rd meeting of the 26th term of the Board of Directors. Please adopt them.

Voting Method: Proposals shall be discussed on a case-by-case basis, and voting for every case at the same time after finished the discussions. A one-time voting will be conducted after discussions on all the agenda items for acknowledgement matters and discussion matters have been completed. For shareholders who participate by video conference, a voting function has already been provided through the video conference platform when the meeting is called to order, and the voting on each agenda item shall be completed before the chairperson announces close of the voting.

Shareholders present: 5,834,647,986 shares were represented by the shareholders present in person or by proxy, accounting for 55.62% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 5,110,186,483 votes (including 4,811,992,385 votes voted via electronic transmission and E-Meeting)	87.58%
Disapproval votes: 3,137,885 shares (including 3,137,885 votes voted via electronic transmission and E-Meeting)	0.05%
Invalid votes: 0 votes	0%
Abstention votes : 721,323,618 shares (including 417,275,191 votes voted via electronic transmission and E-Meeting)	12.36%

Resolution: voted and acknowledged as proposed.

Recognition Item No. 2: Adoption of the Bank's distribution of 2021 profit.

(Proposed by the Board of Directors.)

Explanation:

- The Bank's 2021 net profit after tax was NT\$8,803,803,817.02. After aggregating items except for net profit after tax: remeasurement of defined benefit plan, the amount was NT\$260,360,723.53, and gain on disposal of investments in equity instructions measured at fair value through other comprehensive income, the amount was NT\$13,004,452.00, and setting aside 30% legal reserve of NT\$2,723,150,698.00 by law along with the beginning retained earnings of NT\$53,722,851.93, the distributable net profit was NT\$6,407,741,146.48. The proposed distribution of profit is scheduled as below:
 - Distribution of dividend to common stock shares – cash (NT\$0.5 per share):
NT\$ 5,244,285,421.00.
 - Distribution of dividend to common stock shares – stock (NT\$0.1 per share):
NT\$ 1,048,857,080.00.
 - Unappropriated retained earnings are NT\$114,598,645.48.
- 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 the 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 a change in shareholder's distribution ratios, the Board of Directors will be authorized to adjust the distribution terms.
6. Attachment: 2021 Profit Distribution Table.

Shareholders present: 5,834,647,986 shares were represented by the shareholders present in person or by proxy, accounting for 55.62% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 5,117,483,617 votes (including 4,819,289,519 votes voted via electronic transmission and E-Meeting)	87.70%
Disapproval votes: 843,247 votes (including 843,247 votes voted via electronic transmission and E-Meeting)	0.01%
Invalid votes: 0 votes	0%
Abstention votes : 716,321,122 votes (including 412,272,695 votes voted via electronic transmission and E-Meeting)	12.27%

Resolution: voted and acknowledged as proposed.

Attachment

Chang Hwa Commercial Bank, Ltd.
2021 Profit Distribution Table

(Unit: NTD\$)

Net profit after tax	8,803,803,817.02
Add (Less): Items except for net profit after tax:	
Remeasurement of defined benefit plan	260,360,723.53
Gain on disposal of investments in equity instructions measured at fair value through other comprehensive income	13,004,452.00
Incorporation of distributable net profit	9,077,168,992.55
Set aside 30% legal reserve	(2,723,150,698.00)
Beginning retained earnings	53,722,851.93
Distributable net profit	6,407,741,146.48
Distributable items:	
Cash dividends on common shares - NT\$0.5 per share	(5,244,285,421.00)
Stock dividends on common shares - NT\$ 0.1 per share	(1,048,857,080.00)
Unappropriated retained earnings	114,598,645.48

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 Items

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

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\$1,048,857,080 from the stock dividends of distribution of 2021 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 104,885,708 shares of common stock and, after the capitalization of earnings, the Bank's capital will become NT\$105,934,565,500.

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 10 new shares for every 1,000 shares held by shareholders according to their respective shareholding as stated in the shareholders' register book on the record date. Within 7 days from the stock dividend record date, shareholders may 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 the 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.

Shareholder ○ -Wun Jhou (Shareholder No. 3003033) inquired about shareholdings of management, and shareholder ○ -Guang Huang (Shareholder No. 2552786) inquired about the amount of remuneration of independent directors and made suggestions on improving the company's social image, and increasing employee remuneration, explained by the chairperson.

Shareholders present: 5,834,647,986 shares were represented by the shareholders present in person or by proxy, accounting for 55.62% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 5,069,980,169 votes (including 4,771,786,071 votes voted via electronic transmission and E-Meeting)	86.89%
Disapproval votes: 1,003,990 votes (including 1,003,990 votes voted via electronic transmission and E-Meeting)	0.01%
Invalid votes: 0 votes	0%
Abstention votes : 763,663,827 votes (including 459,615,400 votes voted via electronic transmission and E-Meeting)	13.08%

Resolution: voted and approved as proposed.

Discussion Item No. 2: In order to comply with the amendments to relevant laws and regulations and strengthen the Bank’s corporate governance, it is proposed to amend some of the provisions of the Bank’s Articles of Incorporation. It is hereby submitted for deliberation and approval.

Explanation:

1. In response to the amendments to the Company Act and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies by the competent authority and the continuous strengthening of the Bank’s corporate governance, it is proposed to amend some of the provisions of the Bank’s Articles of Incorporation in compliance with such amendments, with the highlights as follows:
 - (1) With reference to Article 172-2 of the Company Act amended and promulgated via the order dated December 29, 2021 referenced Tzung-Tung-Hwa-Tzung-I-Ching No. 1000115851, the competent authority considers that following the progress of digital technology, it is becoming more and more popular for shareholders to participate in shareholders’ meetings and exercise shareholders’ rights via video conferencing. Therefore, it is stipulated that if the shareholders’ meeting of the Bank is convened via video conferencing, it shall comply with the relevant regulations. (Article 10, Paragraph 2 amended)
 - (2) With reference to Article 177-1 of the Company Act and the order of the Financial Supervisory Commission (hereinafter referred to as the FSC) dated January 18, 2022 referenced Chin-Kuan-Cheng-Chiao No. 1110380064, when holding a shareholders’ meeting, listed (OTC) companies and emerging companies shall list electronic means as one of the channels for exercising their voting rights. Therefore, in accordance with the current practical operation of the Bank, it is stipulated that when the Bank holds a shareholders’ meeting, shareholders shall exercise their voting rights in writing or electronically in accordance with the provisions of laws and regulations. (Article 16, Paragraph 2 amended)
 - (3) In accordance with the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” of the Taiwan Stock Exchange (hereinafter referred to as the TSE) and the amendment to Article 44-22 of the Regulations Governing the Administration of Shareholder Services of Public Companies by the FSC, it is stipulated that the minutes of shareholders’ meetings shall be handled in accordance with the provisions of laws and regulations. (Article 17, Paragraph 2 amended)
 - (4) With reference to Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies amended by the TSE and in accordance with the current practice of the Bank, it is stipulated that the number of independent directors of the Bank shall not be less than one-third of all directors. (Article 18, Paragraph 5 amended)
 - (5) In accordance with Article 196, Paragraph 1 of the Company Act and the current practice of the financial industry, the provisions on the resignation and retirement

benefits of the Chairman of the Bank upon leaving office are stipulated. (Article 19, Paragraph 4 amended)

(6) In order to comply with the actual operation of the Bank's board meeting once a month and with reference to Article 3, Paragraph 1 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, it is stipulated that the Bank shall convene the board meeting at least once per quarter. (Article 21, Paragraph 1 amended)

2. Attachment: The Comparison Table of Amendments to Parts of the Bank's Articles of Incorporation.

Shareholder ○-Guang Huang (Shareholder No. 2552786) speak on the provision content to the proposal.

Shareholders present: 5,834,647,986 shares were represented by the shareholders present in person or by proxy, accounting for 55.62% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 4,999,895,079 votes (including 4,701,700,981 votes voted via electronic transmission and E-Meeting)	85.69%
Disapproval votes: 64,295,443 votes (including 64,295,443 votes voted via electronic transmission and E-Meeting)	1.10%
Invalid votes: 0 votes	0%
Abstention votes : 770,457,464 votes (including 466,409,037 votes voted via electronic transmission and E-Meeting)	13.20%

Resolution: voted and approved as proposed.

Attachment

**Chang Hwa Commercial Bank, Ltd.
Articles of Incorporation
The Comparison Table of Amendments to Parts**

Amended by the general Shareholders' Meeting on June 17th, 2022

Amended articles	Current articles	Descriptions
Article 10 The Shareholders' Meeting of the Bank shall be categorized into general meeting and	Article 10 The Shareholders' Meeting of the Bank shall be categorized into general meeting and	1. This article is amended. 2. The amendment to Article 172-2 of the Company Act was promulgated on December 29, 2021, allowing

Amended articles	Current articles	Descriptions
<p>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.</p> <p><u>Convening of the Shareholders' Meeting and resolutions of the Board of Directors may be convened via video conference or other means as announced by the central competent authority. The conditions, procedures and other matters to be followed shall be handled in accordance with the provisions of the competent authority.</u></p>	<p>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.</p>	<p>public companies to apply the provisions of video conference at the shareholders' meeting. According to Paragraph 1 of this Article, the Articles of Incorporation may prescribe that the shareholders' meeting shall be held via video conference or the means announced by the central competent authority, namely the Ministry of Economic Affairs. In addition, the Regulations Governing the Administration of Shareholder Services of Public Companies were amended and promulgated on March 4, 2022, and the same provisions were also applied in Article 44-9, Paragraph 3. In order to comply with the competent authority's policy of promoting video conferencing for the shareholders' meeting, and to meet the needs of the digital era and provide shareholders with convenient channels to participate in the shareholders' meeting, Paragraph 2 of this Article is added in accordance with the provisions above to allow the Bank, based on actual needs, to convene the shareholders' meeting via video conferencing following the resolution of the board meeting.</p>

Amended articles	Current articles	Descriptions
<p>Article 16</p> <p>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.</p> <p><u>When the Bank holds a shareholders' meeting, if shareholders exercise their voting rights in writing or electronically, relevant matters shall be handled in accordance with laws and regulations.</u></p>	<p>Article 16</p> <p>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.</p>	<ol style="list-style-type: none"> 1. This article is amended. 2. With reference to Article 177-1 of the Company Act and the Financial Supervision Commission's order dated January 18, 2022 referenced Jin-Guan-Cheng-Chiao No. 1110380064, Paragraph 2 of this Article is added in accordance with the current practice of the Bank which stipulates that shareholders who exercise their voting rights in writing or electronically shall be handled in accordance with the provisions of the law.
<p>Article 17</p> <p>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.</p> <p>The minutes of Shareholders' Meeting shall comply with <u>the requirements of laws and regulations including</u> 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.</p>	<p>Article 17</p> <p>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.</p> <p>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.</p>	<ol style="list-style-type: none"> 1. This article is amended. 2. The text of Paragraph 2 of this Article is amended in accordance with the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" of the TSE and the requirements of the competent authority for the minutes of the shareholders' meeting held via video conference.

Amended articles	Current articles	Descriptions
<p>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.</p>	<p>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.</p>	
<p>Article 18</p> <p>(The above is omitted)</p> <p>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-third 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.</p> <p>(The following is omitted)</p>	<p>Article 18</p> <p>(The above is omitted)</p> <p>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.</p> <p>(The following is omitted)</p>	<ol style="list-style-type: none"> 1. This article is amended. 2. With reference to Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies amended by TSE and the current practice of the Bank, the amendment is made to Paragraph 5 of this Article that the number of independent directors of the Bank shall not be less than one-third of the seats of directors.
<p>Article 19</p> <p>The Board of Directors shall have three managing directors,</p>	<p>Article 19</p> <p>The Board of Directors shall have three managing directors,</p>	<ol style="list-style-type: none"> 1. This article is amended. 2. According to Article 196, Paragraph 1 of the Company

Amended articles	Current articles	Descriptions
<p>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.</p> <p>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.</p> <p>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.</p> <p><u>For the resignation and retirement benefits of the Chairman of the Bank upon leaving office, the retirement pension and severance measures of the Bank's</u></p>	<p>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.</p> <p>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.</p> <p>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.</p>	<p>Act, if the remuneration of directors is not prescribed in the Articles of Incorporation, it shall be agreed by the shareholders' meeting and shall not be ratified afterward. With reference to the practice of the financial industry, Paragraph 4 of this Article is added to stipulate the provisions on the resignation and retirement benefits of the Chairman of the Bank upon leaving office.</p>

Amended articles	Current articles	Descriptions
<p><u>employees shall apply mutatis mutandis; for the granting standard, the provisions of the pension system of the Labor Standards Act shall apply mutatis mutandis without being subject to the retirement age and seniority.</u></p>		
<p>Article 21</p> <p>The ordinary meeting of the Board of Directors shall be convened <u>at least once</u> 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.</p> <p>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.</p> <p>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.</p>	<p>Article 21</p> <p>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.</p> <p>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.</p> <p>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.</p>	<ol style="list-style-type: none"> 1. This article is amended. 2. In principle, the board meeting of the Bank is to be convened once per month. In order to comply with the actual operation, Article 3, Paragraph 1 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies is referred to, and Paragraph 1 of the Article has been amended to at least once per quarter.

Discussion Item No. 3: In order to comply with the revision of laws and regulations and practical operations, it is proposed to revise some of the provisions of the Bank’s Rules for Director Elections. It is hereby submitted for deliberation and approval.

Explanation:

1. The “Sample Template for XXX Co., Ltd. Procedures for Election of Directors” of the Taiwan Stock Exchange (hereinafter referred to as the TSE sample) was referred to, and Articles 9, 11, and 14 of the Rules for Director Elections were amended with the key points as follows:
 - (1) In view of the fact that the Bank has fully adopted the candidate nomination system since 2014, the requirement that the voting ballots should be printed with the relevant identification information of the candidates for director elections is removed. (Article 9, Paragraph 1 amended)
 - (2) With reference to Article 10 of the TSE sample regarding the invalidity of the voting ballots and the relevant interpretations of laws from the Ministry of Economic Affairs, Article 11 was amended:
 - A. According to Article 173 of the Company Act, shareholders may convene a shareholders meeting in accordance with the law under certain circumstances. Subparagraph 1, therefore, has been amended to state “The ballot was not prepared by the person with the right to convene.”
 - B. Words or marks other than the number of voting rights allotted are entered.” has been added to Subparagraph 5.
 - C. With reference to Article 181, Paragraph 3 of the Company Act and the interpretations of laws of the Ministry of Economic Affairs referenced Ching-Shang No. 10800086000 on October 25, 2019, and referenced Ching-Shang No. 10800039890 on June 5, 2019, the following has been added to Subparagraph 6: “Except otherwise provided by laws and regulations, the number of voting rights distributed by the elector to non-independent directors or independent directors exceeds the number of non-independent directors or independent directors to be elected.”
 - (3) In order to comply with corporate governance and safeguard shareholders’ rights and interests, it is specified that voting results to be announced on the spot by the chair shall include the list of elected and non-elected directors and their number of voting rights received. (Article 14, Paragraph 2 amended)
2. Attachment: The Comparison Table of Amendments to Articles 9, 11, and 14 of the Bank’s Rules for Director Elections.

Shareholders present: 5,834,647,986 shares were represented by the shareholders present in person or by proxy, accounting for 55.62% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 5,070,137,443 votes (including 4,771,943,345 votes voted via electronic transmission and E-Meeting)	86.89%
Disapproval votes: 833,351 votes (including 833,351 votes voted via electronic transmission and E-Meeting)	0.01%
Invalid votes: 0 votes	0%
Abstention votes : 763,677,192 votes (including 459,628,765 votes voted via electronic transmission and E-Meeting)	13.08%

Resolution: voted and approved as proposed.

Attachment

Chang Hwa Commercial Bank, Ltd.
Rules for Director Elections
The Comparison Table of Amendments to Articles 9, 11, and 14

Amended by the general Shareholders' Meeting on June 17th, 2022

Amended articles	Current articles	Descriptions
Article 9	<p>Article 9</p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>In the case where a non-independent director candidate</u></p>	<p>1. This article is amended.</p> <p>2. The “Sample Template for XXX Co., Ltd. Procedures for Election of Directors” of the Taiwan Stock Exchange (hereinafter referred to as the TSE sample) published on June 3, 2020 was referred to, and the description that the election ballot should record the relevant information about the candidate was deleted. In view of the provisions of Article 3, Paragraph 2 of Rules for Director Elections, the Bank adopted the candidate nomination system for the election of directors, and shareholders have been informed of the names, educational backgrounds and experiences of the nominees</p>

<p>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.</p>	<p>is a representative of the <u>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.</u></p> <p>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.</p>	<p>(candidates) before the shareholders meeting is held. The original text in the Paragraph 1 of this article that the election ballot shall be printed with the identity document numbers or shareholder account numbers for identification of the candidates is no longer required; therefore, the provision in Paragraph 1 has been deleted.</p>
<p>Article 11</p> <p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by the <u>person with the right to convene.</u> 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. <p><u>5. Words or marks other than the number of voting rights allotted are entered.</u></p> <p><u>6. Except otherwise provided by laws and regulations, the number of voting rights distributed by the</u></p>	<p>Article 11</p> <p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by the <u>board of directors of CHB.</u> 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. 	<ol style="list-style-type: none"> 1. This article is amended. 2. With reference to the provisions of Article 10, Subparagraph 1 of the TSE sample, and Articles 171 and 173 of the Company Act, the shareholders, meeting may be convened by the board meeting or shareholders according to the law under specific circumstances, thus the provisions of Subparagraph 1 of this article are amended. 3. The Subparagraph 5 of this Article is added with reference to Article 10, Subparagraph 5 of the TSE sample. 4. Paragraph 6 of this Article has been added with reference to Article 181, Paragraph 3 of the Company Act and the interpretations

<p><u>elector to non-independent directors or independent directors exceeds the number of non-independent directors or independent directors to be elected.</u></p>		<p>of laws of the Ministry of Economic Affairs on October 25, 2019 referenced Ching-Shang No. 10800086000, and on June 5, 2019 referenced Ching-Shang No. 10800039890. The voting rights per share under the cumulative voting method are the same as the number of directors to be elected. If the votes are distributed among a number of candidates, the number of directors to be elected shall be the upper limit of the number of candidates in the distribution. However, the restrictions above shall not apply if the provisions of Article 181, Paragraph 3 of the Company Act apply to the situation.</p>
<p>Article 14</p> <p>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.</p> <p>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 <u>directors elected and not elected</u>, and the number of votes each receives.</p>	<p>Article 14</p> <p>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.</p> <p>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 <u>elected directors</u>, and the number of votes each receives.</p>	<ol style="list-style-type: none"> 1. This article is amended. 2. With reference to Article 14, Paragraph 1 of the Bank's Rules of Procedure for Shareholders Meetings, Paragraph 2 of this Article has been amended to include that the voting results announced by the chair shall include information about candidates not elected, so as to improve corporate governance and safeguard shareholders' rights and interests.

Discussion Item No. 4: In response to the regulatory amendments as well as the practices of the Shareholders Meeting, it is proposed to revise the provisions of Article 3 of the “Rules of Procedure for the Shareholders Meetings” of the Bank. It is hereby submitted for deliberation and approval.

Explanation:

1. In accordance with the Letter No.1100365384 issued by the Financial Supervisory Commission (hereinafter referred to as the FSC) on December 16, 2021, which amended the provisions of Article 6, Paragraph 2 of the “Regulations Governing Content and Compliance Requirements for Shareholders’ Meeting Agenda Handbooks of Public Companies” stipulating that TWSE-listed and TPEX-listed companies with a paid-in capital of NT\$10 billion or more shall, at the end of the most recent fiscal year, send an electronic file version of the shareholders meeting manual and supplementary materials to the information reporting website (i.e., the Market Observation Post System) designated by the Financial Supervisory Commission of the Executive Yuan 30 days prior to the general shareholders meeting, the provision of Article 3, Paragraph 2 of the “Rules of Procedure for the Shareholders Meetings” of the Bank is hereby revised accordingly.
2. Attachment: The Comparison Table of Amendments to Article 3 of the Rules of Procedures for Shareholders’ Meetings of the Bank.

Shareholders present: 5,834,647,986 shares were represented by the shareholders present in person or by proxy, accounting for 55.62% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 5,070,141,345 votes (including 4,771,947,247 votes voted via electronic transmission and E-Meeting)	86.89%
Disapproval votes: 823,311 votes (including 823,311 votes voted via electronic transmission and E-Meeting)	0.01%
Invalid votes: 0 shares	0%
Abstention votes : 763,683,330 votes (including 459,634,903 votes voted via electronic transmission and E-Meeting)	13.08%

Resolution: voted and approved as proposed.

Attachment

Chang Hwa Commercial Bank, Ltd.
Rules of Procedure for Shareholders Meetings
The Comparison Table of Amendments to Article 3

Amended by the general Shareholders' Meeting on June 17th, 2022

Amended articles	Current articles	Descriptions
<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>Unless otherwise provided by law or regulation, CHB's shareholders meetings shall be convened by the board of directors.</p> <p>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 30 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting.</p>	<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>Unless otherwise provided by law or regulation, CHB's shareholders meetings shall be convened by the board of directors.</p> <p>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.</p>	<p>1. This article is amended.</p> <p>2. According to Article 6 of the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies," because the Bank's paid-in capital is NT\$10 billion or more, the handbook and supplementary materials of the Shareholders Meeting shall be announced 30 days prior to the date of the General Shareholders Meeting, which is hereby clearly stipulated.</p>

Amended articles	Current articles	Descriptions
<p>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.</p> <p>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.</p> <p>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.</p> <p>Matters pertaining to election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Matters pertaining to election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the</p>	

Amended articles	Current articles	Descriptions
<p>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</p> <p>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or</p>	<p>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</p> <p>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or</p>	

Amended articles	Current articles	Descriptions
<p>otherwise in the same meeting.</p> <p>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. Proposing shareholders may submit recommendation proposals for the purpose of urging CHB to promote public interest or to properly fulfill its social responsibilities. Such proposals shall, in terms of the procedure, be subject to the relevant provisions of Article 172-1 of the Company Act and be limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.</p> <p>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</p>	<p>otherwise in the same meeting.</p> <p>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. Proposing shareholders may submit recommendation proposals for the purpose of urging CHB to promote public interest or to properly fulfill its social responsibilities. Such proposals shall, in terms of the procedure, be subject to the relevant provisions of Article 172-1 of the Company Act and be limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.</p> <p>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</p>	

Amended articles	Current articles	Descriptions
<p>submission of shareholder proposals may not be less than 10 days.</p> <p>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.</p> <p>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.</p>	<p>submission of shareholder proposals may not be less than 10 days.</p> <p>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.</p> <p>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.</p>	

Discussion Item No. 5: **In order to cooperate with the Financial Supervisory Commission in amending some of the provisions of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and to be in line with the Bank's actual operations, it is proposed to amend the Bank's handling procedure for asset acquisition and disposal is proposed for revision. It is hereby submitted for deliberation and approval.**

Explanation:

1. This is processed in accordance with Order No. Financial-Supervisory-Securities-Corporate-1110380465 issued by the Financial Supervisory Commission (hereinafter referred to as “the FSC”) on January 28, 2022, which amended the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as

“the Regulations”).

2. In order to cooperate with the FSC in the amendments to some provisions of the Regulations for the purpose of being in line with practical operations and strengthening the management of related party transactions, as well as to be in line with actual operations of the Bank, it is intended to cooperate in the revision of the Bank's “Chang Hwa Commercial Bank, Ltd. Handling Procedures for the Acquisition and Disposal of Assets”. The key points of the revision are hereby set out as follows:

- (1) Improving the quality of opinion letters issued by external experts:

- A. In order to clarify the procedures and responsibilities that external experts shall follow, it is clearly stipulated that when professional appraisers and their personnel, accountants, lawyers, or securities underwriters issue appraisal reports or opinion letters, in addition to relevant operational matters that shall be handled when undertaking and executing cases in accordance with the current regulations, they shall also handle such matters in compliance with the self-regulatory rules of the respective trade association to which they belong. The relevant wording concerning that accountants shall comply with the Statements on Auditing standards is deleted. (Articles 5, 10, 11, and 12 amended)
- B. In view of the fact that the work of experts to issue appraisal reports or letters of opinion on reasonableness does not belong to the work of financial reports audit, the wording is hereby amended from “auditing” cases to “executing” cases. In addition, in order to be in line with data sources, parameters, and other actual situations when experts conduct the appraisal. used, the wording concerning the appraisal is hereby amended from “completeness, correctness, and reasonableness” to “appropriateness and reasonableness”. (Article 5 amended)

- (2) Strengthening the management of related party transactions:

Taking account of the norms of major international capital markets, the provision is hereby added that when the public company or its subsidiary that is not a domestic public company acquires or disposes of assets from or to related parties, where the transaction amount reaches 10% or more of the total assets of the public company, the public company shall submit relevant materials to the Shareholder Meeting for approval before implementing such transactions so as to protect the rights and interests of shareholders; however, transactions between the public company and its parent company or subsidiaries, or transactions between its subsidiaries shall be exempt from being submitted to the Shareholders Meeting for a resolution. (Article 16 amended)

- (3) Amendment made to be in line with actual operations:

Considering that the Bank intends to abolish the “Chang Hwa Commercial Bank, Ltd. Handling Procedures for Engaging in Derivative Transactions”, the relevant wording is hereby amended accordingly. (Articles 20, 22, 23, and 32 amended)

- (4) Relaxation of requirements for information disclosure of some transactions:

- A. Considering that currently public companies have been exempted from the requirements for filings and public announcements of the purchase and sale of domestic government bonds, the requirements for public announcements of the purchase and sale of foreign government bonds with their credit ratings not lower than our country's sovereign rating are hereby relaxed and may also be exempted. (Article 32 amended)
- B. In consideration of the simple nature of foreign government bonds as well as the similar nature in products of exchange-traded notes and exchange-traded funds, the requirements for public announcements of subscriptions for foreign government bonds or subscriptions to or redemptions of exchange-traded notes in the primary market by investment professionals are hereby relaxed and may be exempted.

(Article 32 amended)

- Attachment: The Comparison Table of Amendments to Parts of the Bank's Procedures for the Acquisition and Disposal of Assets.

Shareholders present: 5,834,647,986 shares were represented by the shareholders present in person or by proxy, accounting for 55.62% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 5,070,145,372 votes (including 4,771,951,274 votes voted via electronic transmission and E-Meeting)	86.89%
Disapproval votes: 828,682 votes (including 828,682 votes voted via electronic transmission and E-Meeting)	0.01%
Invalid votes: 0 votes	0%
Abstention votes : 763,673,932 votes (including 459,625,505 votes voted via electronic transmission and E-Meeting)	13.08%

Resolution: voted and approved as proposed.

Attachment

**Chang Hwa Commercial Bank, Ltd.
Procedure for Acquisition and Disposal of Assets
The Comparison Table of Amendments to Parts**

Amended by the regular shareholders meeting on June 17th, 2022

Amended articles	Current articles	Description
<p>Article 5</p> <p>The professional appraisers and their appraisal personnel, certified public accountants, attorneys and securities underwriters providing the Bank with appraisal reports or opinion statements shall meet the following requirements:</p> <ol style="list-style-type: none"> They have never been sentenced to imprisonment of more than one year in final and conclusive judgment for violation of 	<p>Article 5</p> <p>The professional appraisers and their appraisal personnel, certified public accountants, attorneys and securities underwriters providing the Bank with appraisal reports or opinion statements shall meet the following requirements:</p> <ol style="list-style-type: none"> They have never been sentenced to imprisonment of more than one year in final and conclusive judgment for violation of 	<ol style="list-style-type: none"> Considering that trade associations to which external experts belong have relevant rules in place for the relevant business they undertake, for example, professional appraisers are subject to relevant self-regulatory rules for real estate appraisal when issuing appraisal reports, trade associations to which other external experts belong shall also revise their relevant

<p>the Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, Business Entity Accounting Act, or offense of fraud, breach of trust, embezzlement, document forgery or commitment of any business crime. However, it is not limited to the circumstance where three years has already passed since the sentence was fully served, the suspended sentence expired or the amnesty was granted.</p> <p>2. They shall not be the related party or de facto related party of the concerned transaction party.</p> <p>3. In the event that the Bank is required to acquire appraisal reports from two or more than two professional appraisal firms, the different professional appraisal firms or appraisers shall not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion statement, the preceding concerned parties shall comply with <u>the self-regulatory rules of the trade association to which it belongs and</u> the following:</p> <p>1. Prior to undertaking the case, they shall prudently assess their own professional capacity, practice experience and independence.</p>	<p>the Securities and Exchange Act, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, Business Entity Accounting Act, or offense of fraud, breach of trust, embezzlement, document forgery or commitment of any business crime. However, it is not limited to the circumstance where three years has already passed since the sentence was fully served, the suspended sentence expired or the amnesty was granted.</p> <p>2. They shall not be the related party or de facto related party of the concerned transaction party.</p> <p>3. In the event that the Bank is required to acquire appraisal reports from two or more than two professional appraisal firms, the different professional appraisal firms or appraisers shall not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion statement, the preceding concerned parties shall comply with the following:</p> <p>1. Prior to undertaking the case, they shall prudently assess their own professional capacity, practice experience and independence.</p>	<p>self-regulatory rules for issuing appraisal reports by their member companies or professionals in accordance with the “Practical Guidelines for Experts Issuing Opinion Letters” issued by Taiwan Stock Exchange Corporation or incorporate such guidelines into their rules. In order to clarify the procedures and responsibilities that external experts should follow, the preamble of Paragraph 2 is hereby amended to regulate that when professional appraisers and their staff appraisers, accountants, lawyers, or securities underwriters issue appraisal reports or opinion letters, in addition to handling such matters in accordance with current various subparagraphs in Article 2, they shall also comply with the self-regulatory rules of their respective trade associations.</p> <p>2. In view of the fact that the cases for issuing appraisal reports or reasonableness opinion letters undertaken or executed by the forgoing external experts in accordance with these Procedures do not refer to the audit work for financial reports, the wording in Subparagraph 2 of Paragraph 2 is hereby amended from “audit” cases to “execute” cases.</p> <p>3. In consideration of the actual evaluation in terms of data sources, parameters, and information used by external experts, as well as</p>
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<p>2. When implementing the case, they shall have appropriate planning and execute the adequate operation process to reason the conclusion and issue the report or opinion statement with the conclusion. They shall also literally detail their execution procedure, data collection and conclusion in the case's work sheet.</p> <p>3. They shall evaluate the appropriateness and rationality item by item of the used data sources, parameters and information, and the results shall be used as the basis for issuance of the appraisal report or opinion statement.</p> <p>4. The statement shall cover the items including that the relevant personnel are all equipped with professionalism and independence, appropriate and rationality of the information used in appraisal has been assessed and relevant laws and regulations are complied with, etc.</p>	<p>2. When examining the case, they shall have appropriate planning and execute the adequate operation process to reason the conclusion and issue the report or opinion statement with the conclusion. They shall also literally detail their execution procedure, data collection and conclusion in the case's work sheet.</p> <p>3. They shall evaluate the integrity, accuracy and rationality item by item of the used data sources, parameters and information, and the results shall be used as the basis for issuance of the appraisal report or opinion statement.</p> <p>4. The statement shall cover the items including that the relevant personnel are all equipped with professionalism and independence, rationality and accuracy of the information used in appraisal has been assessed and relevant laws and regulations are complied with, etc.</p>	<p>taking account of relevant wording regarding data sources, appropriateness and reasonableness of parameters, etc. in Item 3-5, Subparagraph 4, Paragraph 4, Article 9 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the interpretation letter No.: (2014)-Chih-Mi-Tzu-0000000298 issued by the Accounting Research and Development Foundation of the Republic of China on December 25, 2014, and Article 27 of Valuation Standards Gazette No. 8, the wording in Subparagraph 3 and Subparagraph 4 of Paragraph 2 is hereby amended to be in line with the reality.</p>
<p>Article 10</p> <p>Where the Bank acquires or disposes of real property, equipment or its right-of-use assets and the transaction amount reaches 20% of the Bank's paid-in capital or NT\$300 million or more, unless trading with domestic government agencies, engaging</p>	<p>Article 10</p> <p>Where the Bank acquires or disposes of real property, equipment or its right-of-use assets and the transaction amount reaches 20% of the Bank's paid-in capital or NT\$300 million or more, unless trading with domestic government agencies, engaging</p>	<p>Considering that Article 5 has been amended to add the requirements for external experts to follow the self-regulatory rules of the trade association they belong to when issuing opinion letters, which has covered the procedures to be executed by accountants for issuing opinion letters, the text in Subparagraph 3, Paragraph</p>

<p>in the construction assigned by the land owner, construction assigned for the leased land or acquiring or disposing of business-use equipment or its right-of-use assets, it shall obtain an appraisal report prior to the fact occurrence date from a professional appraiser and comply with the following:</p> <ol style="list-style-type: none"> 1. Where the specified price, specific price or special price is used as the reference for the transaction price due to special circumstances, the transaction shall be first put forth to the board of directors for adoption. The same shall also apply in case of any change in the transaction terms afterwards. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more than two professional appraisers are required. 3. Where professional appraisal results show any of the following circumstances, unless that all the appraisal results for assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant (CPA) shall be engaged to perform the appraisal and render a specific opinion on the discrepancy and the adequacy of the of transaction price: 	<p>in the construction assigned by the land owner, construction assigned for the leased land or acquiring or disposing of business-use equipment or its right-of-use assets, it shall obtain an appraisal report prior to the fact occurrence date from a professional appraiser and comply with the following:</p> <ol style="list-style-type: none"> 1. Where the specified price, specific price or special price is used as the reference for the transaction price due to special circumstances, the transaction shall be first put forth to the board of directors for adoption. The same shall also apply in case of any change in the transaction terms afterwards. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more than two professional appraisers are required. 3. Where professional appraisal results show any of the following circumstances, unless that all the appraisal results for assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant (CPA) shall be engaged to perform the appraisal <u>in accordance with the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development</u> 	<p>that accountants shall follow the provisions of the Valuation Standards Gazette No. 20 issued by the Accounting Research and Development Foundation of the Republic of China is hereby deleted.</p>
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<p>(1) Where the discrepancy between the appraisal result and the transaction amount is 20% of the transaction amount or more.</p> <p>(2) Where the discrepancy between the appraisal result from two or more than professional appraisers is 10% of the transaction amount or more.</p> <p>4. Professional appraiser's report issuance date and contract establishment date shall be no more than three months apart. However, if the government assessed present value in the same period is applicable and within six months, the original professional appraiser shall issue an opinion statement.</p>	<p><u>Foundation (hereafter referred to as the ARDF)</u> and render a specific opinion on the discrepancy and the adequacy of the of transaction price:</p> <p>(1) Where the discrepancy between the appraisal result and the transaction amount is 20% of the transaction amount or more.</p> <p>(2) Where the discrepancy between the appraisal result from two or more than professional appraisers is 10% of the transaction amount or more.</p> <p>4. Professional appraiser's report issuance date and contract establishment date shall be no more than three months apart. However, if the government assessed present value in the same period is applicable and within six months, the original professional appraiser shall issue an opinion statement.</p>	
<p>Article 11</p> <p>For the securities acquired or disposed of by the Bank, the Bank shall, prior to the fact occurrence date, obtain the financial statements of the latest period of the underlying company audited, certified or reviewed by a CPA and use them as the reference for transaction price assessment. Also, if the transaction amount is 20% of the Bank's paid-in capital or more, or NT\$300 million or more, a CPA shall be engaged prior to the fact occurrence date to provide an</p>	<p>Article 11</p> <p>For the securities acquired or disposed of by the Bank, the Bank shall, prior to the fact occurrence date, obtain the financial statements of the latest period of the underlying company audited, certified or reviewed by a CPA and use them as the reference for transaction price assessment. Also, if the transaction amount is 20% of the Bank's paid-in capital or more, or NT\$300 million or more, a CPA shall be engaged prior to the fact occurrence date to provide an</p>	<p>The reason for the amendment is the same as that in the description of Article 10.</p>

<p>opinion on the rationality of the transaction price. However, it is not limited to the public offer of the securities with active market or the regulations separately prescribed by the competent authorities.</p>	<p>opinion on the rationality of the transaction price. <u>If the CPA needs to use the report of an expert, they shall do so in accordance with the Statement of Auditing Standards No. 20 published by the ARDF.</u> However, it is not limited to the public offer of the securities with active market or the regulations separately prescribed by the competent authorities.</p>	
<p>Article 12</p> <p>Where the transaction amount of the intangible assets or their right-of-use assets or the membership certificate acquired or disposed of by the Bank is 20% of the Bank's paid-in capital or more, or NT\$300 million or more, except the transaction with domestic government agencies, the Bank shall engage a CPA prior to the fact occurrence date to render an opinion on the rationality of the transaction price.</p>	<p>Article 12</p> <p>Where the transaction amount of the intangible assets or their right-of-use assets or the membership certificate acquired or disposed of by the Bank is 20% of the Bank's paid-in capital or more, or NT\$300 million or more, except the transaction with domestic government agencies, the Bank shall engage a CPA prior to the fact occurrence date to render an opinion on the rationality of the transaction price, <u>whereas the CPA shall comply with the Statement of Auditing Standards No. 20 published by the ARDF to provide their opinion.</u></p>	<p>The reason for the amendment is the same as that in the description of Article 10.</p>
<p>Article 16</p> <p>When the Bank acquires real property or its right-of-use assets from a related party or disposes of a related party's real property or its right-of-use assets, or when it acquires other assets beyond the real property or its right-of-use assets from a related party or disposes of a related party's aforesaid other assets and the transaction amount is 20% of its paid-in capital or more, 10% of its total assets or more, or NT\$300</p>	<p>Article 16</p> <p>When the Bank acquires real property or its right-of-use assets from a related party or disposes of a related party's real property or its right-of-use assets, or when it acquires other assets beyond the real property or its right-of-use assets from a related party or disposes of a related party's aforesaid other assets and the transaction amount is 20% of its paid-in capital or more, 10% of its total assets or more, or NT\$300</p>	<ol style="list-style-type: none"> 1. The current third and fourth items have been moved to the second and third items of the amended provisions, and the text has been adjusted accordingly. 2. Paragraph 4 is hereby added: <ol style="list-style-type: none"> (1) In order to strengthen the management of related party transactions and protect the rights of minority shareholders of the Company to express their opinions on transactions

<p>million or more, except for trading of domestic government bonds or bonds under repurchase, reverse repurchase agreement and subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Bank shall not sign any transaction contracts or make any payments until the following information is submitted to the audit committee and board of directors and adopted by them:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and expected effects of the asset acquisition and disposal. 2. The reason for choosing the related party as a transaction counterparty. 3. The data related to the rationality assessment of the expected transaction terms required by Article 17 and Article 18 for the real property or its right-of-use assets acquired from a related party. 4. The matters regarding related party's original acquisition date and price, transaction counterparties, the relationship between the transaction counterparty and the Bank as well as the Bank's related party, etc. 5. Monthly cash receipt and expenditure forecasts for the year after the month expected to sign the contract, and assessment of transaction necessity and rationality of capital utilization. 	<p>million or more, except for trading of domestic government bonds or bonds under repurchase, reverse repurchase agreement and subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the Bank shall not sign any transaction contracts or make any payments until the following information is submitted to the audit committee and board of directors and adopted by them:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and expected effects of the asset acquisition and disposal. 2. The reason for choosing the related party as a transaction counterparty. 3. The data related to the rationality assessment of the expected transaction terms required by Article 17 and Article 18 for the real property or its right-of-use assets acquired from a related party. 4. The matters regarding related party's original acquisition date and price, transaction counterparties, the relationship between the transaction counterparty and the Bank as well as the Bank's related party, etc. 5. Monthly cash receipt and expenditure forecasts for the year after the month expected to sign the contract, and assessment of transaction necessity and rationality of capital utilization. 	<p>between the Company and related parties, we took into account the provisions of major international capital markets such as Singapore, Hong Kong, etc. to regulate transactions with significantly related parties, such transactions shall be submitted to the shareholders meeting for approval in advance; in addition, in order to prevent the Company from conducting significant transactions with related parties through its subsidiaries that is not a public company, the relevant materials must be submitted to the shareholders meeting for approval for such avoidance. The provisions are hereby clearly stipulated therein that where the Company or its subsidiary that is not a domestic public company intends to acquire or dispose of assets with a related party with the transaction amount reaching 10% or more of the total assets of the Company, the Company shall also submit the relevant materials to the Shareholders Meeting for approval before implementing the transaction. In case of the matter is to be submitted to the Shareholders Meeting for approval by a subsidiary, it shall be carried out by the Company.</p> <p>(2) In consideration of the need for overall business planning of the public company and its parent</p>
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<p>6. The appraisal report issued by a professional appraiser or CPA's opinion statement and acquired according to the requirement of the preceding Article.</p> <p>7. Restriction terms and other important matters associated with this transaction.</p> <p><u>When submitting the items to the Board of Directors for discussion in accordance with the provisions of the preceding paragraph, the opinions of each independent director shall be fully considered. In case of any dissenting opinions or reserved opinions of independent directors, they shall be clearly recorded in the minutes of the board meeting.</u></p> <p><u>The provision of Paragraph 1 shall be approved by one half or more of all members of the Audit Committee, and submitted to the Board of Directors for a resolution, to which the provisions of Paragraphs 2 and 3 of Article 6 shall apply mutatis mutandis.</u></p> <p><u>If the Bank or a subsidiary of the Bank that is not a domestic public company engages in the transactions in Paragraph 1 with the transaction amount reaching 10% or more of the Bank's total assets, the Bank shall submit the various materials set out in Paragraph 1 to the Shareholders Meeting for approval before the transaction contract can be</u></p>	<p>6. The appraisal report issued by a professional appraiser or CPA's opinion statement and acquired according to the requirement of the preceding Article.</p> <p>7. Restriction terms and other important matters associated with this transaction.</p>	<p>company or subsidiaries, or between its subsidiaries, as well as taking into account the exemption regulations of the foregoing major international capital markets, the relaxation rules that transactions between such companies are exempted from being submitted to shareholders meetings for resolutions are hereby added in the proviso.</p> <p>(3) In addition, if the foregoing significant transactions with related parties fall under the circumstances specified in Subparagraphs 1 to 3, Paragraph 1, Article 185 of the Company Act, the resolution of the shareholders' meeting shall be made in accordance with Article 185 of the Company Act concerning a special resolution, and shall be carried out in accordance with the foregoing provisions as well as the relevant provisions of the Company Act.</p> <p>3. The current Paragraph 2 is to be relocated to the amended Paragraph 5; and in response to the added Paragraph 4, the amendment is hereby made that the calculation of the transaction amount shall be included in the transaction as required to be submitted to the shareholders meeting for approval.</p>
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<p><u>signed and payment can be made. However, such provisions shall not apply to transactions between the Bank and its subsidiaries, or between the Bank's subsidiaries.</u></p> <p><u>Paragraph 1 and</u> the preceding transaction amount shall be calculated in accordance with Paragraph 2 of Article 32, and the “within the previous year” thereof refers to the year preceding the date that the transaction actually occurs. Those that have already been submitted to the audit committee and board of directors <u>or the shareholders' meeting</u> and adopted by them can be exempted from the calculation.</p>	<p>The preceding transaction amount shall be calculated in accordance with Paragraph 2 of Article 32, and the “within the previous year” thereof refers to the year preceding the date that the transaction actually occurs. Those that have already been submitted to the audit committee and board of directors and adopted by them can be exempted from the calculation.</p> <p><u>Each independent director's opinions shall be fully taken into account when discussing the matters submitted to the board of directors in accordance with above paragraph 1 and the preceding paragraph. In case of any objection or qualified opinion from an independent director, it shall be recorded in the board meeting minutes.</u></p> <p><u>The matters referred to in above paragraph 1 shall be approved by a majority of the entire body of audit committee members, submitted to the board of directors for a resolution and subject to mutatis mutandis application of Paragraph 2 and Paragraph 3 of Article 6.</u></p>	
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<p>Article 20</p> <p>The Bank's trading of derivatives shall incorporate the items below in the procedures:</p> <ol style="list-style-type: none"> 1. Trading principles and guidelines: They shall include the types of derivatives trading to be engaged in, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total contract amount for the derivatives allowed to be traded, and upper-limit amount of the loss on either total trading or individual contracts. 2. Risk management measures. 3. Internal audit system. 4. Regular evaluation method and handling of irregular circumstances. 	<p>Article 20</p> <p>The Bank shall separately set up disposition procedures in accordance with the provisions set forth in this section for its trading of derivatives and incorporate the items below in the procedures:</p> <ol style="list-style-type: none"> 1. Trading principles and guidelines: They shall include the types of derivatives trading to be engaged in, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total contract amount for the derivatives allowed to be traded, and upper-limit amount of the loss on either total trading or individual contracts. 2. Risk management measures. 3. Internal audit system. 4. Regular evaluation method and handling of irregular circumstances. 	<p>Given that the Bank intends to abolish the “Chang Hwa Commercial Bank, Ltd. Engaging in Derivatives Trading Handling Procedures”, the wording of this article is hereby amended according.</p>
<p>Article 22</p> <p>Where the Bank engages in trading of derivatives, its board of directors shall follow the principles below to literally supervise and manage the transactions:</p> <ol style="list-style-type: none"> 1. Designate high-rank management personnel to keep an eye out for supervising and controlling derivatives trading risk at any time. 2. Periodically evaluate whether derivatives trading performance is consistent with established operating strategy, and 	<p>Article 22</p> <p>Where the Bank engages in trading of derivatives, its board of directors shall follow the principles below to literally supervise and manage the transactions:</p> <ol style="list-style-type: none"> 1. Designate high-rank management personnel to keep an eye out for supervising and controlling derivatives trading risk at any time. 2. Periodically evaluate whether derivatives trading performance is consistent with established operating strategy, and 	<p>The reason for the amendment is the same as that in the description of Article 20.</p>

<p>whether the undertaking risk is within the Bank’s tolerance limit.</p> <p>The high-rank management personnel authorized by the board of directors shall following the principles below to manage transactions of derivatives:</p> <ol style="list-style-type: none"> 1. Periodically evaluate whether the risk management measures adopted currently are appropriate and literally follow this Disposition Procedures and the ones set up by the Bank to <u>the relevant operating rules of</u> the trading of derivatives. 2. When any irregularity is found in the course of a transaction and gain/ loss supervision, required coping measures shall be taken and the board of directors shall be promptly reported, while independent director(s) shall be present at the board meeting and express their opinions. <p>Where the Bank authorizes its personnel to handle derivatives trading in accordance with <u>the relevant operating rules of</u> derivatives trading, the handling status shall be reported to the nearest next board meeting afterwards.</p>	<p>whether the undertaking risk is within the Bank’s tolerance limit.</p> <p>The high-rank management personnel authorized by the board of directors shall following the principles below to manage transactions of derivatives:</p> <ol style="list-style-type: none"> 1. Periodically evaluate whether the risk management measures adopted currently are appropriate and literally follow this Disposition Procedures and the ones set up by the Bank to <u>process</u> the trading of derivatives. 2. When any irregularity is found in the course of a transaction and gain/ loss supervision, required coping measures shall be taken and the board of directors shall be promptly reported, while independent director(s) shall be present at the board meeting and express their opinions. <p>Where the Bank authorizes its personnel to handle derivatives trading in accordance with <u>its disposition procedures for engaging in</u> derivatives trading, the handling status shall be reported to the nearest next board meeting afterwards.</p>	
<p>Article 23</p> <p>For engaging in derivatives trading, the Bank shall establish its memorandum book, in which the details regarding types and amounts of its transactions of derivatives,</p>	<p>Article 23</p> <p>For engaging in derivatives trading, the Bank shall establish its memorandum book, in which the details regarding types and amounts of its transactions of derivatives,</p>	<p>The reason for the amendment is the same as that in the description of Article 20.</p>

<p>board meeting bill adoption dates and the items to be prudently evaluated in accordance with Subparagraph 4 of Article 21, Subparagraph 2 of Paragraph 1 and Subparagraph 1 of Paragraph 2 of the preceding Article shall be recorded in the memorandum book for future reference.</p> <p>The Bank’s internal audit personnel shall periodically come to understand the adequacy of the internal control of derivatives trading, and the compliance with the <u>relevant operating rules of</u> derivatives trading audited by the transaction audit division shall be included in the monthly audit items of the annual audit plan to come up with an audit report. In case of any material violation, the audit committee shall be notified in writing.</p>	<p>board meeting bill adoption dates and the items to be prudently evaluated in accordance with Subparagraph 4 of Article 21, Subparagraph 2 of Paragraph 1 and Subparagraph 1 of Paragraph 2 of the preceding Article shall be recorded in the memorandum book for future reference.</p> <p>The Bank’s internal audit personnel shall periodically come to understand the adequacy of the internal control of derivatives trading, and the compliance with the <u>disposition procedures for engaging in</u> derivatives trading audited by the transaction audit division shall be included in the monthly audit items of the annual audit plan to come up with an audit report. In case of any material violation, the audit committee shall be notified in writing.</p>	
<p>Article 32</p> <p>In case of any of the following circumstances occurring to the Bank’s asset acquisition or disposal, the Bank shall announce and declare the relevant information with stipulated format on the website specified by the competent authority according to the characteristics of the information within two days after the day that the fact occurs:</p> <ol style="list-style-type: none"> 1. The Bank acquires real property or its right-of-use assets from a related parties or disposes of a related party’s real property or its right-of-use assets, or it acquires other 	<p>Article 32</p> <p>In case of any of the following circumstances occurring to the Bank’s asset acquisition or disposal, the Bank shall announce and declare the relevant information with stipulated format on the website specified by the competent authority according to the characteristics of the information within two days after the day that the fact occurs:</p> <ol style="list-style-type: none"> 1. The Bank acquires real property or its right-of-use assets from a related parties or disposes of a related party’s real property or its right-of-use assets, or it acquires other 	<ol style="list-style-type: none"> 1. The partial wording in Subparagraph 3 and Subparagraph 4, Paragraph 1 of this article is hereby amended to be in line with the description of Article 20. 2. Considering that currently public companies have been exempted from filing through public announcements for their trading of domestic public bonds, the provision in Item 1, Subparagraph 6, Paragraph 1 is hereby revised to relax the requirement so that trading of foreign public bonds with the issue rating not lower than our country’s sovereign rating is also exempted from filing

<p>assets beyond the real property or its right-of-use assets from a related party or disposes of a related party's aforesaid other assets, and the transaction amount is 20% of its paid-in capital or more, 10% of its total assets or more, or NT\$300 million or more. However, it is not limited to the trading of domestic government bonds or bonds under repurchase or reverse repurchase agreements and subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p>	<p>assets beyond the real property or its right-of-use assets from a related party or disposes of a related party's aforesaid other assets, and the transaction amount is 20% of its paid-in capital or more, 10% of its total assets or more, or NT\$300 million or more. However, it is not limited to the trading of domestic government bonds or bonds under repurchase or reverse repurchase agreements and subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p>	<p>through public announcements.</p>
<p>2. Proceed with merger, split, acquisition or transfer of shares.</p>	<p>2. Proceed with merger, split, acquisition or transfer of shares.</p>	<p>3. Considering that the nature of foreign public bonds is simple, and the creditworthiness is generally better than that of foreign ordinary corporate bonds, as well as that the product nature of exchange-traded notes and exchange-traded funds are similar, Item 2, Subparagraph 6, Paragraph 1 is hereby amended to relax the requirement so that the subscription for foreign government bonds and the subscription or sell back of exchange-traded notes in the primary market conducted by investment professionals are also exempted from filing through public announcements.</p>
<p>3. The loss resulting from engaging in transactions of derivatives reaches the upper limit set forth in the <u>relevant operating rules</u> of the loss of total or individual contracts.</p>	<p>3. The loss resulting from engaging in transactions of derivatives reaches the upper limit set forth in the <u>disposition procedures</u> for the loss of total or individual contracts.</p>	
<p>4. The acquired or disposed assets are the equipment or its right-of-use assets for the business use, the transaction counterparty is not a related party and the transaction amount is over NT\$100 million or more.</p>	<p>4. The acquired or disposed assets are the equipment or its right-of-use assets for the business use, the transaction counterparty is not a related party and the transaction amount is over NT\$100 million or more.</p>	
<p>5. The real property is acquired by the method of construction assigned by the land owner, construction assigned for the leased land, joint construction and allocation of housing units, joint construction and allocation</p>	<p>5. The real property is acquired by the method of construction assigned by the land owner, construction assigned for the leased land, joint construction and allocation of housing units, joint construction and allocation</p>	

<p>of ownership percentages or joint construction and separate sale, the transaction counterparty is not a related party and the transaction amount expected to be put in by the Bank is NT\$500 million or more.</p> <p>6. Except for the asset transactions beyond those that are referred to in the preceding five subparagraphs, the transaction amount of the Bank's claim disposal or investment in the mainland China area reaches 20% of its paid-in capital or more, or NT\$300 million or more. However, it is not limited to the circumstances below:</p> <p>(1) Trading of domestic bonds, <u>or foreign government bonds with a credit rating not lower than our country's sovereign rating.</u></p> <p>(2) Securities trading made by investment professionals in securities exchanges or securities firms' business outlets, subscription <u>foreign government bonds</u> or offering and issuance of ordinary corporate bonds and general financial debentures without involving equity (not including second junior subordinated debentures) in the primary market, subscription or</p>	<p>of ownership percentages or joint construction and separate sale, the transaction counterparty is not a related party and the transaction amount expected to be put in by the Bank is NT\$500 million or more.</p> <p>6. Except for the asset transactions beyond those that are referred to in the preceding five subparagraphs, the transaction amount of the Bank's claim disposal or investment in the mainland China area reaches 20% of its paid-in capital or more, or NT\$300 million or more. However, it is not limited to the circumstances below:</p> <p>(1) Trading of domestic bonds.</p> <p>(2) Securities trading made by investment professionals in securities exchanges or securities firms' business outlets, subscription, offering and issuance of ordinary corporate bonds and general financial debentures without involving equity (not including second junior subordinated debentures) in the primary market, subscription or repurchase of</p>	
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<p>repurchase of securities investment trust funds or futures trust funds, <u>or subscriptions to or redemptions of exchange traded notes</u>, or securities subscription made in accordance with the rules of the Taipei Exchange by a securities firm acting as an emerging-listed company's securities consulting advisor as required by its underwriting business need.</p> <p>(3) Trading of the bonds under the repurchase or reverse repurchase agreement, and subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>The preceding transaction amount shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The accumulated amount of transactions with a same counterparty for acquisition or disposal of a same type of underlying objects within one year. 3. The accumulated amount of the real property or its right-of-use assets acquired or disposed of (accumulation of acquisition and disposal respectively) for a same development plan within 	<p>securities investment trust funds or futures trust funds, or securities subscription made in accordance with the rules of the Taipei Exchange by a securities firm acting as an emerging-listed company's securities consulting advisor as required by its underwriting business need.</p> <p>(3) Trading of the bonds under the repurchase or reverse repurchase agreement, and subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>The preceding transaction amount shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The accumulated amount of transactions with a same counterparty for acquisition or disposal of a same type of underlying objects within one year. 3. The accumulated amount of the real property or its right-of-use assets acquired or disposed of (accumulation of acquisition and disposal respectively) for a same development plan within 	
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<p>one year.</p> <p>4. The accumulated amount of the same securities acquired or disposed of (accumulation of acquisition and disposal respectively) within one year.</p> <p>The “within one year” used in the previous paragraphs refers to the year preceding the date that the transaction actually occurs. The part which has already been announced in accordance with the Disposition Procedure can be exempted from being counted in again.</p> <p>The Bank shall monthly post the status of its <u>and the subsidiary of the Bank that is not a domestic public company's</u> transactions of derivatives made as of the end of the previous month according to the required format on the information declaration website designated by the competent authority before the 10th of each month.</p> <p>In the event that any error or omission occurs in the announcement of the items required to be announced as stipulated and correction is required to be made, the Bank shall announce and declare all the items again on the website within two days as of the day that the error or omission is learned.</p> <p>Where the Bank acquires or disposes of its assets, the documents regarding relevant contracts, minutes books, memorandum books, appraisal reports, opinion statements provided by CPAs, attorneys or</p>	<p>one year.</p> <p>4. The accumulated amount of the same securities acquired or disposed of (accumulation of acquisition and disposal respectively) within one year.</p> <p>The “within one year” used in the previous paragraphs refers to the year preceding the date that the transaction actually occurs. The part which has already been announced in accordance with the Disposition Procedure can be exempted from being counted in again.</p> <p>The Bank shall monthly post the status of its transactions of derivatives made as of the end of the previous month according to the required format on the information declaration website designated by the competent authority before the 10th of each month.</p> <p>In the event that any error or omission occurs in the announcement of the items required to be announced as stipulated and correction is required to be made, the Bank shall announce and declare all the items again on the website within two days as of the day that the error or omission is learned.</p> <p>Where the Bank acquires or disposes of its assets, the documents regarding relevant contracts, minutes books, memorandum books, appraisal reports, opinion statements provided by CPAs, attorneys or</p>	
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securities underwriters, etc. shall be retained in the Bank for at least five years unless otherwise stated by law.	securities underwriters, etc. shall be retained in the Bank for at least five years unless otherwise stated by law.	
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Discussion Item No. 6: **In order to respond to the provisions of Article 2, Paragraph 2 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” formulated by the Financial Supervisory Commission, it is proposed to abolish the operational procedure governing financial derivatives transactions of the Bank, and to add relevant provisions to the operational guidelines governing financial derivatives transactions by the Bank. It is hereby submitted for deliberation and approval.**

Explanation:

1. This is processed in accordance with Order No. Financial-Supervisory-Securities-Corporate-1110380465 issued by the Financial Supervisory Commission (hereinafter referred to as “the FSC”) on January 28, 2022, which amended the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as “the Regulations”)
2. Article 2, Paragraph 2 of the Regulations stipulates that: “When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter II, Section IV herein.”
3. When the Bank conducts the business of derivatives trading or engages in derivatives trading, it has done so in accordance with the “Regulations Governing Internal Operating Systems and Procedures for Banks Conducting Financial Derivatives Business” formulated by the FSC, and may be exempted from the application of Articles 19 to 22 of the Regulations. In order to comply with government regulations, “The Operational Procedure Governing Financial Derivatives Transactions for Chang Hwa Bank” at the level of the Shareholders Meeting is hereby abolished, and relevant provisions are hereby added to “The Operational Guidelines Governing Financial Derivatives Transactions for Chang Hwa Bank”.

Shareholders present: 5,834,647,986 shares were represented by the shareholders present in person or by proxy, accounting for 55.62% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 5,070,248,265 votes (including 4,772,054,167 votes voted via electronic transmission and E-Meeting)	86.89%
Disapproval votes: 849,042 votes (including 849,042 votes voted via electronic transmission and E-Meeting)	0.01%
Invalid votes: 0 votes	0%
Abstention votes : 763,550,679 votes (including 459,502,252 votes voted via electronic transmission and E-Meeting)	13.08%

Resolution: voted and approved as proposed.

Questions and Motions

Shareholder ○- Syun Jheng (Shareholder No. 2845813 via video) inquired about shareholders' souvenirs and shareholder ○-Yan Lin (Shareholder No.0230461) inquired about stock inheritance procedures, explained by the chairperson or lawyer.


The adjournment: 10:52 a.m


Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
February 22, 2022


To: Shareholders of Chang Hwa Commercial Bank, Ltd.

The Board of Directors has prepared the 2021 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 Amanda 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, 2021 and the operation results and cash flows in 2021 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 : Jung-Chun Pan 

Independent Director : Jong-Horng Lin 

Independent Director : Chih-Jong Suen 

Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
MAR 29, 2022

To: Shareholders of Chang Hwa Commercial Bank, Ltd.

The Board of Directors has prepared the 2021 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 : Jung-Chun Pan



Independent Director : Jong-Horng Lin



Independent Director : Chih-Jong Suen



2021 Business Report of Chang Hwa Commercial Bank, Ltd.

A. 2021 Results of Operations

a. The Domestic and Overseas Financial Environments

The global economy and trade activities in 2021 were still under the shadow of the COVID-19 epidemic, coupled with the ultra-loose monetary policies in various countries, the significant delays due to port congestion, and the shortage of chips. The above issues have led to an imbalance in the supply chain and raised the risk of asset price bubbles and the global inflation crisis. With the increase in the vaccination rate and economic revitalization measures, the global economy is generally showing a steady recovery trend.

In Taiwan, with the whole country united to fight against the epidemic, the stabilization of the epidemic has enabled the people to live as usual, which helped rebound in domestic demand coupled with the government's measures to stimulate consumption, the increase in foreign trade exports, and the boom in private investment. In addition to providing financing funds, the Bank also assists in revitalizing the economy after the epidemic, rebuilding infrastructure, transforming and upgrading the manufacturing industry, increasing the loan balance, and improving operating profits.

b. Bank organization and Change

To deepen the information security governance, the Bank has approved the appointment of the Director of Information Security at the level of vice president at the 15th meeting of the 26th Board of Directors on July 22, 2021, for coordinating the information security policies and resources allocation.

c. Operational planning and implementation results of management strategies

1. In profit performance, with the concerted efforts of all employees, our net income before tax has returned to 10 billion in 2021, and net income after tax of NT\$ 8.804 billion, an increase of 25.04% compared to 2020. EPS after tax was NT\$0.84, and ROE was 5.23%. In terms of asset quality, as of the end of 2021, the Bank's nonperforming loan ratio was 0.33%, and the loan loss provision coverage ratio was 386.90%. It all shows the Bank's efforts in maintaining stable asset quality.
2. Business development:

- (1) Deposit/Loan business: To optimize the deposit/loan structure, the Bank actively increased the demand deposits ratio and made efforts to increase the proportion of credit ratio of the SME customer base simultaneously, resulting in the balance of SME loans growing by 11.78% compared to 2020. In addition, to support youth entrepreneurship and small and micro enterprises, the Bank provided a wide range of loan products, including loans to more than 7,000 young entrepreneurs throughout the year, an increase of more than 950% compared to 2020; Furthermore, the Bank also targeted customers who have the need to buy a house for self-occupation to expand its mortgage loan business. In 2021, the Bank's deposit/loan volume witnessed a steady growth, increasing the average balance of total deposits by 11.31% and 4.80% in the average balance of total loans compared to 2020.
- (2) Digital finance business: The epidemic has accelerated the development of contactless financial services, and the Bank has been actively enhancing various digital financial services, such as: web page for digital deposits to provide friendly financial services in compliance with accessibility regulations; video verification identity to enable the designated transfer settings of the internet banking; online application and automatic transfer function of labor relief loans; and cooperating with O'Pay Electronic Payment Co., Ltd. and ezPay Co., Ltd. to bind with the Bank's account for payment through their APPs.
- (3) Wealth management business: In 2021, the Bank launched 90 new wealth management products to provide customers with diversified asset allocation options in response to the booming investment market and rising investment decisions; at the same time, the Bank introduced 2 exclusive "target date fund" investment link products, 8 ESG-themed funds, and 1 discretionary investment-oriented policy to in line with market trends; meanwhile, the Bank planned exclusive rights and benefits for our customers and provided differentiated, honorable, and high-quality services. In 2021, wealth management accounted for about 60% of the overall net fee income, increasing about 2% compared to 2020.

3. Sustainable development:

The Bank has been paying long attention to the international trend in sustainable

finance and incorporated ESG factors into the core business and operational activities. The sustainable development work plan has been formulated every year and tracked and reviewed to implement it. In 2021, the Bank has achieved important goals in environmental, social and governance aspects.

(1) Environmental Aspect:

To enhance the resilience of climate governance, the Bank has signed up as a TCFD supporter and received the highest level of "Excellence" certification through third-party verification. For the sustainable development of the environment, the Bank has formulated a water management policy and introduced the international standard of ISO 46001:2019 Water Efficiency Management System, verified by the British Standards Institute (BSI).

(2) Social Aspect:

In response to the trend of internationalization and to enhance our sustainable competitiveness, the Bank has completed the bilingual services in 31 branches in Northern Taiwan, 12 branches in Central Taiwan, and 10 branches in Southern Taiwan. The Bank has established 53 bilingual branches to provide a bilingual environment and consulting services in both Chinese and English. In order to create a high-quality and healthy workplace to protect employees, the Bank has participated in the "Healthy Workplace Certification" organized by the Health Promotion Administration, Ministry of Health and Welfare, and was awarded the highest honor "National Outstanding Healthy Workplace – Energetic and Active Award", which shows the Bank's active efforts to implement workplace health management.

(3) Governance Aspect:

In response to the development of digital financial technologies and strengthening of the corporate governance mechanism, the Bank established intellectual property (trademark) management system and passed the first application for the Taiwan Intellectual Property Management System (TIPS) Level A verification to improve the intellectual property risk protection capability.

d. Budget Execution

1. The total deposits volume was NT\$ 2,030,287,552 thousand or 106.65% of the budget target.

2. The total loans volume was NT\$ 1,542,247,441 thousand or 99.71% of the budget target.
3. The total investment business (securities) average volume was NT\$ 569,149,941 thousand or 119.85% of the budget target.
4. The foreign exchange transactions was US\$ 158,054,845 thousand or 115.60% of the budget target.
5. The securities brokerage transactions was NT\$ 244,419,471 thousand or 180.23% of the budget target.
6. Trust fund subscription was NT\$ 49,908,990 thousand or 103.67% of the budget target.
7. The assets under custody was NT\$ 280,682,268 thousand or 105.31% of the budget target.
8. The insurance agency transactions was NT\$ 18,908,240 thousand or 101.81% of the budget target.
9. Card business (Volume of transaction) was NT\$ 18,265,654 thousand or 97.00% of the budget target.

e. Financial Highlights

1. Net interest income: NT\$ 20,465,705 thousand.
2. Net income other than net interest income: NT\$ 8,220,253 thousand.
3. Net revenue and gains: NT\$ 28,685,958 thousand.
4. Bad debts expense, commitment and guarantee liability provision: NT\$ 1,793,845 thousand.
5. Operating expenses: NT\$ 16,771,674 thousand.
6. Income before income tax: NT\$ 10,120,439 thousand.
7. Income tax expenses: NT\$ 1,316,636 thousand.
8. Net income after tax: NT\$ 8,803,803 thousand.
9. Other comprehensive income: NT\$ 1,333,363 thousand.
10. Total comprehensive income: NT\$ 10,137,166 thousand.
11. EPS after tax: NT\$ 0.84.
12. Return on Assets (ROA): 0.36%.
13. Return on Equity (ROE): 5.23%.

f. Research and Development

1. Innovative financial services

- (1) Regarding R&D patents, the Bank continues to innovate in FinTech and obtained 24 utility model patents and 2 invention patents in 2021. In addition, there were 4 utility model patents and 20 invention patents in the submission for review.
 - (2) For customer service, the Bank launched the "Payroll Express Loan" online application service, new digital deposit application for minors, the second phase of "consumer information inquiry" service, etc., and optimized the easy transfer, mobile phone number transfer, etc.
2. Business research
- To keep abreast of the latest industry and economic development trends, the Bank has set up a dedicated unit to collect and analyze the economic, industry, and market-related information and prepare overall economic and industry outlooks and research reports as a reference for business promotion and marketing interviews of all units in the Bank. In addition, to promote the business innovation and development, all employees are encouraged to conduct research on current business development trends and financial-related issues, and a total of 24 business research reports have been issued in 2021.
3. Big data application and development
- At present, big data applications have extended from machine learning to deep learning. The Bank regularly collects news and critical information from TWSE/TPEX-listed companies and uses semantic analysis and transfer learning to increase the accuracy of model training from 70% of the traditional model to 92%. Through model output, the Bank develops a new marketing and promotion model for the corporate finance business and uses artificial intelligence and automation in FinTech to integrate the resources into expanding core business volume, SME customer base, and loan volume and speeds up the "Market Penetration Rate" of the Bank's financial services.

B. 2022 Highlights of Business Plans

a. Business Directions and Operational Policies

In 2022, the Bank will adhere to the strategy of the "Customer-oriented, Integrity and Sustainability" and will focus on five operating directions, including:

1. Optimize income and asset structure, and actively increase profits.
2. Deploy digital transformation and build a financial ecosystem.

3. Deepen legal compliance and implement three lines of defense for internal control.
4. Practice fair hospitality and commit to developing green finance.
5. Improve information and operational efficiency, and strengthen information security governance.

Important operating policies are as follows:

➤ Operation

1. Optimize deposit/loan structure and improve loan to deposit spread to enhance profitability.
2. Maintain stable asset quality and promote green energy/circular industry development to seize related business opportunities.
3. Develop diversified financial products, focus on high-asset customers services, and facilitate the transformation of the wealth management business.
4. Secure the business opportunities in the post-epidemic and accelerate digital financial services' development to build a financial ecosystem.
5. Actively expand overseas operations to increase overseas business and profitability, and enhance overseas operational performance.

➤ Management

1. Enhance bilingual and professional capabilities, cultivate human capital, and deepen the legal compliance and integrity culture.
2. Strengthen the inspection, monitoring, and risk management mechanisms and implement the three lines of defense for internal control.
3. Adopt a customer-oriented approach, implement the principles of fair customer treatment, and protect the rights and interests of financial consumers.
4. Optimize operational procedures, improve operational efficiency, and promote paperless operations.
5. Strengthen information security measures and control management and improve information security governance.

b. Business Operational Targets

1. Deposits Volume: NT\$ 2,166,561,650 thousand.
2. Loans Volume: NT\$ 1,659,120,274 thousand.
3. Investment Business (Securities): NT\$ 637,529,953 thousand.
4. Foreign Exchange Transactions: US\$ 159,131,072 thousand.

5. Securities Brokerage Transactions: NT\$ 265,576,611 thousand.
6. Trust Fund Subscription: NT\$ 54,988,763 thousand.
7. Assets under Custody: NT\$ 300,502,161 thousand.
8. Insurance Agency Transactions: NT\$ 19,867,019 thousand.
9. Card business (Volume of transaction): NT\$ 19,600,000 thousand.

C. Future Development Strategy

Looking forward to 2022, the Bank will continue to expand the customer base of SMEs based on taking into account profit improvement and risk control and becoming an essential partner for capital allocation. At the same time, the Bank will target high-quality mortgage customers and expand its consumer loan and wealth management mortgage to build a solid foundation for the credit business. In addition, to enhance the synergy of wealth management and focus on serving high-asset customers, the Bank actively develops a high-end wealth management center, provides a full range of financial products and services to satisfy customers, and enhances sales momentum. On the other hand, the Bank accelerated its digital transformation, focused on cross-industry cooperation, expanded the scope of business applications and targeted marketing, and expanded the financial ecosystem to strengthen the stickiness between customers and the Bank.

Facing the post-epidemic era, the Bank will grasp the business opportunities of contactless financial services, drive-by digital technology, fully sprint core business, and actively develop multiple profit channels. At the same time, we will continue to strengthen our sustainable competitiveness, integrate ESG strategies into various operational activities, aiming to create a new future with steady and stable development for the next hundred years.

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

a. External Competitive Environment

With the opening of three internet-only banks in Taiwan, the enabling of banks to enter the data-sharing stage, the integration of electronic payment and e-ticket management regulations, etc., the highly competitive banking industry is facing an increasingly fierce competition environment, coupled with the impact of the epidemic, which has accelerated the digital transformation of the banking industry. The advantages of traditional banks lie in the strong brand awareness and trust and the warmth when serving customers face-to-face. In order to enhance our competitiveness, the Bank

continues not only to strengthen its existing advantages but also to make strategic alliances with different industries through the application of FinTech, develop differentiated financial products and services, innovate financial consumer experience, and strive to build a financial ecosystem and adhere to the professional and sustainable operation of "Service, Efficiency, and Innovation".

b. Regulatory Environment

1. In August 2021, the Bankers Association amended the "Principles of Internal Control related to Preventing Misappropriation of Client Funds by Wealth Management Specialists", effective on January 1, 2022. The amendment mainly focuses on strengthening the regulations related to Article 9 - Prevention of Private Financial Dealings between Wealth Management Specialists and Customers and Article 11 - Prevention of Self-generated Statements by Wealth Management Specialists. To protect the interests of our customers, the Bank will continue to foster a culture of legal compliance and integrity, strengthen internal control measures, and implement risk management.
2. The Financial Conduct Authority (FCA) announced the withdrawal of the LIBOR rate from 2022, which will affect the interest rate pricing in the foreign monetary market. Therefore, the Bank has established a "Working Group on the Conversion Plan for the Termination of LIBOR" to evaluate the impact of LIBOR conversion and withdrawal. The Working Group has formulated a responding plan and schedule, and adjust the schedule promptly under the requirements of the national authorities and the actual business operation of the Bank to ensure the smooth implementation of the overall plan.

c. Macroeconomic Environment

With the continuous increase of the vaccination rate in various countries, the global economy expects to continue the recovery trend from last year. However, the difference in vaccination progress has caused a gap between the progress of epidemic control and economic recovery in various countries, thereby resulting in a longer duration of bottlenecks in the global supply chain and higher inflationary pressure. In addition, considering that the prices of assets such as stocks and real estate in various countries have reached historical highs, the central banks of different countries take measures such as raising interest rates or reducing bond purchases to curb inflation, some assets may face the risk of bubbles. Furthermore, the global economy still faces many

uncertainties, including the potential threat of a variant virus, the impact of China’s regulatory policies on the economy and the real estate industry, the effect of global minimum corporate tax and international carbon reduction policies (such as the EU’s carbon border adjustment mechanism) on the Economic and industrial impact, etc.

On the whole, the uncertainty of the overall economic environment depends on the development of the epidemic and inflation in various countries, and changes in monetary policy. Fortunately, the industry is driven by the continued strength of domestic demand, the recovery of consumption, the continued expansion and investment of semiconductor manufacturers, and the return of Taiwanese businesses. Looking forward to 2022, although it is difficult to match last year's rapid growth, still expected to remain positive.

E. Latest Credit Ratings

Credit Rating Agency	Release Date	International Rating		Domestic Rating		Outlook
		Long-Term	Short-term	Long-Term	Short-term	
Taiwan Ratings	2021/11	-	-	twAA+	twA-1+	Stable
S&P	2021/11	A-	A-2	-	-	Positive
Moody's	2021/12	A2	P-1	-	-	Stable

February 22, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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 is the description for the key audit matter in the audit of the consolidated financial statements of the Group for the year ended December 31, 2021.

Impairment Assessment of Loans

Loans are the most important assets of the Group. As of December 31, 2021, the balance of the Group's loans totaled \$1,554,775,087 thousand, accounting for 61% of the Group's total consolidated assets. The Group assessed the impairment on loans in accordance with IFRS 9 and with relevant regulations on recognizing allowance for loans. As the assessment of the impairment on the aforementioned assets involves the management's critical judgments, estimations and assumptions, we considered the impairment assessment on loans as a key audit matter. Refer to Notes 4, 5 and 12 to the Group's consolidated financial statements for related information.

Our main audit procedures performed in response to the key audit matter described above were as follows:

When assessing the appropriateness of the impairment on loans, we understood and tested the internal controls relevant to the lending process and assessment of loan impairment. We tested whether the expected credit loss was calculated by loans grouped by borrowers and credit risk characteristics. We further verified whether the parameters utilized in the impairment loss model (including probability of default adjusted for forward looking factors, loss given default, and exposure at default) reflect the actual situation, and recalculated the impairment loss on loans, examined the classification of loan credit assets, and assessed the loan provisions in compliance with relevant regulations.

Other Matter

We have also audited the financial statements of Chang Hwa Commercial Bank, Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unqualified 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, 2021 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 audits resulting in this independent auditors' report are Mei Hui Wu and Tung Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 41,507,576	2	\$ 26,452,525	1
Due from the Central Bank and call loans to banks	249,194,363	10	235,739,431	10
Financial assets at fair value through profit or loss	56,611,729	2	14,581,474	1
Financial assets at fair value through other comprehensive income	174,195,003	7	122,695,821	5
Financial assets for hedging	147,321	-	231,693	-
Investments in debt instruments at amortized cost	405,256,329	16	345,283,447	15
Receivables, net	22,928,736	1	21,481,338	1
Current tax assets	344,089	-	396,516	-
Discounts and loans, net	1,554,775,087	61	1,477,886,845	64
Other financial assets, net	3,857,675	-	25,590,786	1
Property and equipment, net	20,979,380	1	20,908,603	1
Right-of-use assets, net	1,941,510	-	1,519,247	-
Investment properties, net	13,852,096	-	13,858,910	1
Intangible assets, net	595,639	-	687,613	-
Deferred tax assets	3,455,911	-	3,379,099	-
Other assets, net	<u>1,464,053</u>	<u>-</u>	<u>2,746,871</u>	<u>-</u>
TOTAL	<u>\$ 2,551,106,497</u>	<u>100</u>	<u>\$ 2,313,440,219</u>	<u>100</u>
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks	\$ 72,221,898	3	\$ 103,221,627	5
Due to the Central Bank and banks	27,667,470	1	14,829,050	1
Financial liabilities at fair value through profit or loss	3,150,309	-	7,293,565	-
Securities sold under repurchase agreements	1,372,860	-	1,226,633	-
Payables	36,770,068	2	22,237,409	1
Current tax liabilities	318,060	-	841,436	-
Deposits and remittances	2,167,441,232	85	1,917,987,149	83
Bank notes payable	51,278,335	2	61,351,032	3
Other financial liabilities	1,001,902	-	1,949,149	-
Reserve for liabilities	4,694,126	-	5,316,038	-
Lease liabilities	1,770,490	-	1,343,548	-
Deferred tax liabilities	8,818,712	-	8,301,861	-
Other liabilities	<u>3,148,580</u>	<u>-</u>	<u>2,487,932</u>	<u>-</u>
Total liabilities	<u>2,379,654,042</u>	<u>93</u>	<u>2,148,386,429</u>	<u>93</u>
EQUITY				
Capital stock				
Common stock	104,885,708	4	103,847,236	5
Retained earnings				
Legal reserve	40,320,456	2	38,266,789	2
Special reserve	12,201,590	1	12,201,590	-
Unappropriated earnings	9,130,892	-	6,884,362	-
Other equity	<u>4,913,809</u>	<u>-</u>	<u>3,853,813</u>	<u>-</u>
Total equity	<u>171,452,455</u>	<u>7</u>	<u>165,053,790</u>	<u>7</u>
TOTAL	<u>\$ 2,551,106,497</u>	<u>100</u>	<u>\$ 2,313,440,219</u>	<u>100</u>

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST INCOME	\$ 27,492,016	96	\$ 29,816,159	109	(8)
INTEREST EXPENSE	<u>(7,026,311)</u>	<u>(25)</u>	<u>(10,675,907)</u>	<u>(39)</u>	(34)
NET INCOME OF INTEREST	<u>20,465,705</u>	<u>71</u>	<u>19,140,252</u>	<u>70</u>	7
NET NON-INTEREST INCOME					
Net service fee income	4,554,268	16	4,527,568	17	1
Gain on financial assets or liabilities measured at fair value through profit or loss	1,237,708	4	1,648,070	6	(25)
Realized gain on financial assets at fair value through other comprehensive income	1,483,220	5	1,219,076	4	22
Gain arising from derecognition of financial assets at amortized cost	29	-	97	-	(70)
Foreign exchange gain	494,694	2	339,421	1	46
Net other non-interest income	<u>450,334</u>	<u>2</u>	<u>442,608</u>	<u>2</u>	2
Net non-interest income	<u>8,220,253</u>	<u>29</u>	<u>8,176,840</u>	<u>30</u>	1
NET REVENUE AND GAINS	<u>28,685,958</u>	<u>100</u>	<u>27,317,092</u>	<u>100</u>	5
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(1,793,845)</u>	<u>(6)</u>	<u>(2,836,199)</u>	<u>(10)</u>	(37)
OPERATING EXPENSES					
Employee benefits expenses	(11,408,544)	(40)	(10,807,707)	(40)	6
Depreciation and amortization expenses	(1,420,297)	(5)	(1,402,619)	(5)	1
Other general and administrative expenses	<u>(3,942,833)</u>	<u>(14)</u>	<u>(3,960,001)</u>	<u>(14)</u>	-
Total operating expenses	<u>(16,771,674)</u>	<u>(59)</u>	<u>(16,170,327)</u>	<u>(59)</u>	4

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	\$ 10,120,439	35	\$ 8,310,566	31	22
INCOME TAX EXPENSE	<u>(1,316,636)</u>	<u>(4)</u>	<u>(1,269,639)</u>	<u>(5)</u>	4
NET INCOME	<u>8,803,803</u>	<u>31</u>	<u>7,040,927</u>	<u>26</u>	25
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans	325,487	1	(259,674)	(1)	225
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	2,941,694	10	748,689	3	293
Income tax related to items that will not be reclassified to profit or loss	(65,126)	-	51,935	-	(225)
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation	(516,997)	(2)	(1,118,628)	(4)	(54)
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(1,438,153)	(5)	464,526	2	(410)
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	14,282	-	(20,990)	-	168
Income tax related to items that will be reclassified to profit or loss	<u>72,176</u>	<u>-</u>	<u>(96,066)</u>	<u>(1)</u>	175
Other comprehensive income (loss), net of tax	<u>1,333,363</u>	<u>4</u>	<u>(230,208)</u>	<u>(1)</u>	679
TOTAL COMPREHENSIVE INCOME	<u>\$ 10,137,166</u>	<u>35</u>	<u>\$ 6,810,719</u>	<u>25</u>	49

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 8,803,803</u>	<u>31</u>	<u>\$ 7,040,927</u>	<u>26</u>	25
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 10,137,166</u>	<u>35</u>	<u>\$ 6,810,719</u>	<u>25</u>	49
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
EARNINGS PER SHARE					
Basic	<u>\$ 0.84</u>		<u>\$ 0.67</u>		
Diluted	<u>\$ 0.84</u>		<u>\$ 0.67</u>		

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	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 Financial Assets Measured at Fair Value Through Other Comprehensive Income	
	Common Stock (In Thousands)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE, JANUARY 1, 2020	9,985,311	\$ 99,853,111	\$ 34,832,629	\$ 12,204,648	\$ 11,458,160	\$ (1,642,603)	\$ 5,531,250	\$ 162,237,195
Appropriation of 2019 earnings								
Special reserve reversal	-	-	-	(3,058)	3,058	-	-	-
Legal reserve appropriated	-	-	3,434,160	-	(3,434,160)	-	-	-
Cash dividends	-	-	-	-	(3,994,124)	-	-	(3,994,124)
Stock dividends	399,413	3,994,125	-	-	(3,994,125)	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	7,040,927	-	-	7,040,927
Other comprehensive income (loss) for the year ended December 31, 2020, net of tax	-	-	-	-	(207,739)	(1,228,393)	1,205,924	(230,208)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,833,188	(1,228,393)	1,205,924	6,810,719
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	12,365	-	(12,365)	-
BALANCE, DECEMBER 31, 2020	10,384,724	103,847,236	38,266,789	12,201,590	6,884,362	(2,870,996)	6,724,809	165,053,790
Appropriation of 2020 earnings								
Legal reserve appropriated	-	-	2,053,667	-	(2,053,667)	-	-	-
Cash dividends	-	-	-	-	(3,738,501)	-	-	(3,738,501)
Stock dividends	103,847	1,038,472	-	-	(1,038,472)	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	8,803,803	-	-	8,803,803
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-	260,361	(442,670)	1,515,672	1,333,363
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	9,064,164	(442,670)	1,515,672	10,137,166
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	13,006	-	(13,006)	-
BALANCE, DECEMBER 31, 2021	<u>10,488,571</u>	<u>\$ 104,885,708</u>	<u>\$ 40,320,456</u>	<u>\$ 12,201,590</u>	<u>\$ 9,130,892</u>	<u>\$ (3,313,666)</u>	<u>\$ 8,227,475</u>	<u>\$ 171,452,455</u>

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 10,120,439	\$ 8,310,566
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	1,793,845	2,836,199
Depreciation expense	1,159,730	1,158,351
Amortization expense	260,567	244,268
Interest income	(27,492,016)	(29,816,159)
Dividend income	(1,069,138)	(633,958)
Interest expense	7,026,311	10,675,907
Net gain on financial assets or liabilities at fair value through profit or loss	(1,719,437)	(1,595,085)
Gain on disposal of investments	(416,179)	(585,215)
Unrealized foreign exchange loss (gains)	481,729	(52,985)
Other adjustments	(26,172)	(194,490)
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(9,457,993)	(23,311,892)
Increase financial assets at fair value through profit or loss	(45,392,998)	(485,555)
(Increase) decrease in receivables	(1,556,137)	130,791
Increase in discounts and loans	(78,989,768)	(53,571,643)
Increase in financial assets at fair value through other comprehensive income	(49,565,209)	(4,622,339)
Increase in investments in debt instruments at amortized cost	(59,972,853)	(69,224,374)
Decrease in other financial assets	21,830,480	14,640,464
Decrease (increase) in other assets	1,281,191	(1,683,039)
(Decrease) increase in deposits from the Central Bank and banks	(58,641)	5,322
Increase in deposits and remittances	249,454,083	152,038,946
Increase in payables	14,909,065	1,240,429
Increase in financial liabilities at fair value through profit or loss	312,195	1,994,790
Decrease in reserve for liabilities	(127,003)	(300,653)
Decrease in other financial liabilities	(947,247)	(2,325,751)
Increase (decrease) in other liabilities	<u>661,567</u>	<u>(67,253)</u>
Cash flows generated from operations	32,500,411	4,805,642
Interest received	27,785,977	31,625,078
Dividends received	1,068,888	631,458
Interest paid	(7,401,446)	(11,527,086)
Income taxes paid	<u>(1,392,924)</u>	<u>(645,261)</u>
Net cash flows generated from operating activities	<u>52,560,906</u>	<u>24,889,831</u>

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (574,604)	\$ (676,695)
Acquisition of intangible assets	(153,424)	(191,808)
Acquisition of investment properties	(91)	(580)
Proceeds from disposal of investment properties	<u>-</u>	<u>17,218</u>
Net cash flows used in investing activities	<u>(728,119)</u>	<u>(851,865)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(18,102,668)	15,739,729
Proceeds from issuing bank notes	-	10,840,000
Repayments of bank notes	(10,000,000)	(5,000,000)
Repayment of the principal portion of lease liabilities	(568,858)	(639,992)
Cash dividends paid	(3,738,501)	(3,994,124)
Increase (decrease) in securities sold under repurchase agreement	<u>146,227</u>	<u>(320,658)</u>
Net cash flows (used in) generated from financing activities	<u>(32,263,800)</u>	<u>16,624,955</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(516,997)</u>	<u>(1,118,627)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,051,990	39,544,294
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>175,454,685</u>	<u>135,910,391</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 194,506,675</u>	<u>\$ 175,454,685</u>
	December 31	
	2021	2020
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the consolidated balance sheets	\$ 41,507,576	\$ 26,452,525
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>152,999,099</u>	<u>149,002,160</u>
Cash and cash equivalents at end of year	<u>\$ 194,506,675</u>	<u>\$ 175,454,685</u>

(Concluded)

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, 2021 and 2020, 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, 2021 and 2020, 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 and 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, 2021. 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 is the description for the key audit matter in the audit of the financial statements of the Bank for the year ended December 31, 2021.

Impairment Assessment of Loans

Loans are the most important assets of the Bank. As of December 31, 2021, the balance of the Bank's loans totaled \$1,538,006,854 thousand, accounting for 60% of the Bank's total assets. The Bank assessed the impairment on loans in accordance with IFRS 9 and with relevant regulations on recognizing allowance for loans. As the assessment of the impairment on the aforementioned assets involves the management's critical judgments, estimations and assumptions, we considered the impairment assessment on loans as a key audit matter. Refer to Notes 4, 5 and 12 to the Bank's financial statements for related information.

Our main audit procedures performed in response to the key audit matter described above were as follows:

When assessing the appropriateness of the impairment on loans, we understood and tested the internal controls relevant to the lending process and assessment of loan impairment. We tested whether the expected credit loss was calculated by loans grouped by borrowers and credit risk characteristics. We further verified whether the parameters utilized in the impairment loss model (including probability of default adjusted for forward looking factors, loss given default, and exposure at default) reflect the actual situation, and recalculated the impairment loss on loans, examined the classification of loan credit assets, and assessed the loan provisions in compliance with relevant regulations.

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 and 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 the 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 the 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, 2021 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 audits resulting in this independent auditors' report are Mei Hui Wu and Tung Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 40,199,528	2	\$ 25,167,907	1
Due from the Central Bank and call loans to banks	244,922,324	10	232,247,047	10
Financial assets at fair value through profit or loss	55,409,052	2	14,463,858	1
Financial assets at fair value through other comprehensive income	166,225,320	6	116,479,219	5
Financial assets for hedging	147,321	-	231,693	-
Investments in debt instruments at amortized cost	405,256,329	16	345,283,447	15
Receivables, net	22,814,357	1	21,300,335	1
Current tax assets	344,089	-	396,258	-
Discounts and loans, net	1,538,006,854	60	1,463,024,593	63
Investments measured by equity method, net	13,868,146	1	13,511,768	1
Other financial assets, net	12,539,676	-	29,915,786	1
Property and equipment, net	20,250,352	1	20,160,372	1
Right-of-use assets, net	1,929,117	-	1,500,974	-
Investment property, net	13,852,096	1	13,858,910	1
Intangible assets, net	541,517	-	608,517	-
Deferred tax assets	3,339,503	-	3,245,453	-
Other assets, net	<u>1,445,218</u>	<u>-</u>	<u>2,727,131</u>	<u>-</u>
TOTAL	<u>\$ 2,541,090,799</u>	<u>100</u>	<u>\$ 2,304,123,268</u>	<u>100</u>
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks	\$ 71,909,828	3	\$ 102,193,025	5
Due to the Central Bank and banks	27,667,470	1	14,829,050	1
Financial liabilities at fair value through profit or loss	3,150,309	-	7,293,565	-
Securities sold under repurchase agreements	1,372,860	-	1,226,633	-
Payables	36,527,049	2	21,966,509	1
Current tax liabilities	344,773	-	829,711	-
Deposits and remittances	2,158,023,777	85	1,910,034,360	83
Bank notes payable	51,278,335	2	61,351,032	3
Other financial liabilities	1,001,902	-	1,949,149	-
Reserve for liabilities	4,687,052	-	5,306,731	-
Lease liabilities	1,757,768	-	1,325,275	-
Deferred tax liabilities	8,802,086	-	8,294,747	-
Other liabilities	<u>3,115,135</u>	<u>-</u>	<u>2,469,691</u>	<u>-</u>
Total liabilities	<u>2,369,638,344</u>	<u>93</u>	<u>2,139,069,478</u>	<u>93</u>
EQUITY				
Capital stock				
Common stock	104,885,708	4	103,847,236	5
Retained earnings				
Legal reserve	40,320,456	2	38,266,789	2
Special reserve	12,201,590	1	12,201,590	-
Unappropriated earnings	9,130,892	-	6,884,362	-
Other equity	<u>4,913,809</u>	<u>-</u>	<u>3,853,813</u>	<u>-</u>
Total equity	<u>171,452,455</u>	<u>7</u>	<u>165,053,790</u>	<u>7</u>
TOTAL	<u>\$ 2,541,090,799</u>	<u>100</u>	<u>\$ 2,304,123,268</u>	<u>100</u>

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST INCOME	\$ 26,677,281	95	\$ 28,936,758	108	(8)
INTEREST EXPENSE	<u>(6,853,773)</u>	<u>(25)</u>	<u>(10,495,056)</u>	<u>(39)</u>	(35)
NET INCOME OF INTEREST	<u>19,823,508</u>	<u>70</u>	<u>18,441,702</u>	<u>69</u>	7
NET NON-INTEREST INCOME (LOSS)					
Net service fee income	4,544,357	16	4,513,873	17	1
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss	1,146,190	4	1,638,846	6	(30)
Realized gain (loss) on financial assets at fair value through other comprehensive income	1,456,893	5	1,155,973	4	26
Gain (loss) arising from derecognition of financial assets at amortized cost	29	-	97	-	(70)
Foreign exchange gain (loss)	500,015	2	350,682	1	43
Share of profit (loss) of associates and joint ventures accounted for using equity method	204,840	1	412,436	2	(50)
Net other non-interest income (loss)	<u>450,687</u>	<u>2</u>	<u>400,089</u>	<u>1</u>	13
Net non-interest income	<u>8,303,011</u>	<u>30</u>	<u>8,471,996</u>	<u>31</u>	(2)
NET REVENUE AND GAINS	<u>28,126,519</u>	<u>100</u>	<u>26,913,698</u>	<u>100</u>	5
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(1,693,169)</u>	<u>(6)</u>	<u>(2,841,478)</u>	<u>(10)</u>	(40)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefit expenses	\$ (11,125,763)	(39)	\$ (10,550,323)	(39)	5
Depreciation and amortization expenses	(1,349,416)	(5)	(1,348,889)	(5)	-
Other general and administrative expenses	<u>(3,842,955)</u>	<u>(14)</u>	<u>(3,861,509)</u>	<u>(15)</u>	-
Total operating expenses	<u>(16,318,134)</u>	<u>(58)</u>	<u>(15,760,721)</u>	<u>(59)</u>	4
INCOME BEFORE INCOME TAX	10,115,216	36	8,311,499	31	22
INCOME TAX EXPENSE	<u>(1,311,413)</u>	<u>(5)</u>	<u>(1,270,572)</u>	<u>(5)</u>	3
NET INCOME	<u>8,803,803</u>	<u>31</u>	<u>7,040,927</u>	<u>26</u>	25
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans	325,487	1	(259,674)	(1)	225
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	2,920,696	11	767,769	3	280
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	20,998	-	(19,080)	-	210
Income tax related to items that will not be reclassified to profit or loss	(65,126)	-	51,935	-	(225)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation	\$ (516,997)	(2)	\$ (1,118,628)	(4)	(54)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	82,150	-	(62,289)	-	232
Revaluation (losses) gains on investments in debt instruments measured at fair value through other comprehensive income	(1,546,857)	(5)	548,422	2	(382)
Reversal (impairment loss) of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	13,660	-	(21,622)	-	163
Income tax related to items that will be reclassified to profit or loss	<u>99,352</u>	<u>-</u>	<u>(117,041)</u>	<u>(1)</u>	185
Other comprehensive income (loss), net of tax	<u>1,333,363</u>	<u>5</u>	<u>(230,208)</u>	<u>(1)</u>	679
TOTAL COMPREHENSIVE INCOME	<u>\$ 10,137,166</u>	<u>36</u>	<u>\$ 6,810,719</u>	<u>25</u>	49
EARNINGS PER SHARE					
Basic	<u>\$ 0.84</u>		<u>\$ 0.67</u>		
Diluted	<u>\$ 0.84</u>		<u>\$ 0.67</u>		

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	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 Financial Assets Measured at Fair Value Through Other Comprehensive Income	
	Common Stock (In Thousands)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE, JANUARY 1, 2020	9,985,311	\$ 99,853,111	\$ 34,832,629	\$ 12,204,648	\$ 11,458,160	\$ (1,642,603)	\$ 5,531,250	\$ 162,237,195
Appropriation of 2019 earnings								
Special reserve appropriated	-	-	-	(3,058)	3,058	-	-	-
Legal reserve appropriated	-	-	3,434,160	-	(3,434,160)	-	-	-
Cash dividends	-	-	-	-	(3,994,124)	-	-	(3,994,124)
Stock dividends	399,413	3,994,125	-	-	(3,994,125)	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	7,040,927	-	-	7,040,927
Other comprehensive income (loss) for the year ended December 31, 2020, net of tax	-	-	-	-	(207,739)	(1,228,393)	1,205,924	(230,208)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,833,188	(1,228,393)	1,205,924	6,810,719
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	12,365	-	(12,365)	-
BALANCE, DECEMBER 31, 2020	10,384,724	103,847,236	38,266,789	12,201,590	6,884,362	(2,870,996)	6,724,809	165,053,790
Appropriation of 2020 earnings								
Legal reserve appropriated	-	-	2,053,667	-	(2,053,667)	-	-	-
Cash dividends	-	-	-	-	(3,738,501)	-	-	(3,738,501)
Stock dividends	103,847	1,038,472	-	-	(1,038,472)	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	8,803,803	-	-	8,803,803
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-	260,361	(442,670)	1,515,672	1,333,363
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	9,064,164	(442,670)	1,515,672	10,137,166
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	13,006	-	(13,006)	-
BALANCE, DECEMBER 31, 2021	<u>10,488,571</u>	<u>\$ 104,885,708</u>	<u>\$ 40,320,456</u>	<u>\$ 12,201,590</u>	<u>\$ 9,130,892</u>	<u>\$ (3,313,666)</u>	<u>\$ 8,227,475</u>	<u>\$ 171,452,455</u>

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 10,115,216	\$ 8,311,499
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	1,693,169	2,841,478
Depreciation expense	1,115,939	1,126,668
Amortization expense	233,477	222,221
Share of profit (loss) of subsidiaries for using equity method	(204,840)	(412,436)
Interest income	(26,677,281)	(28,936,758)
Dividend income	(1,067,147)	(631,958)
Interest expense	6,853,773	10,495,056
Net gain on financial assets or liabilities at fair value through profit or loss	(1,627,919)	(1,585,861)
Gain on disposal of investments	(390,066)	(524,112)
Unrealized foreign exchange loss (gain)	481,729	(52,985)
Other adjustments	(31,057)	(204,611)
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(9,575,468)	(23,040,939)
Increase in financial assets at fair value through profit or loss	(44,354,794)	(370,102)
(Increase) decrease in receivables	(1,570,740)	195,479
Increase in discounts and loans	(76,986,093)	(53,417,906)
Increase in financial assets at fair value through other comprehensive income	(47,968,565)	(3,050,552)
Increase in investments in debt instruments at amortized cost	(59,972,853)	(69,224,374)
Decrease in other financial assets	17,473,479	14,610,464
Decrease (increase) in other assets	1,280,286	(1,674,782)
Decrease in deposits from the Central Bank and banks	(53,653)	(1,722)
Increase in deposits and remittances	247,989,417	152,897,510
Increase in payables	14,908,164	1,180,284
Increase in financial liabilities at fair value through profit or loss	273,117	1,987,729
Decrease in reserve for liabilities	(121,086)	(299,033)
Decrease in other financial liabilities	(947,247)	(2,325,751)
Increase (decrease) in other liabilities	<u>646,361</u>	<u>(61,077)</u>
Cash flows generated from operations	31,515,318	8,053,429
Interest received	26,912,936	30,641,065
Dividends received	1,066,897	629,458
Interest paid	(7,200,126)	(11,386,281)
Income taxes paid	<u>(1,348,837)</u>	<u>(614,991)</u>
Net cash flows generated from operating activities	<u>50,946,188</u>	<u>27,322,680</u>

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (559,491)	\$ (636,015)
Acquisition of intangible assets	(152,312)	(175,494)
Acquisition of investment properties	(91)	(580)
Proceeds from disposal of investment properties	<u>-</u>	<u>17,218</u>
Net cash flows used in investing activities	<u>(711,894)</u>	<u>(794,871)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(17,391,124)	14,836,210
Proceeds from issuing bank notes	-	10,840,000
Repayments of bank notes	(10,000,000)	(5,000,000)
Increase (decrease) in securities sold under repurchase agreement	146,227	(320,658)
Repayments of the principal portion of lease liabilities	(554,079)	(624,764)
Cash dividends paid	<u>(3,738,501)</u>	<u>(3,994,124)</u>
Net cash flows (used in) generated from financing activities	<u>(31,537,477)</u>	<u>15,736,664</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(565,387)</u>	<u>(1,211,854)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,131,430	41,052,619
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>171,948,658</u>	<u>130,896,039</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 190,080,088</u>	<u>\$ 171,948,658</u>
	December 31	
	2021	2020
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	\$ 40,199,528	\$ 25,167,907
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>149,880,560</u>	<u>146,780,751</u>
Cash and cash equivalents at end of year	<u>\$ 190,080,088</u>	<u>\$ 171,948,658</u>

(Concluded)