



Stock Code: 2801

Chang Hwa Commercial Bank, Ltd.

Handbook for the 2023 Annual Meeting of Shareholders

Meeting Time: 9: 00 a.m. on Friday, June 16, 2023

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

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Notice to Readers

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I. Agenda

Meeting Time: 9: 00 a.m. on Friday, June 16, 2023

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

Meeting type: Physical Meeting

1. Report the number of shares represented by the shareholders present and the number of voting shares, and call the meeting to order
2. Chairperson remarks
3. Report Items:
 - (1) 2022 Business Report.
 - (2) Audit Committee review of 2022 audited Financial Statements.
 - (3) 2022 employee and director remuneration distribution status.
4. Recognition Items:
 - (1) The Bank's 2022 Business Report and Financial Statements.
 - (2) The Bank's distribution of 2022 profit.
5. Discussion and Election Items:
 - (1) The issuance of new shares via capitalization of earnings.
 - (2) Election of 27th term of the Bank's Directors (including Independent Directors).
 - (3) The release of non-competition restrictions for the Bank's directors (including Independent Directors) of the 27th term.
6. Questions and Motions
7. Adjournment

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Report Items

Report No. 1:

2022 Business Report.

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Report No. 2:

Audit Committee review of 2022 audited Financial Statements.

(Please refer to pages 50 to 51 of the handbook.)

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Report No. 3:

The Bank's 2022 employee and director remuneration distribution status.

Explanation:

As adopted by the 37th board meeting of the 26th term held on March 25, 2023 for distribution of the Bank's 2022 employee and director remuneration. The employees' cash remuneration is NT\$689,611,400 and the directors' (independent directors not included) cash remuneration is NT\$55,168,912.

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Recognition Items

Recognition Item No. 1: Adoption of the Bank's 2022 Business Report and Financial Statements.

(Proposed by the Board of Directors.)

Explanation:

The Bank's 2022 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 52 to 82 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 36th meeting of the 26th term of the Board of Directors. Please adopt them.

Resolution:

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Recognition Item No. 2: Adoption of the Bank's distribution of 2022 profit.

(Proposed by the Board of Directors.)

Explanation:

1. The Bank's 2022 net profit after tax was NT\$10,971,151,168.95. After aggregating items except for net profit after tax: remeasurement of defined benefit plan, the amount was NT\$1,096,876,914.71, and gain on disposal of investments in equity instructions measured at fair value through other comprehensive income, the amount was NT\$36,245,500.00, and setting aside 30% legal reserve of NT\$3,631,282,076.00 by law along with the beginning retained earnings of NT\$114,598,645.48, the distributable net profit was NT\$8,587,590,153.14. The proposed distribution of profit is scheduled as below:
 - (1) Distribution of dividend to common stock shares – cash (NT\$0.55 per share):
NT\$ 5,826,401,102.00.
 - (2) Distribution of dividend to common stock shares – stock (NT\$0.25 per share):
NT\$ 2,648,364,130.00.
 - (3) Unappropriated retained earnings are NT\$112,824,921.14.
2. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues. The ex-dividend date will be determined after the competent authorities approve the capitalization of 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: 2022 Profit Distribution Table.

Resolution:

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Attachment

Chang Hwa Commercial Bank, Ltd.

2022 Profit Distribution Table

(Unit: NTD\$)

Net profit after tax	10,971,151,168.95
Add (Less): Items except for net profit after tax:	
Remeasurement of defined benefit plan	1,096,876,914.71
Gain on disposal of investments in equity instructions measured at fair value through other comprehensive income	36,245,500.00
Incorporation of distributable net profit	12,104,273,583.66
Set aside 30% legal reserve	(3,631,282,076.00)
Beginning retained earnings	114,598,645.48
Distributable net profit	8,587,590,153.14
Distributable items:	
Cash dividends on common shares - NT\$0.55 per share	(5,826,401,102.00)
Stock dividends on common shares - NT\$0.25 per share	(2,648,364,130.00)
Unappropriated retained earnings	112,824,921.14

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.

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Discussion and Election Items

Discussion and Election Item No. 1:

Discussion and ratification of the Bank's issuance of new shares through capitalization of earnings.

(Proposed by the Board of Directors.)

Explanation:

1. In order to reinforce working capital, strengthen the financial structure and raise the capital adequacy ratio, the Bank plans to set aside NT\$2,648,364,130 from the stock dividends of distribution of 2022 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 264,836,413 shares of common stock and, after the capitalization of earnings, the Bank's capital will become NT\$108,582,929,630.
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 25 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.

Resolution:

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Discussion and Election Item No. 2:

Election of 27th term of the Bank's Directors (including Independent Directors).

(Proposed by the Board of Directors.)

Explanation:

1. The 26th term of office for directors of the Bank (including independent directors) will expire on June 18, 2023, and directors shall be re-elected at this general Shareholders' Meeting in accordance with the Company Act.
2. According to Article 18 of the Articles of Incorporation of the Bank, the Board of Directors of the Bank shall have 9 directors, among whom the number of independent directors shall be no less than 3 persons and no less than one-third of the total number of directors. The election of the directors shall be performed through candidate nomination mechanism and the directors shall be duly elected at the Shareholders' Meeting from a list of nominated directors; The election for the independent directors and non-independent directors shall be held together but their votes shall be counted separately.
3. It is hereby proposed that 9 directors for the 27th term (including 3 independent directors) to be elected at this general Shareholders' Meeting for a term of office for 3 years from June 19, 2023 to June 18, 2026.
4. The Directors (including Independent Directors) candidate list for this election was already passed by the review of the Bank's Directors in the 38th meeting of the 26th term of the Board of Directors, which was held on April 26, 2023. The details are as per the attachment.

Election results:

Results announced by the chairperson:

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Attachment

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

Director Candidates:

No.	Name	Gender	Education	Experience	Number of shares held
1	Ling, Jong-Yuan (Delegate of Ministry of Finance (MOF))	Female	Master of Public Finance, National Chengchi University	<p>Current Position:</p> <ul style="list-style-type: none">• Chairperson, Chang Hwa Bank• Managing Supervisor, The Bankers Association of the Republic of China• Supervisor, Taiwan Stock Exchange Corporation• Director, Chung-Hua Institution for Economic Research• Director, CDIB & Partners Investment Holding Corp. <p>Experience:</p> <ul style="list-style-type: none">• Chairperson, Land Bank of Taiwan• Chairperson, The Export-Import Bank of the Republic of China• Supervisor, Bank Taiwan Insurance Brokers Co., Ltd.• Director, Mega Financial Holding Co., Ltd.• Director-General, National Treasury Administration, Ministry of Finance• Supervisor, Mega Financial Holding Co., Ltd.• Director-General, National Taxation Bureau of Taipei, Ministry of Finance• Director-General, National Taxation Bureau of the Northern Area, Ministry of Finance• Director, Land Bank of Taiwan• Chief Secretary, Ministry of Finance• Director, Taxation Administration, Ministry of Finance• Deputy-Director, Taxation Administration, Ministry of Finance	1,291,658,617
2	Chou, Chao-Chung	Male	Master of Business Administration, Da-Yeh University	<p>Current Position:</p> <ul style="list-style-type: none">• Managing Director, Chang Hwa Bank• President, Chang Hwa Bank	1,291,658,617

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No.	Name	Gender	Education	Experience	Number of shares held
	(Delegate of MOF)			<ul style="list-style-type: none">• Director, Taiwan Urban Regeneration & Financial Services Co., Ltd.• Director, Chang Hua Commercial Bank, Ltd.• Director, Taiwan Asset Management Corporation• Director, Taiwan SMECF Experience: <ul style="list-style-type: none">• Chairperson, First Financial AMC• EVP, Risk Management Center of First Commercial Bank• SVP & Division Head, Risk Management Division of First Financial Holding Co., Ltd.• Spokesperson, First Commercial Bank• EVP, General Administration Center of First Commercial Bank• VP & GM, Phnom Penh Branch of First Commercial Bank• VP & GM, Hsin-Wei Branch of First Commercial Bank• VP & GM, Hsi-Chih Branch of First Commercial Bank	
3	Huang, Kao- Tong (Delegate of MOF)	Male	Department of Business Administration, National Kaohsiung University of Science and Technology	Current Position: <ul style="list-style-type: none">• President, Chang Hwa Bank Corporate Union Experience: <ul style="list-style-type: none">• Director, Taiwan Confederation of Trade Unions• Vice President, Taiwan Federation of Financial Unions• Manager, Operations Division, Chang Hwa Bank	1,291,658,617
4	Lee, Wen-Siung	Male	Ph. D., Business Administration, University of Houston	Current Position: <ul style="list-style-type: none">• Director, Chang Hwa Bank• Adjunct Associate Professor, Finance Department, Chien Hsin University of Science and Technology Experience: <ul style="list-style-type: none">• Chairperson, Land Bank Insurance Brokerage Co., Ltd.• Adjunct Associate Professor, Finance Department, National Central University	0

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No.	Name	Gender	Education	Experience	Number of shares held
				<ul style="list-style-type: none">• Managing Director, Land Bank of Taiwan• Associate Professor, Finance Department, Chien Hsin University of Science and Technology• Director, Securities and Futures Bureau, FSC• Director, Banking Bureau, FSC	
5	Lin, Shiu-Yen (Delegate of Chunghwa Post Co., Ltd.)	Female	Master of Economics, National Taiwan University	Current Position: <ul style="list-style-type: none">• Director, Chang Hwa Bank• Deputy Director-General, National Treasury Administration, Ministry of Finance Experience: <ul style="list-style-type: none">• Director, Taiwan Business Bank• Chief Secretary, National Treasury Administration, Ministry of Finance• Director, National Treasury Administration, Ministry of Finance	794,554,300
6	Chang, Chien-Yi (Delegate of National Development Fund, Executive Yuan)	Male	Ph. D., Economics, National Taipei University	Current Position: <ul style="list-style-type: none">• Director, Chang Hwa Bank• President, Taiwan Institute of Economic Research• Director, Taipei Exchange• Director, Central Bank of the Republic of China (Taiwan)• Independent Director, United Renewable Energy Co., Ltd.• Director, Yang Ming Marine Transport Corp.• Director, Asia Pacific Emerging Industry Venture Capital Co., Ltd.• Member, Wholesale and Retail Committee, Taiwan Coalition of Service Industries• Research Fellow, Taiwan Institute of Economic Research Experience: <ul style="list-style-type: none">• Director, Research Division II, Taiwan Institute of Economic Research• Deputy Director, Research Division II, Taiwan Institute of Economic Research• Assistant Professor, Department of Economics, Ming Chuan University	574,468,579

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No.	Name	Gender	Education	Experience	Number of shares held
				<ul style="list-style-type: none">• Associate Research Fellow, Taiwan Institute of Economic Research	

Independent Director Candidates:

No.	Name	Gender	Education	Experience	Number of shares held
1	Wu, Yu-Shueh	Male	Master of Laws, National Defense University	<p>Current Position:</p> <ul style="list-style-type: none">• Attorney-at-Law, JIN-YI Law Firm• Remuneration Committee Member, Chang Hwa Bank• Gender Equality Committee Member, Legislature Yuan• Commission Member, Taipei City Election Commission• Commission Member, Research Ethic Commission, Taiwan Blood Services Foundation <p>Experience:</p> <ul style="list-style-type: none">• National Compensation Panel Member, National Immigration Agency, Ministry of the Interior• Secretary-general, Taiwan Bar Association, R.O.C.• Commission Member, Central Election Commission• Consultant, Public Service Pension Fund Management Board• Committee Member, Law and Regulation Commission, Council of Labor Affairs, Executive Yuan• Lecturer, Department of Law, Ming Chuan University• Lecturer, Central Police University• Senior Clerk, Central Trust of China	79,981
2	Lee, Shu-Hua	Female	Ph. D., National Taiwan University Department and Graduate Institute of Accounting	<p>Current Position:</p> <ul style="list-style-type: none">• Professor, Department of Accountancy, National Taipei University• Committee Member, Taiwan Financial Reporting Standards Committee, Accounting Research and Development Foundation• Committee Member, Financial Accounting Issues Task Force,	0

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No.	Name	Gender	Education	Experience	Number of shares held
				Accounting Research and Development Foundation Experience: <ul style="list-style-type: none">• Associate Professor /Assistant Professor, Department of Accountancy, National Taipei University• In-Charge, T N SOONG & CO (Now Deloitte Touche Tohmatsu Limited,1993~1995)• ROC CPA	
3	Huang, Chao-Kuei	Female	Ph. D., Business Administration, National Cheng Kung University	Current Position: <ul style="list-style-type: none">• Professor, Department of Information Management, National Kaohsiung University of Science and Technology• Professional Committee Member of the Government Procurement Selection Committee, Public Construction Commission, Executive Yuan Experience: <ul style="list-style-type: none">• Member of the Grading Committee, Civil Service Junior Examination and Level Three Senior Examination, Examination Yuan• The Current Psychology, Electronic Commerce Research and Application SSCI Journal Reviewer, The Current Psychology, Electronic Commerce Research and Application• Internet Research SSCI Journal Editorial Board Member, Internet Research• Visiting Professor, Program of International Management, FHWS, Germany• Committee Member, Evaluation Committee of Senior Secondary Schools, National and Pre-school Education Department, Ministry of Education• Master Program Chair, IMBA, National Kaohsiung University of Science and Technology• Committee Member of the Evaluation Committee, Senior Secondary Schools,	0

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No.	Name	Gender	Education	Experience	Number of shares held
				<p>Bureau of Education, Kaohsiung City Government</p> <ul style="list-style-type: none">• Committee Member, Innovation Applied Service Research and Development Project Committee, Ministry of Economics• Visiting Researcher, University of Vienna, Austria• P/T Professor, Global Business Program, FH Joanneum, Austria• Professor /Associate Professor /Assistant Professor, Department of Information Management, National Kaohsiung First University of Science and Technology• Deputy Dean of College of Management, National Kaohsiung First University of Science and Technology• Master Program Director, IMBA, National Kaohsiung First University of Science and Technology• Director, Center of General Education, National Kaohsiung First University of Science and Technology• Director, Center of e-Business, National Kaohsiung First University of Science and Technology• Manager, Internship and Alumni Section, Office of Student Affairs, National Kaohsiung First University of Science and Technology• Special Assistant of President, National Kaohsiung First University of Science and Technology• Director, Teaching and Research Center at College of Management, National Kaohsiung First University of Science and Technology	

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Discussion and Election Item No. 3:

The release of non-competition restrictions for the Bank's directors (including independent directors) of the 27th term is proposed for approval.

(Proposed by the Board of Directors.)

Explanation:

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

Resolution:

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Attachment

2023 Annual General Meeting of CHB

**List of candidates for the Bank's 27th term of non-independent directors
and independent directors to be released from non-competition restrictions**

	Name	Current Positions in other Companies (referring to the companies which have the same business as our Bank)
Directors and the legal persons represented by them	Ministry of Finance (MOF)	Director, Taiwan Financial Holding Co., Ltd. Director, Land Bank of Taiwan Co., Ltd. Director, The Export-Import Bank of the Republic of China Director, Taiwan Cooperative Financial Holding Co., Ltd. Director, Mega Financial Holding Co., Ltd. Director, First Financial Holding Co., Ltd. Director, Hua Nan Financial Holdings Co., Ltd. Director, Taiwan Business Bank Co., Ltd.
	Delegate of MOF : Ling, Jong-Yuan	Director, CDIB & Partners Investment Holding Corp.
	Delegate of MOF : Chou, Chao-Chung	Director, Taiwan Urban Regeneration & Financial Services Co., Ltd. Director, Taiwan Asset Management Corporation
	Chunghwa Post Co., Ltd.	Director, Mega Financial Holding Co., Ltd.
	National Development Fund, Executive Yuan (NDF)	Director, Mega Financial Holding Co., Ltd. Director, Taiwan Business Bank Co., Ltd. Director, iPASS Corporation
	Delegate of NDF : Chang, Chien-Yi	Director, Central Bank of the Republic of China (Taiwan) Director, Asia Pacific Emerging Industry Venture Capital Co., Ltd.

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Questions and Motions

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II. Appendices

Appendix 1: Rules of Procedure for Shareholders Meetings

Chang Hwa Commercial Bank, Ltd.

Established on September 19th 1972 by AGM

Revised on September 27th 1986 by AGM

Revised on October 17th 1998 by AGM

Revised on May 18th 2001 by AGM

Revised on June 22nd 2012 by AGM

Revised on June 12th 2015 by AGM

Revised on June 14th 2019 by AGM

Revised on July 20th 2021 by AGM

Revised on June 17th 2022 by AGM

Article 1 (Basis of Establishment)

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

Article 2 (Rules of Adoption)

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

Article 3 (Convening shareholders’ meetings and shareholders meeting notices)

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

CHB shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, 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. 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.

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

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

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

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 otherwise in the same meeting.

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.

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

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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.

Prior to the date for issuance of notice of a shareholders meeting, CHB shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 (Proxy to attend shareholders meetings)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHB, beginning from the time it accepts shareholder attendance registrations, shall make

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an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

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

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

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

The chair shall call the meeting to order at the appointed meeting time, and at the same time, announces the relevant information such as the number of non-voting rights and the number of shares in attendance.

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

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

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

Article 10 (Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, and relevant motions (including extraordinary motions and revisions of original motions) shall adopt the voting on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

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

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote, and to arrange adequate and sufficient time for the voting.

Article 11 (Shareholder speech)

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

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

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

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

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

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

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

Voting at a shareholders meeting shall be calculated based the number of shares. With respect to resolutions of shareholders meetings, the number of shares held by a

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shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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

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

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

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

Article 13 (Voting, Scrutinizing and Calculation for Proposals)

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

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

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding

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paragraph shall be made known to CHB, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

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

Except as otherwise provided in the Company Act and in CHB's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results based on the numbers of votes for and against and the number of abstentions shall be entered into the MOPS.

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

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

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

Article 14 (Election of directors)

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

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

Article 15 (Meeting Minutes)

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

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and the voting results (including statistical weights) shall be recorded. When there is an election of directors, the number of voting rights each candidate obtains shall be disclosed. Shall be retained for the duration of the existence of CHB.

Article 16 (Public Disclosure)

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

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

Article 17 (Maintaining order at the meeting place)

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

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

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

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

Article 18 (Recess and resumption of a shareholders meeting)

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

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

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

Article 19 (Authorized Level and Execution)

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

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Appendix 2: Articles of Incorporation

Chang Hwa Commercial Bank, Ltd.

Enacted on 1 January 1947	Amended on 1 December 1993
Amended on 28 February 1948	Amended on 15 October 1994
Amended on 1 November 1948	Amended on 16 November 1996
Amended on 21 December 1950	Amended on 21 March 1998
Amended on 16 February 1951	Amended on 17 October 1998
Amended on 26 February 1955	Amended on 3 June 2000
Amended on 22 February 1958	Amended on 18 May 2001
Amended on 26 February 1959	Amended on 24 May 2002
Amended on 24 February 1960	Amended on 6 June 2003
Amended on 28 February 1961	Amended on 11 June 2004
Amended on 25 February 1964	Amended on 10 June 2005
Amended on 25 February 1965	Amended on 23 September 2005
Amended on 24 February 1967	Amended on 9 June 2006
Amended on 23 February 1968	Amended on 15 June 2007
Amended on 14 March 1969	Amended on 13 June 2008
Amended on 19 September 1972	Amended on 19 June 2009
Amended on 24 September 1974	Amended on 2 June 2010
Amended on 24 September 1975	Amended on 10 June 2011
Amended on 24 September 1976	Amended on 22 June 2012
Amended on 19 September 1980	Amended on 8 December 2014
Amended on 17 September 1982	Amended on 12 June 2015
Amended on 28 October 1988	Amended on 8 June 2016
Amended on 12 December 1989	Amended on 16 June 2017
Amended on 27 September 1990	Amended on 19 June 2020
Amended on 22 October 1991	Amended on 20 July 2021
Amended on 23 November 1992	Amended on 17 June 2022

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**Chapter One
General Provisions**

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

**Chapter Two
Shares**

- Article 5 The authorized capital of the Bank is New Taiwan Dollars one hundred and twenty billion(NT\$120,000,000,000), divided into twelve billion shares, at par value of ten New Taiwan Dollars (NT\$10) per share. The shares may be issued at a premium. The Board of Directors is authorized to issue the unissued shares in installments.
- Article 6 All share certificates of the Bank shall be in inscribed form and issued in accordance with the laws.
- The Bank may be exempted from printing any share certificate for the shares issued, but shall appoint a centralized securities custody enterprise/institution to record the issue of such shares.
- Article 7 The shareholder of the Bank shall complete a seal/signature specimen card and submit it to the Bank for record. All claims for collection of share dividend, bonus, exercising of shareholder's rights in writing or written correspondence with the Bank shall be verified against the seal/signature specimen card.

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

Chapter Three

Businesses

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

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

Chapter Four

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Shareholders' Meeting

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

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

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

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

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

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

Article 13 For a Shareholders' Meeting convened by the Board of Directors, the chairman of the Board of Directors shall preside over the Shareholders' Meeting. In the event that the chairman of the Board of Directors is on leave or cannot exercise

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his/her power and authority for any cause, the chairman of the Board of Directors shall designate one of the managing directors to act on his/her behalf. In the absence of such a designation, the managing directors shall elect from among themselves an acting chairman of the meeting.

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

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

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

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

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

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

Article 16 Unless otherwise provided for in the laws or in these Articles of Incorporation,

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a shareholder shall have one voting power in respect of each share in his/her/its possession.

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.

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

The minutes of Shareholders' Meeting shall comply with the requirements of laws and regulations including the date, venue, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes shall be kept persistently throughout the life of the Bank.

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

**Chapter Five
Board of Directors**

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

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

In the event that a governmental organization or juristic-person shareholder is

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elected as director, its representative may be re-appointed at any time due to the change of the official functions and duties of the original representative, and they shall serve out the remainder of the term of office of their predecessors.

Starting from the 24th term of the Board of Directors, the number of independent directors in the list of directors which set under the first paragraph shall be no less than three persons and no less than one-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.

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

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

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

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

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

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

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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 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.

Article 19.1 The Bank shall establish the following functional committees:

1. Remuneration committee:

Starting from the 22nd term of the Board of Directors, the Bank shall establish a Remuneration committee, with the number the members not fewer than three, who shall be appointed by the resolution of the Board of Directors. A majority of its members shall be independent directors. The convener and the chairperson of the meetings of the committee shall be elected by all members from among the members who qualify as independent directors.

2. Audit committee:

Starting from the 24th term of the Board of Directors, the committee shall be established and be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be selected among themselves to be a committee convener, and at least one of whom shall have accounting or financing expertise.

3. Sustainable Development committee:

Starting from the 25th term of the Board of Directors, the Bank shall establish a Sustainable Development committee, with three to five committee members, to be composed of directors and senior managers of the Bank; at least half of whom shall be independent directors, and the chairman of the Board of Directors shall be the convener.

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

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

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

When exercising the authority under item (9) of this Article, the Board of Directors is not required to limit the Bank's total amount of investments to 40% of the Bank's capital as prescribed in paragraph 2 Article 13 of the Company Act.

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

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

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In order to strengthen management functions, the Board of Directors shall set up various types of special functional committees. The rules and regulations governing their functions and powers shall be drawn up separately by the Board of Directors.

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

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

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

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

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

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

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

Article 26 During the recess of the Board of Directors, the managing directors shall, pursuant to applicable laws and regulations, the Articles of Incorporation of the Bank, resolutions adopted by the Shareholders' Meetings and the meetings of the Board of Directors, hold conferences from time to time to regularly exercise the duties and powers of the Board of Directors. Such conferences shall be convened by way of written notice or electronic means by the Chairman of the Board of Directors and shall preside by him as the Chairman. If Chairman of the Board of Directors is unable to attend the conference for any cause, he shall

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designate one of the managing directors to act on his behalf. In the absence of such a designation, the managing directors shall elect from among themselves an acting chairman of the conference.

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

Article 27 (deleted)

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

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

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

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

Chapter Six

(Deleted)

Article 30 (deleted)

Article 31 (deleted)

Article 32 (deleted)

Article 33 (deleted)

Article 33.1 (deleted)

Chapter Seven

Presidents

Article 34 The Bank shall have one President in charge of the Bank's operations in

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accordance with the resolutions of the Board of Directors. The appointment and dismissal of the President shall be recommended by the chairman of the Board of Directors and proposed at the Board of Directors' Meeting. Resolution of consent shall be adopted by a more than half of the directors at a meeting attended by more than half of the directors.

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

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

Chapter Eight
Accounting

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

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

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

The above statements and records, together with the annual report, shall be submitted to the competent authority and the Central Bank within 15 days after the ratification by the ordinary meeting of shareholders. The financial statement and other items specified by the competent authority shall be published in the local daily newspapers or announced according to the mode specified by the

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competent authority; and shall also be placed at a prominent place of each business office for perusal. Public notice is exempted if Article 36 of the Stock Exchange Act has been complied with.

The publicly announced statements and other items specified by the competent authority referred to in the preceding paragraph shall be duly audited and attested by a certified public accountant.

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

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

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

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

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

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

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

Chapter 9
Addendum

Article 39 The Bank shall enter into liability insurance contract with the insurance industry on the liability of indemnity incurred in the course of their duties and according to law by its directors and key officials.

Article 40 All other matters not specified herein shall be regulated under the Banking Act, the Company Act and other relevant laws or regulations.

Article 41 These Articles of Incorporation will be implemented after it has been resolved and approved at the meeting of shareholders. The same applies to any amendments to the Articles.

Article 42 These Articles of Incorporation are concluded on 1 January 1947.

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Appendix 3: Rules for Director Elections

Chang Hwa Commercial Bank, Ltd.

Established on November 25th 2005 by 2nd ISM

Revised on June 15th 2007 by AGM

Revised on December 8th 2014 by 1st ISM

Revised on June 12th 2015 by AGM

Revised on June 14th 2019 by AGM

Revised on June 17th 2022 by AGM

Article 1

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

Article 2

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

Article 3

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

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

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

Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers. An independent director candidate or a non-independent

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director candidate to whom the ballots cast represent a prevailing number of votes shall be deemed an independent director or a non-dependent director elect.

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

Article 4

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

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

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

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

Article 5

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

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

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Article 6

Except as otherwise provided by the Company Act or other relevant regulations, in the event that a candidate is elected both a director and an independent director at the same time, the candidate shall have the choice to decide whether to serve as a director or an independent director, but not both, and the vacancy will be filled by the next candidate who has less number of votes than the aforesaid candidate.

Article 7

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

Article 8

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

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

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

Article 9

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

Article 10

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

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Article 11

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the person with the right to convene.
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.
5. Words or marks other than the number of voting rights allotted are entered.
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.

Article 12

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

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

Article 13

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

Article 14

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

Based on the outcome of the ballot counting on the spot plus the number of rights whose voting rights are exercised by correspondence or electronically, the chair shall announce the list of directors elected and not elected, and the number of votes each receives.

Article 15

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

Article 16

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

Article 17

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

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Appendix 4: Shareholding of Directors

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

1. The Bank has already issued 10,593,456,550 shares, and, according to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum shares required to be held by the entire body of directors is 160,000,000 shares.
2. Detailed list of the shares held by respective directors and the entire body of directors:

Chang Hwa Commercial Bank, Ltd. Shareholding of Directors

Book closure date: Apr. 18, 2023

Title	Name	Shares held as of the day suspending the stock transfer before this time of shareholders' meeting	
		Shareholding (shares)	Shareholding Ratio(%)
Chairperson	Ling, Jong-Yuan (Delegate of Ministry of Finance)	1,291,658,617	12.19
Managing Director	Chou, Chao-Chung (Delegate of Ministry of Finance)	(1,291,658,617)	(12.19)
Managing Director (Independent Director)	Pan, Jung-Chun	0	0
Director	Lin, Shiu-Yen (Delegate of Chunghwa Post Co., Ltd.)	794,554,300	7.50
Director	Chang, Chien-Yi (Delegate of National Development Fund, Executive Yuan)	574,468,579	5.42
Director	Lee, Wen-Siung	0	0
Director	vacancy	-	-
Independent Director	Lin, Jong-Horng	0	0
Independent Director	Suen, Chih- Jong	0	0
Total shares held by the entire body of directors		2,660,681,496	25.11

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

N/A

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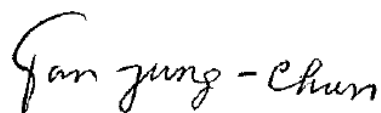
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Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
February 22, 2023


To: Shareholders of Chang Hwa Commercial Bank, Ltd.

The Board of Directors has prepared the 2022 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, 2022 and the operation results and cash flows in 2022 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-Hong Lin 

Independent Director : Chih-Jong Suen 

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Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
April 26, 2023

To: Shareholders of Chang Hwa Commercial Bank, Ltd.

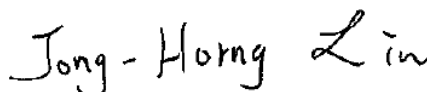
The Board of Directors has prepared the 2022 Earnings Distribution Proposal. The Audit Committee has reviewed the aforementioned Proposal in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and confirmed its consistency with related laws and rules. The 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



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2022 Business Report of Chang Hwa Commercial Bank, Ltd.

A. 2022 Results of Operations

a. The domestic and overseas financial environments

In 2022, global economic and trade activities gradually recovered from the haze of the epidemic. However, affected by the imbalance in the worldwide supply chain and inflationary pressure, the central banks of major countries such as Europe, America, and Asia have launched tightening monetary policies to fight inflation, which resulted in issues such as financial market turbulence, declining demand in terminal markets, and destocking, which bringing the tightening of the global economic environment and added uncertainty to the outlook for the global economy.

Domestically, as the epidemic prevention measures are moving towards coexisting with the virus, the negative impact of the epidemic has gradually eased, and the performance of domestic consumption has also slowly recovered. However, the slowdown in global trade momentum in the second half of the year, coupled with the tightening of market funds, not only impacted the exports and private investment but also slowed the overall economic recovery and posed a considerable challenge to the bank's capital layout. In response to the trend of global supply chain restructuring and energy transformation, banks not only have the responsibility of providing financing funds but also make efforts to assist the industry in upgrading and transforming, thereby driving the increase in the bank's lending balance. Coupled with the expansion of bank deposit interest spreads as the central bank raises interest rates, the bank's interest income has greatly increased.

b. Bank organization and change

1. Following the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", the Bank approved the 22nd Meeting of the 26th Board of Directors on January 24, 2022, and adjusted the name of the Bank's "Information Security Center" to "Information Security Division".
2. To enhance consumer protection and establish a corporate culture with "Fair Treatment of Customers", in the 23rd Meeting of the 26th Board of Directors, the Directors approved the establishment of the "Chang Hwa Bank Treat Customers Fairly Facilitating Committee" on February 22, 2022. Led by the President, members are the Executive Vice President and the EVP & Chief Compliance Officer to promote and implement the principle of fair hospitality.

c. Operational planning and implementation results of management strategies

1. In profit performance, driven by the Bank's internal operational strategies and

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coupled with the external economic environment, the Bank achieved outstanding performance in 2022, with a net income after tax of NT\$ 10.971 billion, a growth of 24.62% from the previous year, and EPS of NT\$ 1.04, with ROE of 6.44%. The Bank's credit asset quality also showed significant improvement, with a non-performing loan ratio of 0.20% and a coverage ratio of 638.07%.

2. Business development:

- (1) Deposit/Loan business: The Bank is committed to developing and strengthening the credit extension of the existing SME customer base, optimizing the deposit and loan structure, and expanding the spread of deposits. The SMEs loan balance has increased by more than NT\$ 25 billion compared with the end of 2021. In addition, to support youth entrepreneurship and small and micro enterprises, the Bank provided a wide range of loan products, and supported over 10,000 young entrepreneurs, ranking third among banks in Taiwan. In addition, to cooperate with the government's efforts in improving housing market policies, we assist financially disadvantaged individuals and promote financial inclusion by focusing on self-use residential loans, expanding the foundation of the Bank's housing loan business, and market share ranks in the top 10 again. In 2022, the Bank's deposit/loan volume witnessed steady growth, increasing the average balance of total deposits by 11.27% and 8.30% in the average balance of total loans compared to the previous year.
- (2) Digital finance business: The epidemic has accelerated the development of contactless financial services. In 2022, the Bank continued to enhance digital financial services, including launching an exclusive payment mechanism for the meat market and a working capital loan project for its demanders, online financing services for the Taiwan Power Company supply chain to respond to ESG, and enhancing customer protection and promoting financial-friendly services by adding an online banking login result notification to prevent fraud and improve accessibility for people with disabilities.
- (3) Wealth management business: In response to the trend of sustainable development, the Bank introduced three exclusive "ESG Sustainability" and "Green Trends" investment-linked products and four funds with ESG themes and fundamental infrastructure. The Bank also provided a "Wealth Management VIP Customer Exclusive Service" to offer exceptional, top-notch services. At the same time, the Bank launched the "Mobile Financial Advisor APP" to respond to the paperless policy and provide real-time customized wealth management consulting and investment planning services

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that combine wealth management systems and big data analysis results for precise marketing.

3. Sustainable development: The Bank has been paying attention to the international trend in sustainable finance. To implement the sustainable development policy, the Bank has incorporated ESG factors into its core business and operational activities and reviewed its sustainable development plan every year to implement the policy. In 2022, the Bank has achieved important goals in environmental, social and governance aspects.

- (1) Environmental: In 2022, the "Climate-related Financial Disclosure (TCFD) Report" issued by the Bank obtained the highest level (Level 5+: Excellence) certification from the British Standards Institution (BSI), and the result has been elevated compared to last year. This demonstrates the Bank's commitment to mitigating the impacts of climate risks, seizing opportunities for transformation, and taking concrete actions to achieve the goal of net zero emissions.

- (2) Social: To implement friendly financial services and enhance sustainable competitiveness, the Bank has established 80 bilingual branches, providing a bilingual and consultation services in Mandarin and English, leading many competitors in the industry. The Bank also partnered with the "Taiwanese Association of Sign Language Interpreters" to introduce Sign Language Video services. In addition, all of the Bank's automatic teller machines (ATMs) meet barrier-free models, and 120 of them also have barrier-free voice functions.

- (3) Governance: The Bank is committed to promoting sound corporate governance systems and awarded the top 5% of TWSE-listed companies in the 8th Corporate Governance Evaluation and the top 4 in the financial and insurance industry. We also participated in the "CG6013 (2021) Corporate Governance System Evaluation" conducted by the Taiwan Corporate Governance Association and received the highest level of "Excellent" certification, demonstrating the Bank's active efforts to improve corporate governance mechanisms. In addition, to continuously improve our intellectual property management, the Bank's intellectual property (trademark) management system has once again obtained the Taiwan Intellectual Property Management Standard (TIPS) Grade A certification.

d. Budget execution

1. The total deposit volume was NT\$ 2,259,026,904 thousand, or 104.27% of the budget target.

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2. The total loan volume was NT\$ 1,670,186,318 thousand, or 100.67% of the budget target.
3. The total investment business (securities) average volume was NT\$ 677,909,718 thousand, or 106.33% of the budget target.
4. The foreign exchange transactions were US\$ 160,628,338 thousand, or 100.94% of the budget target.
5. The securities brokerage transactions were NT\$ 174,227,066 thousand or 65.60% of the budget target.
6. Trust fund subscription was NT\$ 32,246,094 thousand or 58.64% of the budget target.
7. The assets under custody was NT\$ 294,408,231 thousand or 97.97% of the budget target.
8. The insurance agency transactions were NT\$ 12,409,744 thousand or 62.46% of the budget target.
9. Card business (Volume of transactions) was NT\$ 21,701,812 thousand or 110.72% of the budget target.

e. Financial highlights

1. Net interest income: NT\$ 24,645,303 thousand.
2. Net non-interest income: NT\$ 9,493,287 thousand.
3. Net revenue and gains: NT\$ 34,138,590 thousand.
4. Bad debts expense, commitment and guarantee liability provision: NT\$ 3,319,215 thousand.
5. Operating expenses: NT\$ 17,768,647 thousand.
6. Income before income tax: NT\$ 13,050,728 thousand.
7. Income tax expense: NT\$ 2,079,577 thousand.
8. Net income: NT\$ 10,971,151 thousand.
9. Other comprehensive income: (NT\$ 8,151,103) thousand. (Note)
10. Total comprehensive income: NT\$ 2,820,048 thousand.
11. EPS after tax: NT\$ 1.04.
12. Return on Assets (ROA): 0.42%.
13. Return on Equity (ROE): 6.44%.

Note: The interest hike of all central banks worldwide has resulted in an increase in the yield rate in the bond market and an intensifying stock market fluctuation. This resulted in a revaluation loss of NT\$7.113 billion in OCI-debt instruments and NT\$4.666 billion in OCI-equity instruments. In addition, the remeasurement amount of the defined benefit plan was NT\$1.371 billion, the exchange difference from translation of the financial statements of foreign operations was NT\$2.565 billion, and the OCI-income tax was NT\$307 million.

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f. Research and development

1. Innovative financial services

Regarding R&D patents, the Bank continued to accumulated innovation in FinTech and applying for related patents. In 2022, the Bank obtained 27 utility model patents and 12 invention patents; 3 utility model patents and 10 invention patents are currently under review.

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. Additionally, to promote business innovation and development, all employees are encouraged to research current business development trends and financial-related issues, and 20 business research reports were issued in 2022.

3. Big data application and development

The Bank created an electronic platform for real estate registration resumes by utilizing big data technology and real estate registration data from the Ministry of the Interior to provide filtered cases and to conduct differentiated pricing ratios for competitive and transit-oriented properties to bring appraisal values closer to market prices. At the same time, by combining external real estate registration data with internal data, the Bank can activate existing real estate collateral and increase the Bank's capacity to take on more mortgage business and net capital gains.

4. Introducing Robotic Process Automation (RPA) technology

The Bank launched 7 RPA projects in 2022 and is continuing to broaden the RPA technology's application areas to reduce the burden on human resources, increase operational efficiency, and decrease operational risks.

B. 2023 Highlights of Business Plans

a. Business directions and operational policies

In 2023, the Bank will uphold the main strategies of "Customer-Oriented, Sustainability, and Integrity" and the 4Cs sustainability targets, such as Carbon Reduction (Carbon), Sustainable Capital (Capital), Responsible Credit (Credit), and Financial Inclusion of Customers (Customer) to construct five major business principles as follow:

1. Expand core business and increase operating profit.
2. Customer oriented and focus on digital business opportunities.

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3. Be diligent and fair in treating customers, and adhere to information security laws and regulations.
4. Stable asset quality and implement internal control and risk management.
5. Practice green finance and strengthen sustainable resilience.

Important operating policies are as follows:

➤ **Operation:**

1. Optimize deposit/lending structure and improve deposit/lending interest rate spread to enhance profitability.
2. Seize green business opportunities and focus on sustainable products.
3. Develop diversified financial products and cultivate high-asset customers to increase the revenue of the wealth management business.
4. Widen the range of the acquirer business and improve digital financial services to create a financial ecosystem.
5. Expand overseas operating bases to increase business and profits and improve operating performance.

➤ **Management:**

1. Strengthen climate risk management and cultivate sustainable finance talents.
2. Enhance corporate governance, regulatory compliance, and the effectiveness of ethical management.
3. Adopt a customer-oriented approach, implement the protection of the interests of financial consumers, and expand the service of inclusive finance.
4. Optimize operation process, improve operational efficiency, and reduce operational risk.
5. Strengthen information security measures, monitoring and management, and improve the information security governance.

b. Business operational targets

1. Deposits Volume: NT\$ 2,460,748,423 thousand.
2. Loans Volume: NT\$ 1,768,591,029 thousand.
3. Investment Business (Securities): NT\$ 809,925,239 thousand.
4. Foreign Exchange Transactions: US\$ 179,831,993 thousand.
5. Securities Brokerage Transactions: NT\$ 204,600,000 thousand.
6. Trust Fund Subscription: NT\$ 37,292,919 thousand.
7. Assets under Custody: NT\$ 324,454,509 thousand.
8. Insurance Agency Transactions: NT\$ 15,449,320 thousand.
9. Card business (Volume of transaction): NT\$ 23,541,083 thousand.

C. Future Development Strategy

Notice to Readers

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Looking ahead to 2023, in order to achieve the vision of becoming "the most trustworthy financial service provider," the Bank will focus on deepening the diversification of financial products and improving the service quality of each operational location, and adding more diversified sustainable financial products to support customer needs for zero-net transition and growth and continue to expand the credit foundation. Along with actively accelerating the financial ecosystem's expansion, the Bank will also concentrate on enhancing business applications and precision marketing through cross-industry collaboration. The Bank will also focus on providing high-asset clients with a comprehensive selection of financial products and services to meet their needs, enhancing the synergy of wealth management, and accelerating sales momentum. Furthermore, the Bank will prudently evaluate expanding its overseas financial landscape to improve customer service, attract global talent, and strengthen its competitive advantage.

The Bank will focus on developing its core businesses and actively pursuing a variety of revenue streams while embracing the trend and opportunities of contactless financial services driven by digital technology. Furthermore, we are committed to promoting positive change in corporate governance, responsible finance, employee care, social inclusion, and environmental sustainability and implementing sustainable development goals. The Bank will move forward with steady and solid steps, keeping its promise to customers and working together to create a better future.

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

a. The impact of external competitive environment

1. The demand for products against inflation has received more attention because of the interest rate hikes. The Bank will keep developing wealth management products such as insurance and funds with market competitiveness and value-added over time, continue to seize business opportunities and boost sales momentum.
2. The Bank will implement a strategy of dynamically adjusting the allocation of short-term funds in response to trends in the global economy. The objective is to maintain flexibility and prudent operational methods while ensuring liquidity, increase interest income by increasing the interest rate spread, and enhance the overall yield of available funds.
3. The Bank will continue to improve the network and information security, grasp changes in the digital environment and the digital needs of financial consumers, more effectively utilize big data, adjust pricing and related management mechanisms promptly, provide digital goods and services more cost-effectively and innovatively to enhance customers' trust in the Bank.

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b. The impact of regulatory environment

1. In order to enhance the protection of financial consumers, the Financial Supervisory Commission (FSC) revised the "Principle for Financial Service Industries to Treat Clients Fairly" in May 2022 with reference to the current practice and the development trend of international financial consumer protection. In promoting a culture of fair treatment and integrity in business, the Bank will keep improving the specific measures of treating customers fairly and review the implementation to strengthen the protection of the rights and interests of financial consumers.
2. Virtual currency has developed rapidly in recent years. Its related regulatory mechanisms have also attracted the attention of the Financial Action Task Force (FATF) and regulatory agencies in various countries. Following the FSC's "Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction" and "Regulations Governing Anti-Money Laundering of Financial Institutions," the Bank will continue to monitor and strengthen control over cryptocurrency platform operators. The Bank will submit suspicious transaction reports in accordance with the rules to implement anti-money laundering and counterterrorism measures if there are any anomalies.

c. The impact of macroeconomic environment

In 2022, with the rapid increase of global inflationary pressure, the central banks of major countries took proactive measures to combat inflation by raising interest rates. The tight financial environment has led to the risk of an assets bubble, and some countries are even facing sovereign debt crises, which have brought uncertainties to the prospects for global recovery. Despite a recent slight ease in global inflation, there are still many uncertainties in the world economy due to the persistent tight labor markets, the ongoing conflict between Russia and Ukraine, and unfavorable energy and food supplies. In addition, mutant viruses still pose potential threats and geopolitical risks, and the US-China trade disputes also impact the layout of the global supply chain.

In general, the uncertainty of the overall economic environment is still high, and the central banks of major countries continue to raise interest rates, causing the global economy to slow down. The domestic manufacturing industry is expected to face the pressure of destocking in the first half of 2023, while the operating is expected to usher in recovery with the inventory back to normal. In addition, with the loosening of border control measures and the gradual recovery of domestic demand and consumption, the performance of the domestic service industry is expected to grow

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steadily. Even with the numerous risks of an economic downturn in 2023, it is still expected to remain positive. The Bank will adhere to prudence, practicality, and integrity and strive to perform excellently to achieve a triple-win for our shareholders, customers, and employees.

E. Latest Credit Ratings

Credit Rating Agency	Release Date	International Rating		Domestic Rating		Outlook
		Long term	Short term	Long term	Short term	
Taiwan Ratings	2022/11	-	-	twAA+	twA-1+	Stable
S&P	2022/11	A	A-1	-	-	Stable
Moody's	2022/3	A2	P-1	-	-	Stable

February 23, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022.

Impairment Assessment of Loans

Loans are the most important assets of the Group. As of December 31, 2022, the balance of the Group's loans totaled \$1,685,320,445 thousand, accounting for 63% 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 the probability of default adjusted for forward-looking factors, loss given default, and exposure at default) to reflect the actual situation, and we 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, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 the Standards on Auditing of 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, 2022 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 23, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 51,758,581	2	\$ 41,507,576	2
Due from the Central Bank and call loans to banks	149,988,138	6	249,194,363	10
Financial assets at fair value through profit or loss	31,485,681	1	56,611,729	2
Financial assets at fair value through other comprehensive income	214,615,957	8	174,195,003	7
Financial assets for hedging	-	-	147,321	-
Investments in debt instruments at amortized cost	485,011,259	18	405,256,329	16
Receivables, net	22,446,573	1	22,928,736	1
Current tax assets	44,675	-	344,089	-
Discounts and loans, net	1,685,320,445	63	1,554,775,087	61
Other financial assets, net	1,768,723	-	3,857,675	-
Property and equipment, net	21,030,975	1	20,979,380	1
Right-of-use assets, net	1,954,493	-	1,941,510	-
Investment properties, net	13,845,593	-	13,852,096	-
Intangible assets, net	1,121,815	-	595,639	-
Deferred tax assets	3,390,756	-	3,455,911	-
Other assets, net	<u>1,068,655</u>	-	<u>1,464,053</u>	-
TOTAL	<u>\$ 2,684,852,319</u>	<u>100</u>	<u>\$ 2,551,106,497</u>	<u>100</u>
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks	\$ 52,877,055	2	\$ 72,221,898	3
Due to the Central Bank and banks	-	-	27,667,470	1
Financial liabilities at fair value through profit or loss	6,920,062	-	3,150,309	-
Securities sold under repurchase agreements	941,013	-	1,372,860	-
Payables	31,965,424	1	36,770,068	2
Current tax liabilities	896,855	-	318,060	-
Deposits and remittances	2,349,882,620	88	2,167,441,232	85
Bank notes payable	51,219,465	2	51,278,335	2
Other financial liabilities	858,883	-	1,001,902	-
Reserve for liabilities	3,023,164	-	4,694,126	-
Lease liabilities	1,794,804	-	1,770,490	-
Deferred tax liabilities	9,430,267	1	8,818,712	-
Other liabilities	<u>6,014,489</u>	-	<u>3,148,580</u>	-
Total liabilities	<u>2,515,824,101</u>	<u>94</u>	<u>2,379,654,042</u>	<u>93</u>
EQUITY				
Capital stock				
Common stock	105,934,566	4	104,885,708	4
Retained earnings				
Legal reserve	43,043,607	2	40,320,456	2
Special reserve	12,201,590	-	12,201,590	1
Unappropriated earnings	12,218,872	-	9,130,892	-
Other equity	<u>(4,370,417)</u>	-	<u>4,913,809</u>	-
Total equity	<u>169,028,218</u>	<u>6</u>	<u>171,452,455</u>	<u>7</u>
TOTAL	<u>\$ 2,684,852,319</u>	<u>100</u>	<u>\$ 2,551,106,497</u>	<u>100</u>

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST INCOME	\$ 41,611,955	122	\$ 27,492,016	96	51
INTEREST EXPENSE	<u>(16,966,652)</u>	<u>(50)</u>	<u>(7,026,311)</u>	<u>(25)</u>	141
NET INCOME OF INTEREST	<u>24,645,303</u>	<u>72</u>	<u>20,465,705</u>	<u>71</u>	20
NET NON-INTEREST INCOME					
Net service fee income	4,256,183	12	4,554,268	16	(7)
Gain on financial assets or liabilities measured at fair value through profit or loss	3,311,935	10	1,237,708	4	168
Realized gain on financial assets at fair value through other comprehensive income	70,374	-	1,483,220	5	(95)
(Loss) gain arising from derecognition of financial assets at amortized cost	(1,637)	-	29	-	(5,745)
Foreign exchange gain	1,640,408	5	494,694	2	232
Net other non-interest income	<u>216,024</u>	<u>1</u>	<u>450,334</u>	<u>2</u>	(52)
Net non-interest income	<u>9,493,287</u>	<u>28</u>	<u>8,220,253</u>	<u>29</u>	15
NET REVENUE AND GAINS	<u>34,138,590</u>	<u>100</u>	<u>28,685,958</u>	<u>100</u>	19
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(3,319,215)</u>	<u>(10)</u>	<u>(1,793,845)</u>	<u>(6)</u>	85
OPERATING EXPENSES					
Employee benefits expenses	(11,721,438)	(34)	(11,408,544)	(40)	3
Depreciation and amortization expenses	(1,570,762)	(5)	(1,420,297)	(5)	11
Other general and administrative expenses	<u>(4,476,447)</u>	<u>(13)</u>	<u>(3,942,833)</u>	<u>(14)</u>	14

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Total operating expenses	<u>(17,768,647)</u>	<u>(52)</u>	<u>(16,771,674)</u>	<u>(59)</u>	6
INCOME BEFORE INCOME TAX	13,050,728	38	10,120,439	35	29
INCOME TAX EXPENSE	<u>(2,079,577)</u>	<u>(6)</u>	<u>(1,316,636)</u>	<u>(4)</u>	58
NET INCOME	<u>10,971,151</u>	<u>32</u>	<u>8,803,803</u>	<u>31</u>	25
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans	1,371,103	4	325,487	1	321
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(4,665,626)	(14)	2,941,694	10	(259)
Income tax related to items that will not be reclassified to profit or loss	(274,226)	(1)	(65,126)	-	321
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation	2,565,408	8	(516,997)	(2)	596
Revaluation losses on investments in debt instruments measured at fair value through other comprehensive income	(7,112,627)	(21)	(1,438,153)	(5)	395
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(2,037)	-	14,282	-	(114)
Income tax related to items that will be reclassified to profit or loss	<u>(33,098)</u>	<u>-</u>	<u>72,176</u>	<u>-</u>	(146)
Other comprehensive (loss) income, net of tax	<u>(8,151,103)</u>	<u>(24)</u>	<u>1,333,363</u>	<u>4</u>	(711)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,820,048</u>	<u>8</u>	<u>\$ 10,137,166</u>	<u>35</u>	(72)
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 10,971,151</u>	<u>32</u>	<u>\$ 8,803,803</u>	<u>31</u>	25
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 2,820,048</u>	<u>8</u>	<u>\$ 10,137,166</u>	<u>35</u>	(72)
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
EARNINGS PER SHARE					
Basic	<u>\$1.04</u>		<u>\$0.83</u>		
Diluted	<u>\$1.03</u>		<u>\$0.83</u>		

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2021	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	10,488,571	104,885,708	40,320,456	12,201,590	9,130,892	(3,313,666)	8,227,475	171,452,455
Appropriation of 2021 earnings								
Legal reserve appropriated	-	-	2,723,151	-	(2,723,151)	-	-	-
Cash dividends	-	-	-	-	(5,244,285)	-	-	(5,244,285)
Stock dividends	104,886	1,048,858	-	-	(1,048,858)	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	10,971,151	-	-	10,971,151
Other comprehensive income (loss) for the year ended December 31, 2022, net of tax	-	-	-	-	1,096,877	2,397,452	(11,645,432)	(8,151,103)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,068,028	2,397,452	(11,645,432)	2,820,048
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	36,246	-	(36,246)	-
BALANCE, DECEMBER 31, 2022	10,593,457	\$ 105,934,566	\$ 43,043,607	\$ 12,201,590	\$ 12,218,872	\$ (916,214)	\$ (3,454,203)	\$ 169,028,218

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Net cash flows (use in) generated from operating activities		
Net income before income tax	\$ 13,050,728	\$ 10,120,439
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	3,319,215	1,793,845
Depreciation expense	1,214,075	1,159,730
Amortization expense	356,687	260,567
Interest income	(41,611,955)	(27,492,016)
Dividend income	(1,367,402)	(1,069,138)
Interest expense	16,966,652	7,026,311
Net gain on financial assets or liabilities at fair value through profit or loss	(4,437,335)	(1,719,437)
Loss (gain) on disposal of investments	1,290,412	(416,179)
Unrealized foreign exchange loss	1,125,400	481,729
Other adjustments	491,723	(26,172)
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(731,356)	(9,457,993)
Decrease (increase) financial assets at fair value through profit or loss	31,550,272	(45,392,998)
Decrease (increase) in receivables	3,243,582	(1,556,137)
Increase in discounts and loans	(133,764,597)	(78,989,768)
Increase in financial assets at fair value through other comprehensive income	(53,490,019)	(49,565,209)
Increase in investments in debt instruments at amortized cost	(79,754,815)	(59,972,853)
Decrease in other financial assets	2,082,292	21,830,480
Decrease in other assets	402,771	1,281,191
Decrease in deposits from the Central Bank and banks	(109,878)	(58,641)
Increase in deposits and remittances	182,441,388	249,454,083
(Decrease) increase in payables	(6,594,343)	14,909,065
Increase in financial liabilities at fair value through profit or loss	318,497	312,195
Decrease in reserve for liabilities	(297,401)	(127,003)
Decrease in other financial liabilities	(143,019)	(947,247)
Increase in other liabilities	<u>2,831,851</u>	<u>661,567</u>
Cash flows (use in) generated from operations	(61,616,575)	32,500,411
Interest received	39,123,285	27,785,977
Dividends received	1,370,152	1,068,888
Interest paid	(15,243,031)	(7,401,446)
Income taxes paid	<u>(1,131,396)</u>	<u>(1,392,924)</u>
Net cash flows (use in) generated from operating activities	<u>(37,497,565)</u>	<u>52,560,906</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(741,531)	(574,604)
Acquisition of intangible assets	(765,280)	(153,424)
Acquisition of investment properties	-	(91)
Proceeds from disposal of properties	<u>19</u>	<u>-</u>

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Net cash flows used in investing activities	<u>(1,506,792)</u>	<u>(728,119)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and banks	(46,902,435)	(18,102,668)
Repayments of bank notes	-	(10,000,000)
(Decrease) increase in securities sold under repurchase agreement	(431,847)	146,227
Repayment of the principal portion of lease liabilities	(669,060)	(568,858)
Cash dividends paid	<u>(5,244,285)</u>	<u>(3,738,501)</u>
Net cash flows used in financing activities	<u>(53,247,627)</u>	<u>(32,263,800)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>2,565,408</u>	<u>(516,997)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(89,686,576)	19,051,990
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>194,506,675</u>	<u>175,454,685</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 104,820,099</u>	<u>\$ 194,506,675</u>
	December 31	
	2022	2021
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the consolidated balance sheets	\$ 51,758,581	\$ 41,507,576
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>53,061,518</u>	<u>152,999,099</u>
Cash and cash equivalents at end of year	<u>\$ 104,820,099</u>	<u>\$ 194,506,675</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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022.

Impairment Assessment of Loans

Loans are the most important assets of the Bank. As of December 31, 2022, the balance of the Bank's loans totaled \$1,665,842,407 thousand, accounting for 62% 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 the parameters utilized in the impairment loss model (including the probability of default adjusted for forward-looking factors, loss given default, and exposure at default) to reflect the actual situation, and we 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 23, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 46,490,790	2	\$ 40,199,528	2
Due from the Central Bank and call loans to banks	147,435,730	6	244,922,324	10
Financial assets at fair value through profit or loss	30,893,372	1	55,409,052	2
Financial assets at fair value through other comprehensive income	208,955,699	8	166,225,320	6
Financial assets for hedging	-	-	147,321	-
Investments in debt instruments at amortized cost	485,011,259	18	405,256,329	16
Receivables, net	22,348,157	1	22,814,357	1
Current tax assets	44,675	-	344,089	-
Discounts and loans, net	1,665,842,407	62	1,538,006,854	60
Investments measured by equity method, net	14,761,811	1	13,868,146	1
Other financial assets, net	7,061,923	-	12,539,676	-
Property and equipment, net	20,281,431	1	20,250,352	1
Right-of-use assets, net	1,950,552	-	1,929,117	-
Investment property, net	13,845,593	-	13,852,096	1
Intangible assets, net	1,062,279	-	541,517	-
Deferred tax assets	3,272,664	-	3,339,503	-
Other assets, net	<u>1,062,118</u>	<u>-</u>	<u>1,445,218</u>	<u>-</u>
TOTAL	<u>\$ 2,670,320,460</u>	<u>100</u>	<u>\$ 2,541,090,799</u>	<u>100</u>
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks	\$ 51,518,491	2	\$ 71,909,828	3
Due to the Central Bank and banks	-	-	27,667,470	1
Financial liabilities at fair value through profit or loss	6,920,062	-	3,150,309	-
Securities sold under repurchase agreements	941,013	-	1,372,860	-
Payables	31,716,456	1	36,527,049	2
Current tax liabilities	873,126	-	344,773	-
Deposits and remittances	2,337,077,054	88	2,158,023,777	85
Bank notes payable	51,219,465	2	51,278,335	2
Other financial liabilities	858,883	-	1,001,902	-
Reserve for liabilities	3,019,679	-	4,687,052	-
Lease liabilities	1,791,821	-	1,757,768	-
Deferred tax liabilities	9,418,151	1	8,802,086	-
Other liabilities	<u>5,938,041</u>	<u>-</u>	<u>3,115,135</u>	<u>-</u>
Total liabilities	<u>2,501,292,242</u>	<u>94</u>	<u>2,369,638,344</u>	<u>93</u>
EQUITY				
Capital stock				
Common stock	105,934,566	4	104,885,708	4
Retained earnings				
Legal reserve	43,043,607	2	40,320,456	2
Special reserve	12,201,590	-	12,201,590	1
Unappropriated earnings	12,218,872	-	9,130,892	-
Other equity	<u>(4,370,417)</u>	<u>-</u>	<u>4,913,809</u>	<u>-</u>
Total equity	<u>169,028,218</u>	<u>6</u>	<u>171,452,455</u>	<u>7</u>
TOTAL	<u>\$ 2,670,320,460</u>	<u>100</u>	<u>\$ 2,541,090,799</u>	<u>100</u>

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME	\$ 40,723,269	121	\$ 26,677,281	95	53
INTEREST EXPENSE	<u>(16,747,760)</u>	<u>(50)</u>	<u>(6,853,773)</u>	<u>(25)</u>	144
NET INCOME OF INTEREST	<u>23,975,509</u>	<u>71</u>	<u>19,823,508</u>	<u>70</u>	21
NET NON-INTEREST INCOME (LOSS)					
Net service fee income	4,247,242	13	4,544,357	16	(7)
Gain on financial assets or liabilities measured at fair value through profit or loss	3,194,517	9	1,146,190	4	179
Realized gain on financial assets at fair value through other comprehensive income	17,554	-	1,456,893	5	(99)
(Loss) gain arising from derecognition of financial assets at amortized cost	(1,637)	-	29	-	(5,745)
Foreign exchange gain	1,597,718	5	500,015	2	220
Share of profit of associates and joint ventures accounted for using equity method	290,807	1	204,840	1	42
Net other non-interest income	<u>214,553</u>	<u>1</u>	<u>450,687</u>	<u>2</u>	(52)
Net non-interest income	<u>9,560,754</u>	<u>29</u>	<u>8,303,011</u>	<u>30</u>	15
NET REVENUE AND GAINS	<u>33,536,263</u>	<u>100</u>	<u>28,126,519</u>	<u>100</u>	19
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(3,300,068)</u>	<u>(10)</u>	<u>(1,693,169)</u>	<u>(6)</u>	95
OPERATING EXPENSES					

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Employee benefit expenses	(11,405,888)	(34)	(11,125,763)	(39)	3
Depreciation and amortization expenses	(1,497,382)	(4)	(1,349,416)	(5)	11
Other general and administrative expenses	<u>(4,358,826)</u>	<u>(13)</u>	<u>(3,842,955)</u>	<u>(14)</u>	13
Total operating expenses	<u>(17,262,096)</u>	<u>(51)</u>	<u>(16,318,134)</u>	<u>(58)</u>	6
INCOME BEFORE INCOME TAX	12,974,099	39	10,115,216	36	28
INCOME TAX EXPENSE	<u>(2,002,948)</u>	<u>(6)</u>	<u>(1,311,413)</u>	<u>(5)</u>	53
NET INCOME	<u>10,971,151</u>	<u>33</u>	<u>8,803,803</u>	<u>31</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	1,371,103	4	325,487	1	321
Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	(4,670,343)	(14)	2,920,696	11	(260)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	4,717	-	20,998	-	(78)
Income tax related to items that will not be reclassified to profit or loss	(274,226)	(1)	(65,126)	-	321
Items that will be reclassified to profit or loss, net of tax:					

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Exchange differences on translation Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method	2,565,408	7	(516,997)	(2)	596
Revaluation losses on investments in debt instruments measured at fair value through other comprehensive income	(13,867)	-	82,150	-	(117)
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(7,095,323)	(21)	(1,546,857)	(5)	359
Income tax related to items that will be reclassified to profit or loss	(1,148)	-	13,660	-	(108)
	<u>(37,424)</u>	<u>-</u>	<u>99,352</u>	<u>-</u>	(138)
Other comprehensive income (loss), net of tax	<u>(8,151,103)</u>	<u>(25)</u>	<u>1,333,363</u>	<u>5</u>	(711)
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,820,048</u>	<u>8</u>	<u>\$ 10,137,166</u>	<u>36</u>	(72)
EARNINGS PER SHARE					
Basic	<u>\$ 1.04</u>		<u>\$ 0.83</u>		
Diluted	<u>\$ 1.03</u>		<u>\$ 0.83</u>		

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, 2021	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	10,488,571	104,885,708	40,320,456	12,201,590	9,130,892	(3,313,666)	8,227,475	171,452,455
Appropriation of 2021 earnings								
Legal reserve appropriated	-	-	2,723,151	-	(2,723,151)	-	-	-
Cash dividends	-	-	-	-	(5,244,285)	-	-	(5,244,285)
Stock dividends	104,886	1,048,858	-	-	(1,048,858)	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	10,971,151	-	-	10,971,151
Other comprehensive income (loss) for the year ended December 31, 2022, net of tax	-	-	-	-	1,096,877	2,397,452	(11,645,432)	(8,151,103)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,068,028	2,397,452	(11,645,432)	2,820,048
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	36,246	-	(36,246)	-
BALANCE, DECEMBER 31, 2022	10,593,457	\$ 105,934,566	\$ 43,043,607	\$ 12,201,590	\$ 12,218,872	\$ (916,214)	\$ (3,454,203)	\$ 169,028,218

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 12,974,099	\$ 10,115,216
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	3,300,068	1,693,169
Depreciation expense	1,166,084	1,115,939
Amortization expense	331,298	233,477
Share of profit (loss) of subsidiaries for using equity method	(290,807)	(204,840)
Interest income	(40,723,269)	(26,677,281)
Dividend income	(1,360,398)	(1,067,147)
Interest expense	16,747,760	6,853,773
Net gain on financial assets or liabilities at fair value through profit or loss	(4,319,917)	(1,627,919)
Loss (gain) on disposal of investments	1,343,120	(390,066)
Unrealized foreign exchange loss (gain)	1,125,400	481,729
Other adjustments	504,590	(31,057)
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(188,487)	(9,575,468)
Decrease (increase) in financial assets at fair value through profit or loss	30,887,439	(44,354,794)
Decrease (increase) in receivables	3,183,563	(1,570,740)
Increase in discounts and loans	(131,026,965)	(76,986,093)
Increase in financial assets at fair value through other comprehensive income	(55,838,676)	(47,968,565)
Increase in investments in debt instruments at amortized cost	(79,754,815)	(59,972,853)
Decrease in other financial assets	5,471,093	17,473,479
Decrease in other assets	390,473	1,280,286
Decrease in deposits from the Central Bank and banks	(3,383)	(53,653)
Increase in deposits and remittances	179,053,277	247,989,417
(Decrease) increase in payables	(6,601,240)	14,908,164
Increase in financial liabilities at fair value through profit or loss	270,525	273,117
Decrease in reserve for liabilities	(301,913)	(121,086)
Decrease in other financial liabilities	(143,019)	(947,247)
Increase in other liabilities	<u>2,788,848</u>	<u>646,361</u>
Cash flows (used in) generated from operations	(61,015,252)	31,515,318
Interest received	38,261,094	26,912,936
Dividends received	1,363,148	1,066,897
Interest paid	(15,023,191)	(7,200,126)
Income taxes paid	<u>(1,103,341)</u>	<u>(1,348,837)</u>
Net cash flows (used in) generated from operating activities	<u>(37,517,542)</u>	<u>50,946,188</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(400,000)	-
Acquisition of property and equipment	(678,995)	(559,491)
Acquisition of intangible assets	(749,939)	(152,312)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Acquisition of investment properties	-	(91)
Proceeds from disposal of properties	<u>19</u>	<u>-</u>
Net cash flows used in investing activities	<u>(1,828,915)</u>	<u>(711,894)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and banks	(48,055,424)	(17,391,124)
Repayments of bank notes	-	(10,000,000)
(Decrease) increase in securities sold under repurchase agreement	(431,847)	146,227
Repayments of the principal portion of lease liabilities	(659,207)	(554,079)
Cash dividends paid	<u>(5,244,285)</u>	<u>(3,738,501)</u>
Net cash flows used in financing activities	<u>(54,390,763)</u>	<u>(31,537,477)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>2,353,401</u>	<u>(565,387)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(91,383,819)	18,131,430
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>190,080,088</u>	<u>171,948,658</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 98,696,269</u>	<u>\$ 190,080,088</u>
	December 31	
	2022	2021
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	\$ 46,490,790	\$ 40,199,528
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>52,205,479</u>	<u>149,880,560</u>
Cash and cash equivalents at end of year	<u>\$ 98,696,269</u>	<u>\$ 190,080,088</u>

(Concluded)