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Chang Hwa Commercial Bank, Ltd.
Minutes for the 2023 Annual Meeting of Shareholders
(Summary Translation)

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

Total outstanding shares of the Company: 10,593,456,550 shares

Total shares represented by shareholders present in person or by proxy :
7,891,885,887 shares (including 4,973,795,378 shares voted via electronic transmission)

Percentage of shares held by shareholders present in person or by proxy : 74.49 %

Chairperson: Joanne Ling, Chairperson of the Board of Directors

Directors present:

Directors: Chao-Chung Chou, Chien-Yi Chang, Weng-Siung Lee

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

Attendees:

President: Chao-Chung Chou

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

Myriad Attorneys-at-Law-Lawyer: Grace Lu

Deloitte & Touche CPA: Amanda Wu

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

Recorders: Wei-Chen Liu, Ting Wang, Fang-Ying Hsiung

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

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Chairperson Remarks

Good morning, ladies and gentleman, fellow shareholders and directors.

I thank all of you for taking the time to attend the 2023 general shareholder meeting of the Bank. On behalf of all employees of Chang Hwa Bank, I would like to express my sincere gratitude to all shareholders for your valuable encouragement and support during the pandemic. Your support has been the biggest driving force for the Bank to continue improving and creating good results.

I would like to report to all shareholders on the results of the Bank's efforts in 2022, divided into four areas:

1. Strong financial performance

Through the joint efforts of all employees, the Bank's pre-tax earnings have exceeded NT\$10 billion for two consecutive years. After-tax profit in 2022 was 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. Stable credit rating outlook

Regarding the Bank's recent credit ratings, we received Taiwan Ratings' domestic twAA+ in long-term rating and twA-1+ in short-term rating in November 2022; a Standard & Poor (S&P) International A in long-term rating and A-1 in short-term rating; and a Moody's international A2 in long-term rating and P-1 in short-term rating in March 2023. These ratings show that the Bank has maintained stability in asset quality and operating performance and has received affirmation from international credit rating agencies.

3. Sustainable development in line with international standards

While striving for business growth, the Bank is committed to strengthening our corporate governance system and has been ranked among the top 5% of listed companies and the top four in the financial and insurance industry in the Taiwan Stock Exchange's Corporate Governance Evaluation for two consecutive years. We have also obtained the highest level certification, Extra Superior, in the CG6013 (2021) Corporate Governance System Evaluation by the Taiwan Corporate Governance Association. Sustainable issues have become a common focus for all enterprises and organizations, especially as climate change has a huge impact on the environment and humanity. The 2050 Net Zero Emissions goal is shared throughout Taiwan and the wider world. Faced with these climate challenges, and duty-bound as an important member of the global financial industry, the Bank has made more commitments as follows:

(1) Commitment to climate transformation

On Earth Day in 2022, the Bank joined the Equator Principles Association, took the initiative to release our Task Force on Climate-related Financial Disclosures (TCFD) report; participated in the Carbon Disclosure Project (CDP) plan; and signed the

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Science Based Targets initiative (SBTi). Based on the goal of keeping global temperatures to no more than a 1.5°C rise, we set a target of reducing 2030 carbon emissions by 42% compared to 2020. Based on carbon emission calculations for our investment and financing portfolios, in accordance with the Partnership for Carbon Accounting Financials (PCAF) methodology, we also expect to submit carbon reduction investment and financing targets in 2024. The Bank will also develop plans and take action based on the climate risks and opportunities we identify.

In addition, the Bank adheres to the TCFD framework and incorporates climate risks into our climate risk management mechanism. The Bank's TCFD framework has once again passed an audit by the British Standards Institute (BSI) and won the highest certification, Level 5+: Excellence, for two consecutive years. We are transparently and fully disclosing the Bank's efforts towards climate transformation.

(2) Implementation of environmental sustainability

The Bank implements the sustainable policy through concrete actions. We adhere to our environmental policy of "LOHAS, Environmental Protection and Love the Planet", pursue green procurement, and adopt Eco-friendly construction. The Bank has received international standard certifications such as ISO 14064-1 greenhouse gas inventory, ISO 14001 environmental management systems, ISO 50001 energy management systems, and ISO 46001 water resource efficiency management systems, as well as ISO 20400 sustainable procurement compliance audit. In 2022, we took action to reduce carbon emissions, completed verification of greenhouse gas emissions for all our domestic and foreign operating sites and subsidiaries, and passed ISO 14064-1:2018 verification.

(3) Efforts in sustainable finance

The Bank is actively devoted to social participation. We have been awarded the Credit Guarantee Gold Award by the SME Credit Guarantee Fund for four consecutive years for our active support of national policies and small and medium enterprises. We launched the Green Deposit Project and the Sustainable Performance-Linked Preferential Credit Loan Project to assist customers in guiding their funds to projects that meet the Joint Credit Information Center's green credit standards. We are also working with customers to establish a low-carbon society and green economic model and promoting green energy technology, and loans for solar facilities and renewable energy industry financing, and assists enterprises in promoting low-carbon transformation.

4. Implementation of fair customer treatment and inclusive finance

The Bank adheres to the principle of treating customers fairly and is committed to creating a friendly financial environment. In 2022, we set up a "Fair Customer Treatment Promotion Committee" to improve the protection of financial consumers, making Fair Customer Treatment the core of our corporate culture. In addition, the Bank actively innovates digital financial services and helps build up the digital ecosystem. We have won

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the Commercial Time's Digital Financial Award - Digital Inclusive Finance Quality Award back-to-back with the Inclusive Finance Promotion Award in the 11th Awards for Taiwan's Outstanding Financial Business Elites.

Looking toward this year, with the gradual loosening of anti-pandemic and control measures, consumption in the private sector has begun to revive. However, with the continuing Russian-Ukraine war and international inflation pressure, the global economy still faces many uncertainties. In view of the ever-changing business environment, the Bank will keep an eye on market changes and adjust our operational strategies in a timely manner to enhance overall operational profitability.

I would also like to report to all shareholders that this year, the Bank had the honor of being selected as a member of the S&P Global 2023 Sustainability Yearbook for the first time. We continue to deploy our vision for sustainability built around the four C's: Scientifically Reducing Carbon; Conscientious Capital Investment; Responsible Extension of Credit; and Inclusive Customer Finance. Using international thinking to support the local market, Chang Hwa Bank will stride forward with customers, shareholders, and employees, working toward our sustainability goals!

Lastly, I would like to thank all shareholders for coming to the meeting to provide your input. I sincerely urge that all shareholders support today's proposals and the re-election of directors; I hope that all of you will continue giving your encouragement and guidance to the Bank's management team. I want to express my gratitude to all of you again, and wish everyone good health and all the best. Thank you !

Report Items

Report No. 1:

2022 Business Report:

President Chao-Chung Chou reported on the overall state of the Bank's business in 2022.

Dear shareholders, good morning, everyone, and greetings to all of you.

First of all, I would like to thank all of you for taking time out of your busy schedules to attend this meeting and express care for CHB's current operating conditions. Much indebted to the long-term support of shareholders, CHB's management team has strived hard and never dared to slack off. In the past two years, we have implemented new customer group management and business promotion models and launched a number of innovative products. These efforts, so different from before what we have done before, have gradually begun to bear fruit. Last year, we delivered an outstanding result. In 2022, the profit before tax not only maintained a peak of above NT\$10 billion, but further exceeded NT\$13 billion, with an annual growth rate of nearly 29%. The results are clear to all.

In the first quarter of this year, the growth momentum for all of CHB's businesses continued to accelerate. As of the end of May, the profit before tax reached NT\$7.1 billion. This not only

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exceeded our profit target set at the beginning of the year, but also represented a 39% increase over the same period last year. While pursuing profit, we have also optimized and improved asset quality. Our non-performing loan ratio continued to drop from its high of 0.38% in 2020 to 0.17% at the end of May 2023 setting a new low in the past ten years. Our provision coverage ratio for non-performing loans further increased to 720%. Overall operating conditions have become more stable, and our operational resilience has become more solid.

Next, CHB's management team will continue to focus on two major operational goals: Pursuing Profit, and Consolidating Our Foundation.

In Pursuing Profit, we foresee the external interest rate hike policy ending gradually. To maintain the growth trend for interest income, we will continue to adjust the credit extension business structure that makes up most of our profits. We will move toward credit extensions to small and medium-sized enterprises, as well as overseas syndicated loans with higher yield spreads and other business opportunities. In particular, in order to improve profitability in overseas regions, we have recently applied to the Financial Supervisory Commission to establish an office in Osaka, Japan and branches in Sydney, Australia. We foresee that the strong growth of the overseas business will inject much momentum into annual profits.

At the same time, we continue expanding our diversified profit channels. Through the establishment of wealth management flagship branches, the introduction of diversified financial products and other strategies will increase wealth management service fee income. There was a significant growth in first-quarter wealth management service fee income, with service fee income exceeding NT\$870 million, for an annual growth rate of more than 20%. Meanwhile, we are also using funds more efficiently. In the first quarter, with FXSWAP functioning well, investment income was very impressive, exceeding NT\$2.2 billion. This represented an increase of nearly 12 times compared with that in the last year. In the follow-up to this, our investment team is keeping close attention to market dynamics, using flexible and agile operations strategies to create considerable profits for CHB's shareholders.

In Consolidating Our Foundation, we continue working on perfecting our Customer-Oriented business philosophy and meeting the needs of CHB's rapid business growth in the future. Toward these purposes, we will complete the branch terminal system upgrade plan and automatic credit extension management system this year. These will reduce operational processing by 20% and improve the customer service experience. In addition, with regard to adjusting financial structures and operating conditions, we are working to strengthen controls for credit extension risks and continuously improving asset quality. Meanwhile, when promoting all our businesses, we will consider improvements to capital adequacy ratio indicators and gradually improve the Bank's capital. By doing so, we are laying a solid foundation for sustainable operations.

Looking forward to 2023, all CHB employees will continue in this noble spirit and move forward, increasing CHB's push toward accelerated progress and growth. We think our annual operating performance will be worth your looking forward to. We will make our best efforts to create maximum value for you, the shareholder, so as to live up to your expectations of CHB. Finally, I wish all distinguished shareholders attending the meeting good health and all the best. Thank you.

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Shareholder speaks: None.

Report No. 2:

Audit Committee review of 2022 audited Financial Statements.

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

Shareholder speaks:

Shareholder ○-De Lin(Shareholder No. 3046316) inquired about administrative, civil, and criminal procedure aspects in the handling of deficiencies in the Wealth Management Department at the Bank's North Taichung Branch, and requested that the Bank provide written information on the following progress of the litigation to enable subsequent tracking.

Chairperson's response:

Thank you shareholder Lin for your concern. The Bank is actively resolving the issue with the client. Part client of the case is already reconciled, while the rest has entered judicial proceedings. The Bank has already handled the administrative responsibility portion of the case, and has filed a lawsuit against the staff at fault. Regarding progress of the litigation, the Bank will provide this information to shareholders as soon as possible for reference if it can be publicly disclosed.

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.

Shareholder speaks: None.

The above mentioned reports item acknowledged by all shareholders present.

Recognition Items

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

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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.

Voting Method: Proposals shall be discussed and voted on a case-by-case basis. Except for the second and third cases on discussion and election matters, the remaining motions were voted on at the same time.

Shareholder speaks: None.

Shareholders present: 7,891,623,526 shares were represented by the shareholders present in person or by proxy, accounting for 74.49% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 7,565,017,131 votes (including 4,675,554,701 votes voted via electronic transmission)	95.86%
Disapproval votes: 2,516,237 shares (including 2,516,237 votes voted via electronic transmission)	0.03%
Invalid votes: 0 votes	0%
Abstention votes : 324,090,158 shares (including 295,724,440 votes voted via electronic transmission)	4.10%

Resolution: voted and acknowledged as proposed.

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

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

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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.

Shareholder speaks: None.

Shareholders present: 7,891,623,526 shares were represented by the shareholders present in person or by proxy, accounting for 74.49% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 7,571,456,045 votes (including 4,683,666,252 votes voted via electronic transmission)	95.94%
Disapproval votes: 498,740 votes (including 498,740 votes voted via electronic transmission)	0.00%
Invalid votes: 0 votes	0%
Abstention votes : 319,668,741 votes (including 289,630,386 votes voted via electronic	4.05%

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Resolution: voted and acknowledged as proposed.

Attachment

Chang Hwa Commercial Bank, Ltd.

2022 Profit Distribution Table

(Unit: NTD\$)

Discussion and Election Items

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.

Discussion and Election Item No. 1:

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

Explanation:

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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.

Shareholder speaks: None.

Shareholders present: 7,891,623,526 shares were represented by the shareholders present in person or by proxy, accounting for 74.49% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 7,524,678,919 votes (including 4,635,891,069 votes voted via electronic transmission)	95.35%
Disapproval votes: 611,533 votes (including 611,533 votes voted via electronic transmission)	0.00%
Invalid votes: 0 votes	0%
Abstention votes : 366,333,074 votes	4.64%

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(including 337,292,776 votes voted via electronic transmission)	
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Resolution: voted and approved as proposed.

Discussion and Election Item No. 2:

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

Shareholder speaks: None.

Before the election, the chairperson asked 5 shareholders volunteered to be the ballot examiner to scrutinize balloting, and five shareholders including ○-jing Liao (Shareholder No. 3001774), ○-ting Wang(Shareholder No. 2871528),○-da Lin(Shareholder No. 2902027),○-De Lin(Shareholder No. 3046316), and ○-Lin Wu (Attendance No. 200003) served as scrutineers.

Shareholders present: 7,891,667,517 shares were represented by the shareholders present in person or by proxy, accounting for 74.49% of the total number of voting shares issued by the Bank.

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Election results:

1. List of elected Directors:

Name	Elected Votes (E-Voting)
Ling, Jong-Yuan (Delegate of Ministry of Finance (MOF))	14,786,848,920 (8,090,827,610)
Chou, Chao-Chung (Delegate of MOF)	10,155,495,457 (5,885,620,171)
Chang, Chien-Yi (Delegate of National Development Fund, Executive Yuan)	8,353,349,193 (7,646,175,161)
Lin, Shiu-Yen (Delegate of Chunghwa Post Co., Ltd.)	7,697,384,669 (5,344,115,505)
Huang, Kao-Tong (Delegate of MOF)	6,475,334,939 (3,919,464,591)
Lee, Wen-Siung	5,505,818,627 (2,445,345,480)

2. List of elected Independent Directors:

Name	Elected Votes (E-Voting)
Wu, Yu-Hsueh	5,164,366,607 (3,044,693,667)
Lee, Shu-Hua	4,688,683,017 (2,570,370,301)
Huang, Chao-Kuei	4,683,125,488 (2,564,712,781)

3. Fail to be elected: None

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.

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

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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.

Shareholder speaks: None.

Shareholders present: 7,891,885,887 shares were represented by the shareholders present in person or by proxy, accounting for 74.49% of the total number of voting shares issued by the Bank.

Voting results:

Voting results	Percent of total represented share present
Approval votes: 7,519,979,203 votes (including 4,633,056,192 votes voted via electronic transmission)	95.28%
Disapproval votes: 2,084,893 votes (including 2,008,331 votes voted via electronic transmission)	0.02%
Invalid votes: 0 votes	0%
Abstention votes : 369,821,791 votes (including 338,730,855 votes voted via electronic transmission)	4.68%

Resolution: voted and approved as proposed.

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2023 Annual General Meeting of CHB
List of 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.

Questions and Motions

1.Shareholder ○-Tong Huang (Shareholder No. 3003547) expressed his gratitude in the capacity of an employee and an elected director, as well as his experience at the Bank from the rank and file to the labor representative today. He also thanked the efforts of the previous union members and former Chairperson Tsao for their participation in the democratization of the industry. Being a member of the board in the future, he will continue to create a win-win situation for employees, shareholders and customers.

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Chairperson's response:

Appreciate to shareholder Huang for speaking on behalf of the rank and file of our employees, and for the election speech. I believe that after shareholder Huang joins the board, this will allow better interactions with our employees, while enhancing the Bank's profits and overall corporate governance performance.

2. Questions from shareholder ○-Yen Lin (Shareholder No. 230461):

(1) Regarding the Bank's error in my interest income tax filing by business unit before, which led to the notification that tax payment difference would be required, the Bank should apologize.

(2) The Chairperson should please explain the definitions of "loss" and "inheritance".

Chairperson's response:

Appreciate to shareholder Lin for your guidance. Regarding the matters you raised:

(1) Regarding the error in the interest income tax filing, the business unit made a correction to the tax authorities and completed the processing for the year in question. If there is any operational negligence of the Bank, we will make every effort to improve. I hereby apologize to shareholder Lin.

(2) Shareholder Lin may provide relevant information on the issue after the meeting; our employees will assist you about the matter.

3. Questions from shareholder ○-Chou Yang (Shareholder No. 640580):

(1) Regarding the matter in shareholder ○-Yan Lin, please provide shareholder Lin with a detailed explanation after the meeting.

(2) Please explain whether the Bank paid director's remuneration to independent directors, and their scope of responsibilities.

Chairperson's response:

Appreciate to shareholder Yang for your questions. The remuneration to the Bank's independent directors is stipulated on page 32 of the 2022 annual report; there is no director's remuneration to the Bank's independent directors. In addition, please refer to page 42 of the annual report for the independent directors' detailed responsibilities.

The adjournment: 11:00 a.m

Notice to Readers

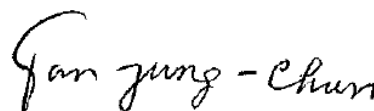
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**Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
February 22, 2023**


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-Horng 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.

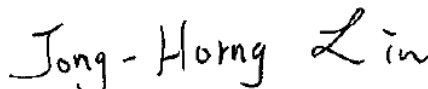
The Board of Directors has prepared the 2022 Earnings Distribution Proposal. The Audit Committee has reviewed the aforementioned Proposal in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and confirmed its consistency with related laws and rules. The 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 that combine wealth management systems and big data analysis results for

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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.
2. The total loan volume was NT\$ 1,670,186,318 thousand, or 100.67% of the budget target.

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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.

f. Research and development

1. Innovative financial services
Regarding R&D patents, the Bank continued to accumulated innovation in

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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.
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.

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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

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

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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.

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

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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 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

		International Rating	Domestic Rating	Outlook
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Credit Rating Agency	Release Date	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>-</u>	<u>1,464,053</u>	<u>-</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>-</u>	<u>3,148,580</u>	<u>-</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>-</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>\$ 2,684,852,319</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	(17,768,647)	(52)	(16,771,674)	(59)	6
INCOME BEFORE INCOME TAX	13,050,728	38	10,120,439	35	29
INCOME TAX EXPENSE	(2,079,577)	(6)	(1,316,636)	(4)	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>	<u>(138)</u>
Other comprehensive income (loss), net of tax	<u>(8,151,103)</u>	<u>(25)</u>	<u>1,333,363</u>	<u>5</u>	<u>(711)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,820,048</u>	<u>8</u>	<u>\$ 10,137,166</u>	<u>36</u>	<u>(72)</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.

**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)