



Stock Code: 2801

**Chang Hwa Commercial Bank, Ltd.**

**Handbook for the 2024 Annual Meeting of  
Shareholders**

**Meeting Time: 9: 00 a.m. on Friday, June 21, 2024**

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

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## **I. Agenda**

Meeting Time: 9: 00 a.m. on Friday, June 21, 2024

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

Meeting type: Hybrid shareholders' meeting (physical shareholders' meeting supported by video conferencing)

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

<https://stockservices.tdcc.com.tw>

1. Report the number of shares represented by the shareholders present and the number of voting shares, and call the meeting to order
2. Chairperson remarks
3. Report Items:
  - (1) 2023 Business Outline.
  - (2) Audit Committee review of 2023 audited Financial Statements.
  - (3) 2023 employee and director remuneration distribution status.
4. Recognition Items:
  - (1) The Bank's 2023 Business Report and Financial Statements.
  - (2) The Bank's distribution of 2023 profit.
5. Discussion Items:
  - (1) The issuance of new shares via capitalization of earnings.
  - (2) The amendment of the Bank's Rules of Procedure for Shareholders Meetings.
6. Questions and Motions
7. Adjournment

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**Report Items**

**Report No. 1:**

2023 Business Outline.

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**Report No. 2:**

Audit Committee review of 2023 audited Financial Statements.

(Please refer to pages 67 to 68 of the handbook.)

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**Report No. 3:**

The Bank's 2023 employee and director remuneration distribution status.

**Explanation:**

As adopted by the 11<sup>th</sup> board meeting of the 27<sup>th</sup> term held on March 20, 2024 for distribution of the Bank's 2023 employee and director remuneration. The employees' cash remuneration is NT\$858,114,400 and the directors' (independent directors not included) cash remuneration is NT\$68,649,152.

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## **Recognition Items**

### **Recognition Item No. 1: Adoption of the Bank's 2023 Business Report and Financial Statements.**

(Proposed by the Board of Directors.)

#### **Explanation:**

The Bank's 2023 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 69 to 100 of the handbook), have been certified by Amanda Wu, CPA and Jerry Gung, CPA of Deloitte & Touche, and the Business Report has also been reviewed by the Bank's Audit Committee and approved by the 10<sup>th</sup> meeting of the 27<sup>th</sup> term of the Board of Directors. Please adopt them.

#### **Resolution:**

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**Recognition Item No. 2: Adoption of the Bank's distribution of 2023 profit.**

(Proposed by the Board of Directors.)

**Explanation:**

1. The Bank's 2023 net profit after tax was NT\$ 12,982,142,080.01. After aggregating items except for net profit after tax: remeasurement of defined benefit plan, the amount was negative NT\$237,841,447.09, and gain on disposal of investments in equity instructions measured at fair value through other comprehensive income, the amount was NT\$625,625,250.00, and setting aside 30% legal reserve of NT\$4,010,977,765.00 by law along with the beginning retained earnings of NT\$112,824,921.14, the distributable net profit was NT\$9,471,773,039.06. The proposed distribution of profit is scheduled as below:
  - (1) Distribution of dividend to common stock shares – cash (NT\$0.55 per share):  
NT\$ 5,972,061,129.00.
  - (2) Distribution of dividend to common stock shares – stock (NT\$0.32 per share):  
NT\$ 3,474,653,740.00
  - (3) Unappropriated retained earnings are NT\$25,058,170.06
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: 2023 Profit Distribution Table.

**Resolution:**



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Attachment

**Chang Hwa Commercial Bank, Ltd.**

**2023 Profit Distribution Table**

(Unit: NTD\$)

Net profit after tax	12,982,142,080.01
Add (Less): Items except for net profit after tax:	
Remeasurement of defined benefit plan	(237,841,447.09)
Gain on disposal of investments in equity instructions measured at fair value through other comprehensive income	625,625,250.00
Incorporation of distributable net profit	13,369,925,882.92
Set aside 30% legal reserve	(4,010,977,765.00)
Beginning retained earnings	112,824,921.14
Distributable net profit	9,471,773,039.06
Distributable items:	
Cash dividends on common shares - NT\$0.55 per share	(5,972,061,129.00)
Stock dividends on common shares - NT\$0.32 per share	(3,474,653,740.00)
Unappropriated retained earnings	25,058,170.06

Note:

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

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## **Discussion Items**

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

(Proposed by the Board of Directors.)

**Explanation:**

1. In order to reinforce working capital, strengthen the financial structure and raise the capital adequacy ratio, the Bank plans to set aside NT\$3,474,653,740. from the stock dividends of distribution of 2023 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 347,465,374 shares of common stock and, after the capitalization of earnings, the Bank's capital will become NT\$112,057,583,370.
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 32 new shares for every 1,000 shares held by shareholders according to their respective shareholding as stated in the shareholders' register book on the record date. Within 7 days from the stock dividend record date, shareholders may apply to the stock affairs agent of the Bank to combine fractional shares into one share. Odd lots of less than one share thus collected by the Bank will be placed at its par value with specific parties as determined by the Chairman under the authorization of the AGM.
3. The rights and obligations of the newly issued shares will be the same as those of existing shares.
4. As a result of the repurchase of the Bank's shares or assignment, conversion and deletion of the treasury stock. The Board of Directors is authorized to adjust the distribution terms if the number of outstanding shares is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or other situations leading to change in shareholder's distribution ratios.

**Resolution:**

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**Discussion Item No. 2:        Discussion and ratification to amend a portion of the Bank’s Rules of Procedure for Shareholders Meetings.**

(Proposed by the Board of Directors.)

**Explanation:**

1. To respond to the progress of digital technology and to provide shareholders with more convenient and diverse ways to participate in shareholders’ meetings, we propose based on the Taiwan Stock Exchange Corporation’s Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, as announced and amended on March 17, 2023, to amend a portion of the Bank’s Rules of Procedure for Shareholders Meetings.
2. Highlights of the amendments are listed below:
  - (1) Specifying regulations for how shareholders meetings may be convened, the resolution process of such, and regulations for how meeting materials can be provided. (Article 3 amended)
  - (2) Specifying regulations for, after proxy forms have been delivered but shareholders wish to instead attend the shareholders meeting online, how check-in/sign-in, shareholders meeting agenda, and other materials related to the shareholders meeting are to be uploaded and disclosed. (Articles 4 and 6 amended)
  - (3) Specifying regulations for convening a virtual shareholders meeting, matters that must be listed in a shareholders meeting notice, audio/video recording, calculation of the total number of shares represented at the meeting, and for holding the meeting and raising questions. (Article 6-1 added; Articles 8, 9, and 11 amended)
  - (4) Specifying regulations for disclosure of proposal resolutions and election results, as well as vote-counting methods, with virtual shareholders meetings; specifying deadlines for shareholders who have already signed in to attend hybrid shareholders meeting virtually but who wish to attend the shareholders meeting in person to revoke their registration; and specifying regulations on exercising voting rights for shareholders who exercise their voting rights by correspondence or electronic means (unless they have withdrawn the declaration of intent and attended the shareholders meeting online). (Article 13 amended)
  - (5) Specifying regulations for virtual shareholders meetings regarding what matters must be recorded in the meeting minutes, disclosure of the number of shares, and handling disconnections and the digital divide. (Articles 15 and 16 amended; Articles 19 and 20 added)
3. Attachment: A comparison table of the draft amendments to some articles in the Bank’s Rules of Procedure for Shareholders Meetings.

**Resolution:**

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Attachment

**Chang Hwa Commercial Bank, Ltd.**  
**Rules of Procedure for Shareholders Meetings**  
**Comparison Table of Draft Amendments to Some Articles**

Amended by the general Shareholders' Meeting on \_\_\_\_\_, 2024

Amended articles	Current articles	Descriptions
<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>Unless otherwise provided by law or regulation, CHB's shareholders' meetings shall be convened by the board of directors.</p> <p><u>CHB's shareholders meetings may be convened either virtually or in person.</u></p> <p><u>Shareholders' meetings with video conferencing are divided into the following two types:</u></p> <p><u>1. Hybrid shareholders' meeting: means CHB convenes a physical shareholders' meeting with the assistance of video conferencing, and shareholders may choose to take part in the shareholders' meeting physically or by means of video conference.</u></p> <p><u>2. Virtual-only shareholders' meeting: means CHB does not convene a physical shareholders' meeting, and convenes the meeting only by video, and shareholders may attend the shareholders' meeting only</u></p>	<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>Unless otherwise provided by law or regulation, CHB's shareholders' meetings shall be convened by the board of directors.</p>	<p>1. This Article is amended.</p> <p>2. Based on the Regulations Governing the Administration of Shareholder Services of Public Companies, Article 44-9, paragraph 1; as well as on Article 3, paragraphs 2 and 3 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings reference template issued by the Taiwan Stock Exchange Corporation (below, the "Reference Template"), paragraphs 2 and 3 are added to this Article, specifying regulations regarding how shareholders' meetings may be convened and the resolution process of such, to provide for later compliance.</p> <p>3. The extant paragraph 2 is moved to become paragraph 4, and its text is amended accordingly.</p> <p>4. Based on Article 3, paragraph 5 of the Reference Template, this Article's paragraph 5 is added, specifying regulations for how the</p>

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Amended articles	Current articles	Descriptions
<p><u>by means of video conferencing.</u></p> <p><u>Unless otherwise provided in the Regulations Governing the Administration of Shareholder Services of Public Companies, CHB that will convene a shareholders' meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation and obtain a resolution of its board of directors. Furthermore, convening of a virtual-only shareholders' meeting shall require a resolution adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors. Changes to how CHB convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>CHB shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System</p>	<p>CHB shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System</p>	<p>shareholders meeting agenda and supplemental meeting materials shall be made available to shareholders for review, depending on how the shareholders meeting is convened, to provide for later compliance.</p> <p>5. The remaining paragraphs are renumbered, and their text is amended, accordingly.</p>

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Amended articles	Current articles	Descriptions
<p>(MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. CHB shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 30 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, CHB shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at CHB and its professional shareholder services agent designated thereby.</p> <p><u>CHB shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:</u></p> <p><u>1. For physical shareholders</u></p>	<p>(MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. CHB shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 30 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, CHB shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at CHB and its professional shareholder services agent designated thereby <u>as well as being distributed on-site at the meeting place.</u></p>	

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Amended articles	Current articles	Descriptions
<p><u>meetings, to be distributed on-site at the meeting.</u></p> <p><u>2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.</u></p> <p><u>3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.</u></p> <p>CHB shall inform all shareholders before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting; as to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement via MOPS.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Matters pertaining to election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus</p>	<p>CHB shall inform all shareholders before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting; as to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement via MOPS.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Matters pertaining to election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus</p>	

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<p>profit distributed in the form of new shares, reserve distributed in the form of new shares , the dissolution, merger or demerger of the corporation, or any matter under Article 185, Paragraph 1 of the Company Act, Article 26-1 and 43-6 of the Securities and Exchange Act or Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or CHB, and such website shall be indicated in the above notice.</p> <p>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</p>	<p>profit distributed in the form of new shares, reserve distributed in the form of new shares , the dissolution, merger or demerger of the corporation, or any matter under Article 185, Paragraph 1 of the Company Act, Article 26-1 and 43-6 of the Securities and Exchange Act or Article 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or CHB, and such website shall be indicated in the above notice.</p> <p>Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.</p>	



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Amended articles	Current articles	Descriptions
<p>A shareholder holding 1 percent or more of the total number of issued shares may submit to CHB a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Unless any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors shall include it in the agenda. Shareholders may submit recommendation proposals for the purpose of urging CHB to promote public interest or to properly fulfill its social responsibilities. Such proposals shall, in terms of the procedure, be subject to the relevant provisions of Article 172-1 of the Company Act and be limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, CHB shall publicly announce that it will receive shareholder proposals in writing or by way of electronic transmission, and the location and time period</p>	<p>A shareholder holding 1 percent or more of the total number of issued shares may submit to CHB a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Unless any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors shall include it in the agenda. <u>Proposing</u> shareholders may submit recommendation proposals for the purpose of urging CHB to promote public interest or to properly fulfill its social responsibilities. Such proposals shall, in terms of the procedure, be subject to the relevant provisions of Article 172-1 of the Company Act and be limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.</p> <p>Prior to the book closure date before a regular shareholders meeting is held, CHB shall publicly announce that it will receive shareholder proposals in writing or by way of electronic transmission, and the location and time period</p>	

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Amended articles	Current articles	Descriptions
<p>for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, CHB shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>for their submission; the period for submission of shareholder proposals may not be less than 10 days.</p> <p>Shareholder-submitted proposals are limited to 300 words. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, CHB shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	
<p>Article 4 (Proxy to attend shareholders meetings)</p> <p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by CHB and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to</p>	<p>Article 4 (Proxy to attend shareholders meetings)</p> <p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by CHB and stating the scope of the proxy's authorization.</p> <p>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to</p>	<p>1. This Article is amended.</p> <p>2. Based on Article 4, paragraph 4 of the Reference Template, this Article's paragraph 3 is amended, specifying regulations for shareholders who wish to attend the shareholders meeting virtually after proxy forms have been delivered to CHB or its professional shareholder services agent, to provide for later</p>

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Amended articles	Current articles	Descriptions
<p>CHB or its professional shareholder services agent before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to CHB or its professional shareholder services agent, if the shareholder intends to attend the meeting in person, <u>to attend the shareholders meeting online</u>, or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to CHB before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>	<p>CHB or its professional shareholder services agent before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.</p> <p>After a proxy form has been delivered to CHB or its professional shareholder services agent, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to CHB before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</p>	<p>compliance.</p>
<p>Article 5 (The time and place of a shareholders meeting)</p> <p>The venue for a shareholders meeting shall be the premises of CHB, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.</p> <p><u>The restrictions on the place of</u></p>	<p>Article 5 (The time and place of a shareholders meeting)</p> <p>The venue for a shareholders meeting shall be the premises of CHB, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.</p>	<ol style="list-style-type: none"><li>1. This Article is amended.</li><li>2. Based on Article 5, paragraphs 2 and 20 of the Reference Template, this Article's paragraph 2 is added, specifying regulations for the venue when CHB holds a virtual-only shareholders meeting, to provide for later compliance.</li></ol>

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Amended articles	Current articles	Descriptions
<p><u>the meeting shall not apply when CHB convenes a virtual-only shareholders meeting, but the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u></p>		
<p>Article 6 (Procedures for reporting and preparation of AGM related documents)</p> <p>CHB shall specify in its shareholders meeting notices the time during which attendance registrations <u>for shareholders, solicitors and proxies (collectively "shareholders")</u> will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. <u>For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be</u></p>	<p>Article 6 (Procedures for reporting and preparation of AGM related documents)</p> <p>CHB shall specify in its shareholders meeting notices the time during which <u>shareholder</u> attendance registrations will be accepted, the place to register for attendance, and other matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p>	<ol style="list-style-type: none"><li>1. This Article is amended.</li><li>2. Based on Article 6, paragraphs 1 and 2 of the Reference Template, this Article's paragraphs 1 and 2 are amended, specifying the time and procedures for handling check-in with shareholders attending virtually.</li><li>3. Based on Article 6, paragraphs 7 and 8 of the Reference Template, this Article's paragraphs 7 and 8 are added, specifying regulations for sign-in procedures that must be followed when shareholders attend shareholders meetings virtually; as well as requiring that CHB upload the meeting agenda, annual report, and other related materials to the virtual meeting platform, to make these matters clear.</li><li>4. Other text is amended accordingly.</li></ol>

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Amended articles	Current articles	Descriptions
<p><u>deemed as attend the shareholders meeting in person.</u></p> <p>Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. CHB may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>Attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>CHB shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	<p><u>Shareholders and their proxies (collectively, "shareholders")</u> shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. CHB may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>Attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>CHB shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.</p> <p>When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	

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Amended articles	Current articles	Descriptions
<p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with CHB or its professional shareholder services agent two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, CHB shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>		
<p><u>Article 6-1</u> <u>(Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)</u></p> <p><u>To convene a virtual shareholders meeting, CHB shall include the follow particulars in the shareholders meeting notice:</u></p> <p><u>1. How shareholders attend the virtual meeting and exercise their rights.</u></p> <p><u>2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p><u>A. To what time the meeting</u></p>		<p>1. This Article is added.</p> <p>2. To allow shareholders to understand their rights and restrictions in participating in a shareholders meeting before the meeting begins, and based on Article 6-1 of the Reference Template, it is specified that, if CHB convenes a shareholders meeting virtually, CHB must, within the shareholders meeting notice, state how shareholders may participate and exercise their voting rights; and that CHB must also specify actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other</p>

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<p><u>is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u></p> <p><u>B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u></p> <p><u>C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the</u></p>		<p>force majeure events, as well as the virtual-only shareholder meeting's appropriate alternative measures and required assistance available to shareholders with difficulties in attending the meeting online, to provide for later compliance.</p>

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Amended articles	Current articles	Descriptions
<p><u>shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders meeting.</u></p> <p><u>D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p><u>3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified. Except in the circumstances set out in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, it shall at least provide the shareholders with connection facilities and necessary assistance, and specify the period during which shareholders may apply to CHB and other related matters requiring attention.</u></p>		
<p>Article 8 (Documentation of a shareholders meeting by audio or video)</p> <p>CHB, beginning from the time it accepts shareholder</p>	<p>Article 8 (Documentation of a shareholders meeting by audio or video)</p> <p>CHB, beginning from the time it accepts shareholder</p>	<p>1. This article is amended.</p> <p>2. Based on Article 8, paragraphs 3 and 4 of the Reference Template, this Article's paragraphs 3 and 4</p>



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<p>attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p> <p><u>Where a shareholders meeting is held online, CHB shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by CHB, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recordings in the preceding paragraph shall be properly kept by CHB during its entire existence, and copies of the audio and video recordings shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p>	<p>attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>	<p>are added, specifying regulations for logging data related to CHB’s convening of virtual shareholders meetings, audio/visual recordings of the meeting process, storage of such, and other regulations, to provide for later compliance.</p>
<p>Article 9 (Calculation of the number of shares in</p>	<p>Article 9 (Calculation of the number of shares in</p>	<p>1. This article is amended. 2. Based on Article 9,</p>

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<p>attendance)</p> <p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time, and at the same time, announces the relevant information such as the number of non-voting rights and the number of shares in attendance.</p> <p>When the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. <u>In the event of a virtual shareholders</u></p>	<p>attendance)</p> <p>Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time, and at the same time, announces the relevant information such as the number of non-voting rights and the number of shares in attendance.</p> <p>When the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p>	<p>paragraph 1 of the Reference Template, this Article's paragraph 1 is amended, specifying how, when a shareholders meeting is held virtually, the number of shares from shareholders attending virtually who have completed check-in must be added to the total number of shares represented at the meeting.</p> <p>3. Based on Article 9, paragraph 3 of the Reference Template, this Article's paragraph 3 is amended, specifying that when a shareholders meeting is held virtually, if the chair declares the meeting adjourned, the adjournment shall be separately announced on the virtual meeting platform, to notify all shareholders in a timely manner.</p> <p>4. Based on Article 9, paragraph 4 of the Reference Template, this Article's paragraph 4 is amended, specifying that if there is a tentative resolution to otherwise convene a shareholders meeting, and shareholders wish to attend virtually, they must sign in once more.</p>

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<p><u>meeting, CHB shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to CHB or its professional shareholder services agent in accordance with Article 6.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act and Article 13, paragraph 7 of this Rules.</p>	<p>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act and Article 13, paragraph 7 of this Rules.</p>	
<p>Article 11 (Shareholder speech)</p> <p>Before speaking, an attending shareholder must specify on a</p>	<p>Article 11 (Shareholder speech)</p> <p>Before speaking, an attending shareholder must specify on a</p>	<p>1. This article is amended. 2. Based on Article 11, paragraph 7 of the Reference Template, this</p>

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<p>speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the</p>	<p>speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.</p> <p>A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.</p> <p>Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.</p> <p>When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the</p>	<p>Article's paragraph 7 is added, specifying methods, procedures, and restrictions for shareholder questions when shareholders virtually participate in shareholders meetings, to make these matters clear.</p>

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<p>same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.</u></p>	<p>same proposal.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	
<p>Article 13 (Voting, Scrutinizing and Calculation for Proposals)</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act or other regulations</p> <p>When CHB holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. The method of exercise shall be specified in the shareholders meeting notice.</p> <p>A shareholder exercising</p>	<p>Article 13 (Voting, Scrutinizing and Calculation for Proposals)</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under the Company Act or other regulations</p> <p>When CHB holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. The method of exercise shall be specified in the shareholders meeting notice.</p> <p>A shareholder exercising</p>	<ol style="list-style-type: none"> <li>1. This article is amended.</li> <li>2. Based on Article 13, paragraph 4 of the Reference Template, this Article's paragraph 5 is amended, specifying regulations for when a shareholder has already exercised voting rights by correspondence or electronic means but wishes to instead attend the shareholders meeting virtually, to make these matters clear.</li> <li>3. To allow shareholders participating in a virtual shareholders meeting to understand the resolution</li> </ol>

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<p>voting rights by correspondence or electronic means will be deemed to have attended the meeting in person under the preceding paragraph, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.</p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means shall deliver a written declaration of intent to CHB or its professional shareholder services agent before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person <u>or online</u>, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to CHB, by the same means by which the voting rights were exercised, before 2 business days before the date</p>	<p>voting rights by correspondence or electronic means will be deemed to have attended the meeting in person under the preceding paragraph, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.</p> <p>A shareholder intending to exercise voting rights by correspondence or electronic means shall deliver a written declaration of intent to CHB or its professional shareholder services agent before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to CHB, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders</p>	<p>status of all proposals and voting results in a timely manner, and based on Article 19 of the Reference Template, this Article's paragraph 10 is amended, specifying what constitutes sufficient time for information disclosure, to provide for later compliance.</p> <p>4. To allow shareholders participating virtually to have relatively sufficient time to vote, and based on Article 13, paragraphs 9 and 10 of the Reference Template, this Article's paragraphs 11 and 12 are added, specifying procedures for shareholder voting and calculation of votes on proposals when a shareholders meeting is held virtually, to provide for later compliance.</p> <p>5. Based on Article 13, paragraph 11 of the Reference Template, this Article's paragraph 13 is added, specifying regulations for shareholders who have already signed in to attend a hybrid shareholders meeting virtually, but who wish to instead attend the shareholders meeting in person, to make these matters clear.</p> <p>6. Based on Article 13,</p>

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<p>of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.</p> <p>When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Except as otherwise provided in the Company Act and in CHB's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results based on the numbers of votes for and against and the number of abstentions shall be entered into the MOPS.</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the</p>	<p>meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.</p> <p>When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p> <p>Except as otherwise provided in the Company Act and in CHB's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results based on the numbers of votes for and against and the number of abstentions shall be entered into the MOPS.</p> <p>When there is an amendment or an alternative to a proposal, the chair shall present the</p>	<p>paragraph 12 of the Reference Template, this Article's paragraph 14 is added, specifying regulations on exercising voting rights for shareholders who exercise their voting rights by correspondence or electronic means (unless they have withdrawn the declaration of intent and attended the shareholders meeting online).</p>

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<p>amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of CHB.</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote. <u>In the event of a virtual shareholders meeting, CHB shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u></p>	<p>amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.</p> <p>Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of CHB.</p> <p>Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.</p>	



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<p><u>When CHB convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When CHB convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the</u></p>		

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<p><u>shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		
<p>Article 15 (Meeting Minutes)</p> <p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and made a public announcement via the MOPS within 20 days after the conclusion of the meeting.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and the voting results (including statistical weights) shall be recorded. When there is an election of directors, the number of voting rights each candidate obtains shall be disclosed. Shall be retained for the duration of the existence of CHB.</p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting</u></p>	<p>Article 15 (Meeting Minutes)</p> <p>Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and made a public announcement via the MOPS within 20 days after the conclusion of the meeting.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and the voting results (including statistical weights) shall be recorded. When there is an election of directors, the number of voting rights each candidate obtains shall be disclosed. Shall be retained for the duration of the existence of CHB.</p>	<ol style="list-style-type: none"><li>1. This article is amended.</li><li>2. To help shareholders understand virtual shareholder meeting results; with regard to alternative measures for shareholders experiencing a digital divide; with regard to disconnection handling methods/statuses; and based on Article 15, paragraphs 4 and 5 of the Reference Template, this Article's paragraphs 3 and 4 are added, specifying matters that must be recorded in the meeting minutes when a shareholders meeting is held virtually, to make these matters clear.</li></ol>

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<p><u>minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, CHB shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.</u></p>		
<p>Article 16 (Public Disclosure)</p> <p>On the day of a shareholders meeting, CHB shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, <u>and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of</u></p>	<p>Article 16 (Public Disclosure)</p> <p>On the day of a shareholders meeting, CHB shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation <u>and</u> the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.</p>	<ol style="list-style-type: none"> <li>1. This article is amended.</li> <li>2. To make shareholders aware that the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and the number of shares represented by shareholders attending the meeting by correspondence or electronic means must all be expressly disclosed at the place of the shareholders meeting, and based on</li> </ol>

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<p>the same at the place of the shareholders meeting. <u>In the event a virtual shareholders meeting, CHB shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During CHB’s virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.</u></p> <p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, CHB shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, CHB shall upload the content of such resolution to the MOPS within the prescribed time period.</p>	<p>Article 16, paragraph 1 of the Reference Template, this Article’s paragraph 1 is amended, specifying that when a CHB shareholders meeting is held virtually, the relevant information shall be uploaded to the virtual meeting platform.</p> <p>3. To make sure that shareholders attending a virtual shareholder meeting simultaneously learn whether the number of votes in attendance has reached the threshold for holding the meeting, and based on Article 16, paragraph 2 of the Reference Template, this Article’s paragraph 2 is added, specifying that the total number of shares represented at the meeting when the meeting is called to order, as well as any later recounts of the total numbers of shares represented at the meeting and new tallies of votes, must all be disclosed on the virtual meeting platform. The extant paragraph 2 is renumbered accordingly.</p>
<p><u>Article19</u> <u>(Handling of disconnection)</u></p> <p><u>In the event of a virtual shareholders meeting, CHB may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and</u></p>		<p>1. This Article is added.</p> <p>2. Based on Article 21, paragraph 1 of the Reference Template, this Article’s paragraph 1 is added, specifying that prior to a shareholders meeting, CHB may offer connection</p>

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Amended articles	Current articles	Descriptions
<p><u>during the meeting to help resolve communication technical issues.</u></p> <p><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph, the number of</u></p>		<p>tests, and may provide related real-time services before and during the meeting, to help resolve communication technical issues.</p> <p>3. Based on Article 21, paragraph 2 of the Reference Template, this Article's paragraph 2 is added, specifying that when CHB holds a virtual shareholders meeting, upon declaring the meeting open, the chair shall also declare that, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events, and the obstruction continues for more than 30 minutes, the meeting shall be held or resumed on another date within five days.</p> <p>4. Based on Article 21, paragraph 3 of the Reference Template, this Article's paragraph 3 is added, specifying that when there is a postponed or resumed meeting as mentioned in paragraph 2 of this Article, shareholders who have not registered to virtually attend the affected shareholders meeting shall not attend the postponed or resumed session.</p> <p>5. Based on Article 21,</p>

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Amended articles	Current articles	Descriptions
<p><u>shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.</u></p> <p><u>When CHB convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in the second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then</u></p>		<p>paragraph 4 of the Reference Template, this Article's paragraph 4 is added, specifying that when a meeting is postponed or resumed in accordance with this Article's paragraph 2, the number of shares at the affected shareholders meeting represented by, and voting rights and election rights exercised by, the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting but do not attend the postponed or resumed session, shall be counted towards the postponed or resumed session.</p> <p>6. Based on Article 21, paragraph 5 of the Reference Template, this Article's paragraph 5 is added, specifying that when a meeting is postponed or resumed in accordance with this Article's paragraph 2, for proposals at the previous meeting for which votes have been cast and counted and results have been announced, or lists of elected directors, they may be considered resolved; no additional re-discussion or resolution is required.</p> <p>7. Based on Article 21, paragraph 6 of the</p>

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Amended articles	Current articles	Descriptions
<p><u>the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>When postponing or resuming a meeting according to the second paragraph, CHB shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-</u></p>		<p>Reference Template, this Article’s paragraph 6 is added, specifying that when CHB convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in this Article’s paragraph 2, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and no postponement or resumption thereof under this Article’s paragraph 2 is required.</p> <p>8. Based on Article 21, paragraph 7 of the Reference Template, this Article’s paragraph 7 is added, specifying that, under the circumstances where a meeting must continue as in this Article’s paragraph 2 and there is no need to postpone or resume the meeting, the shares represented by shareholders attending the meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining</p>

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Amended articles	Current articles	Descriptions
<p><u>15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, CHB shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p>		<p>from voting on all proposals on that shareholder meeting's meeting agenda.</p> <p>9. Given that there is identity between an aforementioned affected shareholders meeting original meeting that is disconnected, and the postponed or resumed meeting, and that there is no need to redo the preparatory work for the meeting's postponed or resumed date; and based on Article 21, paragraph 8 of the Reference Template, this Article's paragraph 8 is added.</p> <p>10. Additionally, given that when a virtual shareholders meeting has already been postponed, the matters related to the shareholders meeting that must be disclosed on the day of the meeting must then still be disclosed to the shareholders on the day of the postponed or resumed meeting, and based on Article 21, paragraph 9 of the Reference Template, this Article's paragraph 9 is added.</p>
<p><u>Article 20</u> <u>(Handling of digital divide)</u> <u>When convening a virtual-only shareholders meeting, CHB shall provide appropriate alternative measures available</u></p>		<p>1. This Article is added.</p> <p>2. In consideration that shareholders experiencing a digital divide may unfortunately experience obstacles to their virtual</p>



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Amended articles	Current articles	Descriptions
<p><u>to shareholders with difficulties in attending a virtual shareholders meeting online. Except in the circumstances set out in Article 44-9, paragraph 6 of the Regulations Governing the Administration of Shareholder Services of Public Companies, it shall at least provide the shareholders with connection facilities and necessary assistance, and specify the period during which shareholders may apply to CHB and other related matters requiring attention.</u></p>		<p>participation at shareholders meetings, and based on Article 22 of the Reference Template, it is specified that when CHB holds a virtual shareholders meeting, CHB shall provide appropriate alternative measures, supplying such shareholders with connection facilities and necessary assistance, to provide for later compliance.</p>
<p>Article <u>21</u> (Authorized Level and Execution)  These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.</p>	<p>Article <u>19</u> (Authorized Level and Execution)  These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.</p>	<p>Numbering adjusted in accordance with the amendments/additions made at this time.</p>

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**Questions and Motions**

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## II. Appendices

### Appendix 1: Rules of Procedure for Shareholders Meetings

#### Chang Hwa Commercial Bank, Ltd.

Established on September 19<sup>th</sup> 1972 by AGM

Revised on September 27<sup>th</sup> 1986 by AGM

Revised on October 17<sup>th</sup> 1998 by AGM

Revised on May 18<sup>th</sup> 2001 by AGM

Revised on June 22<sup>nd</sup> 2012 by AGM

Revised on June 12<sup>th</sup> 2015 by AGM

Revised on June 14<sup>th</sup> 2019 by AGM

Revised on July 20<sup>th</sup> 2021 by AGM

Revised on June 17<sup>th</sup> 2022 by AGM

#### Article 1 (Basis of Establishment)

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

#### Article 2 (Rules of Adoption)

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

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

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

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

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

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

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

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding 1 percent or more of the total number of issued shares may submit to CHB a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Unless any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors shall include it in the agenda. Proposing shareholders may submit recommendation proposals for the purpose of urging CHB to promote public interest or to properly fulfill its social responsibilities. Such proposals shall, in terms of the procedure, be subject to the relevant provisions of Article 172-1 of the Company Act and be limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.

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

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

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

**Article 4 (Proxy to attend shareholders meetings)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHB, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings

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of the shareholders meeting, and the voting and vote counting procedures.

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

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

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

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

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

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

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

**Article 10 (Discussion of proposals)**

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

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

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

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

**Article 11 (Shareholder speech)**

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

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

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

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

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

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

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

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

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



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issued shares.

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

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

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

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

**Article 13 (Voting, Scrutinizing and Calculation for Proposals)**

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

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

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to CHB, by the same means by which the voting rights

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were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

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

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

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

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

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

**Article 14 (Election of directors)**

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

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

**Article 15 (Meeting Minutes)**

Matters relating to the resolutions of a shareholders meeting shall be recorded in the

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meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and made a public announcement via the MOPS within 20 days after the conclusion of the meeting.

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

**Article 16 (Public Disclosure)**

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

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

**Article 17 (Maintaining order at the meeting place)**

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

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

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

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

**Article 18 (Recess and resumption of a shareholders meeting)**

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

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

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

**Article 19 (Authorized Level and Execution)**

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

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## **Appendix 2: Articles of Incorporation**

### **Chang Hwa Commercial Bank, Ltd.**

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

**Notice to Readers**

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**Chapter One  
General Provisions**

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

**Chapter Two  
Shares**

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

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

**Chapter Three**

**Businesses**

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

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

**Chapter Four**

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**Shareholders' Meeting**

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

Convening of the Shareholders' Meeting and resolutions of the Board of Directors may be convened via video conference or other means as announced by the central competent authority. The conditions, procedures and other matters to be followed shall be handled in accordance with the provisions of the competent authority

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

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

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

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

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



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

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

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

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

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

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

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

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

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

When the Bank holds a shareholders' meeting, if shareholders exercise their voting rights in writing or electronically, relevant matters shall be handled in accordance with laws and regulations.

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

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

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

**Chapter Five  
Board of Directors**

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

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

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

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

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

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

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

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

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

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

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

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For the resignation and retirement benefits of the Chairman of the Bank upon leaving office, the retirement pension and severance measures of the Bank's employees shall apply mutatis mutandis; for the granting standard, the provisions of the pension system of the Labor Standards Act shall apply mutatis mutandis without being subject to the retirement age and seniority.

Article 19.1 The Bank shall establish the following functional committees:

1. Remuneration committee:

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

2. Audit committee:

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

3. Sustainable Development committee:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 27 (deleted)

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

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

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

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

**Chapter Six**

**(Deleted)**

Article 30 (deleted)

Article 31 (deleted)

Article 32 (deleted)

Article 33 (deleted)

Article 33.1 (deleted)

**Chapter Seven**

**Presidents**

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

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

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

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

**Chapter Eight**  
**Accounting**

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

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

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

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



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

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

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

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

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

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

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

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

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

**Chapter 9**  
**Addendum**

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

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

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

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

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### Appendix 3: Shareholding of Directors

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

1. The Bank has already issued 10,858,292,963 shares, and, according to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum shares required to be held by the entire body of directors is 160,000,000 shares.
2. Detailed list of the shares held by respective directors and the entire body of directors:

#### **Chang Hwa Commercial Bank, Ltd. Shareholding of Directors**

Book closure date: Apr. 23, 2024

Title	Name	Shares held as of the day suspending the stock transfer before this time of shareholders' meeting	
		Shareholding (shares)	Shareholding Ratio(%)
Chairperson	Jong-Yuan Ling (Delegate of Ministry of Finance)	1,323,950,082	12.19
Managing Director	Chao-Chung Chou (Delegate of Ministry of Finance)	(1,323,950,082)	(12.19)
Managing Director (Independent Director)	Yu-Hsueh Wu	81,980	0
Director	Shiu-Yen Lin (Delegate of Chunghwa Post Co., Ltd. )	814,418,157	7.50
Director	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)	588,830,293	5.42
Director	Kuo-Tung Huang (Delegate of Ministry of Finance)	(1,323,950,082)	(12.19)
Director	Wen-Siung Lee	0	0
Independent Director	Shu-Hua Lee	0	0
Independent Director	Chao-Kuei Huang	0	0
Total shares held by the entire body of directors		2,727,280,512	25.11

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**Appendix 4: Status of proposition put forth by the shareholders holding more than 1% of the Bank's shares:**

N/A

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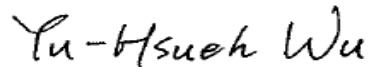
**Chang Hwa Commercial Bank, Ltd.**  
**Audit Report of Audit Committee**  
**February 26, 2024**

**To: Shareholders of Chang Hwa Commercial Bank, Ltd.**


The Board of Directors has prepared the 2023 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 Jerry Gung, 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, 2023 and the operation results and cash flows in 2023 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 : Yu-Hsueh Wu



Independent Director : Shu-Hua Lee



Independent Director : Chao-Kuei Huang



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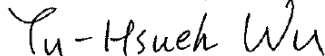
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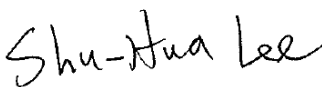
**Chang Hwa Commercial Bank, Ltd.**  
**Audit Report of Audit Committee**  
**April 18, 2024**

**To: Shareholders of Chang Hwa Commercial Bank, Ltd.**

The Board of Directors has prepared the 2023 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 : Yu-Hsueh Wu 

Independent Director : Shu-Hua Lee 

Independent Director : Chao-Kuei Huang 

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## **2023 Business Report of Chang Hwa Commercial Bank, Ltd.**

### **A. 2023 Results of Operations**

#### **a. The domestic and overseas financial environments**

In 2023, despite facing adverse events such as the collapse of Silicon Valley Bank, defaults in Chinese real estate firms, downgrades in U.S. credit ratings, and geopolitical conflicts, as well as the significant tightening effects of major central banks raising interest rates, the dampening impact on global trade momentum due to subdued end-demand led to a slowdown in manufacturing activities worldwide. However, the resilience of the global economy persisted, supported by robust performance in the employment markets and consumer behavior of major economies.

Regarding the domestic economy, the ongoing effects of major central bank monetary tightening have led brands and retailers to adjust their inventories continuously. This has suppressed the export momentum of domestic manufacturers and limited private investment growth. Nevertheless, consumer spending momentum has remained strong since the lifting of domestic pandemic restrictions. Consumers have shifted their focus to expenditures on dining, entertainment, and domestic and international travel, which has supported the domestic demand momentum and economic growth performance of our country this year. Banks are responsible for providing funding to address the financing needs of businesses affected by the pandemic and assist enterprises in transitioning towards low-carbon, intelligent, and compliance with environmental and safety requirements. Banks are making efforts to assist industries in upgrading and transforming, leading to an increase in the loan balances of domestic banks. Additionally, the widening of the interest spread due to central bank interest rate hikes has significantly boosted banks' interest income.

#### **b. Bank organization and change**

None.

#### **c. Operational planning and implementation results of management strategies**

1. In profit performance, driven by the Bank's internal operational strategies and coupled with the external economic environment, the Bank achieved outstanding performance in 2023, with a net income after tax of NT\$ 12.982 billion, a growth of 18.33% from the previous year, and EPS of NT\$1.20, with ROE of 7.27%. The Bank's credit asset quality also showed stable improvement, with a non-performing loan ratio of 0.18% and a coverage ratio of 693.38%.

2. Business development:

(1) Deposit/Loan business:

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- i. 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\$55 billion compared with the end of 2022. Meanwhile, we aligned with government policies to promote post-pandemic recovery and support low-carbon smart projects, offering specialized loans in collaboration with the SME Credit Guarantee Fund. This aids SMEs in post-pandemic recovery, enhances competitiveness, and restores operational prosperity. In addition, to support youth entrepreneurship and small and micro enterprises, the Bank provided a wide range of loan products, supported over 13,000 young entrepreneurs, ranked third among banks in Taiwan, and promoted home ownership through residential mortgage loans, leveraging the New Youth Advantage Interest Subsidy and expanding Bank's mortgage business.
  - ii. In line with the global trend of sustainable development, we are actively implementing various loan programs to support green initiatives. These include the Sustainability Linked Loan Projects, the Green Enterprise Project Loans, and the Solar Photovoltaic Equipment Installation Project Loan. Moreover, we are intensifying the Program to Encourage Lending by Domestic Banks to Enterprises in Six Core Strategic Industries, focusing on related industries of Green Power and Renewable Energy. We have established the Equator Principles Credit Case Operation Guidelines to effectively manage and evaluate the potential environmental and social risks associated with large-scale project financing. Additionally, in light of climate change concerns, we have enhanced the risk management of our real estate collateral financing operations and implemented a climate risk forecasting model to categorize the risk associated with real estate collateral into low, medium, and high levels, which serves as a reference during the review process.
  - iii. In 2023, the Bank's deposit and loan volumes continued to grow steadily, with average deposit balances increasing by 4.62% and average loan balances increasing by 3.96% compared to the previous year.
- (2) Digital finance business:
- i. In response to the digital transformation trend, banks continue to improve various digital financial services and create a digital financial ecosystem. Initiatives include implementing the Smart Teller Machine system to simplify account opening processes, reduce waiting times, and leverage cross-selling capabilities. A dedicated payment and collection mechanism for traditional meat markets and online project financing services were introduced to promote



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diverse mobile payment transactions. Expanding e-payment services for medical institutions was also initiated, providing a convenient and diverse payment channel. The Bank also collaborated with Taipower to develop an innovative supply chain finance, integrating online disbursement and repayment based on transaction data to expand online credit services for businesses. It introduced a Revolving Loan (premises-secured revolving credit loan) with a fully online application process.

- ii. The Bank prioritizes the customer financial service experience and continuously improves our online service functionalities. For instance, we have introduced the Mobile-amulet 2.0 mechanism, which enhances transaction security and simplifies the application process for personal online and mobile banking. Additionally, we have optimized our intelligent robot system and the Chang Hwa Bank Mobile Network App interface. Furthermore, we have comprehensively upgraded and redesigned the Fund Management Website to offer a smoother and more comprehensive user experience.
- (3) Wealth management business: Actively expanding foreign securities business, the transaction fee income from foreign bonds in 2023 grew by 482.03% compared to the previous year. Our wealth management system has developed the Customer Financial Label feature to effectively target our customer base and enhance our service capacity for existing and new customers. Moreover, we provide our customers with differentiated and prestigious high-quality services through the Wealth Management VIP Customer Exclusive Benefits program. In 2023, the Bank's net wealth management fee income accounted for 66.22% of the overall net fee income, an increase of 38.26% compared with the same period of the previous year.

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 2023, the Bank has achieved important environmental, social, and governance goals.

- (1) Environmental: In line with the government's 2050 net-zero transition pathway, the Bank has progressively adopted international standards about environmental sustainability. Our head office and the Hsi-Sung Branch have implemented the greenhouse gas offset project and obtained ISO 14064-2 certification in 2023, making us the first financial institution in Taiwan to attain this certification. In addition, the Bank released the TCFD Report for three consecutive years and

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again obtained the highest "Level 5+: Excellence" certification from the British Standards Institution (BSI) in 2023. 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:** In our commitment to friendly financial services, the Bank established 85 bilingual branches offering bilingual environments and consultation services in Chinese and English. We have partnered with the Taiwan Association of Sign Language Interpreters to introduce the Transcription Appointment service. The Bank has implemented a Priority Answering Service for Customers Aged 65 and Above to minimize customer waiting time. We have also introduced online reservation applications for elderly care, nurturing, and disability trusts, allowing customers to save time by avoiding branch visits and enhancing the efficiency of trust case planning through online form submission. Furthermore, the Bank's automated teller machines (ATMs) meet barrier-free models, and 245 have barrier-free voice functions.
- (3) **Governance:** The Bank is committed to furthering the soundness of the corporate governance system, ranking in the top 5% of the 9th Corporate Governance Evaluation among listed companies and within the top 4 in the financial and insurance category.
- (4) The bank also attaches great importance to sustainable finance. In 2023, we were ranked among the top 20% of the banking industry in the first Sustainable Finance Evaluation conducted by the Financial Supervisory Commission (FSC) and selected as a constituent stock of the Dow Jones Sustainability™ World Index for the first time, which underscores the recognition of our accomplishments in advancing ESG development.

**d. Budget execution**

1. The total deposit volume was NT\$2,363,310,621 thousand or 96.04% of the budget target.
2. The total loan volume was NT\$1,736,328,559 thousand or 98.18% of the budget target.
3. The total investment business (securities) average volume was NT\$741,277,402 thousand or 91.52% of the budget target.
4. The foreign exchange transactions were US\$117,810,708 thousand or 65.51% of the budget target.
5. The securities brokerage transactions were NT\$213,013,279 thousand or 104.11% of the budget target.
6. Trust fund subscription business was NT\$47,576,093 thousand or 127.57% of the

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budget target.

7. The assets under custody was NT\$368,366,190 thousand or 113.53% of the budget target.
8. The insurance agency transactions were NT\$9,422,899 thousand, or 60.99% of the budget target.
9. Card business (Volume of transaction) was NT\$24,420,583 thousand or 103.74% of the budget target.

**e. Financial highlights**

1. Net interest income: NT\$22,232,574 thousand.
2. Net non-interest income: NT\$16,337,498 thousand
3. Net revenue and gains: NT\$38,570,072 thousand.
4. Bad debts expenses, commitment and guarantee liability provision: NT\$3,241,455 thousand.
5. Operating expenses: NT\$19,092,029 thousand.
6. Income before income tax: NT\$16,236,588 thousand.
7. Income tax expense: NT\$3,254,446 thousand.
8. Net income: NT\$12,982,142 thousand.
9. Other comprehensive income: NT\$11,814,097 thousand.
10. Total comprehensive income: NT\$24,796,239 thousand.
11. EPS after tax: NT\$1.20
12. Return on Assets (ROA): 0.46%.
13. Return on Equity (ROE): 7.27%.

**f. Research and development**

1. Innovative financial services

Regarding R&D patents, the Bank continued to accumulate innovation in FinTech. In 2023, the Bank obtained 24 utility model patents and 9 invention patents; 7 are currently under review.

2. Business Research

To keep abreast of the latest industry and economic trends, the Bank has set up a dedicated unit to collect and analyze relevant information on the economy, industry, and market and prepare overall economic and industry outlooks and research reports as a reference for business promotion and marketing interviews of all bank units. Additionally, to promote business innovation and development, all employees are encouraged to research current business development trends and financial-related issues, and 23 business research reports

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were issued in 2023.

3. Big data application and development

We introduced the Real Estate Appraisal Positioning Assistance System, which incorporates a self-developed model for rectifying registered parking space prices and monitoring unusual registered unit prices, efficiently capturing the dynamics of the real estate transaction market.

4. Introducing Robotic Process Automation (RPA) technology.

RPA technology is being gradually implemented in various operational processes, including anti-money laundering, credit granting, wealth management, insurance, funds, and alert accounts to enhance operational efficiency, reduce workforce burden, mitigate operational risks, minimize resource consumption, and improve service quality.

**B. 2024 Highlights of Business Plans**

**a. Business directions and operational policies**

In 2024, the Bank will uphold the main strategies of “Customer orientation, Sustainability, and Integrity” and the 4Cs sustainability targets (Carbon Reduction, Sustainable Capital, Responsible Credit, and Financial Inclusion of Customers) to construct six major business principles as follows:

1. Consolidate core business and expand overseas presence.
2. Promote digital transformation and innovate financial technology.
3. Integrate multidimensional services and deepen engagement with wealth management clients.
4. Adhere to integrity and compliance and strengthen risk management and cybersecurity.
5. Enhance fair treatment of customers and promote social inclusion.
6. Foster sustainable governance and drive sustainable operations

Important operating policies are as follows:

➤ Operation

1. Maintain a prudent credit asset quality, strengthen the deposit loan structure, and enhance interest rate spread.
2. Develop diversified financial products, enrich professional financial services, and tap into high-asset customer groups.
3. Arrange housing loan capacity by diversifying customer sources, increasing penetration of cross-business products, and deepening customer loyalty.
4. Expand the niche of authorized store business, broaden the digital financial ecosystem, and create profitable blue oceans.

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5. Accelerate overseas expansion, accumulate local development momentum, and strengthen overseas profit dynamics.
6. Seize green opportunities, focus on sustainable financial products, and promote the implementation of sustainable development.

➤ **Management**

1. Strengthen climate resilience, cultivate sustainable finance talents, and foster sustainable development.
2. Improve corporate governance, refine ethical operations, and enhance integrity management and legal compliance mechanisms.
3. Ensure the protection of the rights and interests of the financial consumer, build a financial-friendly environment, and actively engage in social care initiatives.
4. Optimize operation process, improve operational efficiency, and reduce operational risk.
5. Enhance information security measures, strengthen monitoring capabilities, and deepen information security governance.

**b. Business operational targets**

1. Deposits Volume: NT\$2,489,254,536 thousand.
2. Loans Volume: NT\$1,817,361,114 thousand.
3. Investment Business (Securities): NT\$808,491,267 thousand.
4. Foreign Exchange Transactions: US\$119,854,330 thousand.
5. Securities Brokerage Transactions: NT\$220,619,587 thousand.
6. Trust Fund Subscription: NT\$49,321,270 thousand.
7. Assets under Custody: NT\$358,800,000 thousand.
8. Insurance Agency Transactions: NT\$9,132,408 thousand.
9. Card Business (Volume of transaction): NT\$27,000,000 thousand.

**C. Future Development Strategy**

Looking ahead to 2024, to realize the Bank's vision of becoming “the most trustworthy financial service provider”, we will continue to expand diversified financial products, enhance service quality across our operational branches, promote sustainable financial products, and collaborate with customers to achieve sustainability development goals. We aim to establish customer segmentation marketing and increase cross-industry collaborations, build diversified relationships, expand customer base, and create a comprehensive digital financial environment to enhance digital financial inclusivity. Furthermore, the Bank will actively strengthen the operational capabilities of our high-asset

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service team, focusing on developing and managing high-asset customers and professional investors. We will leverage the synergies of our customer resources to increase wealth management revenue and service quality. We will continue to expand our overseas presence, carefully assessing profitability and economic conditions and strengthening international financial talents to augment overseas profits.

The Bank will continue to pursue its goal of developing its core businesses and actively pursue a variety of revenue streams while embracing the trend and opportunities of contactless financial services driven by digital technology. It is also committed to promoting positive change in corporate governance, responsible finance, employee care, social inclusion, and environmental sustainability and implementing sustainable development goals. We look forward to creating new milestones with steady and solid steps.

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

**a. The impact of external competitive environment**

1. Adapting to global economic trends, we adopt a dynamic approach to adjust short-term fund allocations. While ensuring liquidity, we aim to increase interest income by maximizing interest rate differentials. Additionally, we leverage FX SWAP transactions and provide short-term credit loans to enhance the overall yield of deployable funds.
2. To address the growing trend of population aging and the increasing opportunities in the trust business, the Bank is actively training Eldercare Financial Planning Consultants and Family Trust Planning Consultants to enhance their expertise in delivering professional services to high-net-worth and elderly clients.

**b. The impact of regulatory environment**

1. In May 2023, the Executive Yuan approved the Next Generation Anti-Fraud Strategy Guidelines Version 1.5 to prevent fraud through public-private cooperation. The Bank actively collaborates with the government in the fight against fraud. Moreover, on October 16, 2023, the Bank joined the Eagle Eye Anti-Fraud Alliance, established by the Criminal Investigation Bureau of the Ministry of the Interior. The Alliance aims to leverage the patented AI detection technology of the Eagle Eye model to improve the identification of suspicious transactions and the detection rate of abnormal accounts. This will enable prompt fraud prevention and protection of customer assets.
2. To sustain the momentum of financial technology innovation and build upon the existing foundation, the FSC released the FinTech Development Roadmap (2.0) in August 2023. The Bank is also committed to continuously enhancing digital technology and financial services while proactively managing the cybersecurity risks

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associated with the evolving trends and integrating digital finance and emerging technologies.

3. In recent years, there has been a steady rise in the intensity of financial regulation, accompanied by an increase in consumer awareness of the need for financial protection. This has resulted in higher costs for the monitoring mechanisms associated with these regulations. The Bank will continue to optimize the code of conduct and management mechanisms for financial advisors, supplemented by monitoring and auditing mechanisms and timely revisions of relevant operational guidelines, to enhance the professional ethics and compliance awareness of wealth management personnel.

**c. The impact of macroeconomic environment**

Since 2023, global economic performance has been impacted by increasing inflationary pressures, a gradual rise in interest rates, and a lackluster post-pandemic recovery in China. These factors have dampened global demand for finished goods, resulting in ongoing inventory liquidation and even company layoffs. Likewise, the tightening of funds has spread, leading to higher investment costs and a sluggish pace of corporate investment. The substantial interest expenses associated with high default risks have placed significant pressure on the financial market, further weighing down global economic performance. Nevertheless, global inflation has been effectively managed due to the decrease in international oil prices, enhancements in the supply chain, and a slowdown in the competitive labor market. It is anticipated that major central banks will initiate a cycle of interest rate cuts in the coming year, which will have positive implications for corporate production, investment, and private consumption. Yet, it is important to acknowledge that the global economy is still confronted with numerous uncertainties, including national elections, geopolitics, climate change, and fluctuations in raw material prices, which persistently influence the rate of global economic recovery.

In general, the uncertainty in the macroeconomic environment is still dependent on the inflationary developments in different countries and the monetary policy trends of major economies. These factors will have an impact on the global financial market. However, as the pressure of inventory reduction in the manufacturing industry eases and terminal demand gradually recovers, domestic exports are expected to move towards positive growth. This is anticipated to drive private investment and increase inventory expansion by businesses. In addition, consumer momentum is expected to remain strong. Looking ahead to 2024, despite facing numerous challenges, the economic outlook is still expected to remain positive.

**E. Latest Credit Ratings**

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Credit Rating Agency	Release Date	International Rating		Domestic Rating		Outlook
		Long term	Short term	Long term	Short term	
Taiwan Ratings	2023/12	-	-	twAA+	twA-1+	Stable
S&P	2023/12	A	A-1	-	-	Stable
Moody's	2023/3	A2	P-1	-	-	Stable

**February 26, 2024**



## **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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statements Audit and Attestation Engagements 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, 2023. 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, 2023.

#### Impairment Assessment of Loans

Loans are the most important assets of the Group. As of December 31, 2023, the balance of the Group's loans totaled \$1,802,524,696 thousand, accounting for 62% 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, 2023 and 2022 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, 2023 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 Tza Li Gung.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2024

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*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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 59,446,777	2	\$ 51,758,581	2
Due from the Central Bank and call loans to banks	183,833,192	6	149,988,138	6
Financial assets at fair value through profit or loss	73,576,072	3	31,485,681	1
Financial assets at fair value through other comprehensive income	261,736,003	9	214,615,957	8
Investments in debt instruments at amortized cost	453,142,979	16	485,011,259	18
Receivables, net	20,991,624	1	22,446,573	1
Current tax assets	135,733	-	44,675	-
Discounts and loans, net	1,802,524,696	62	1,685,320,445	63
Other financial assets, net	1,235,692	-	1,768,723	-
Property and equipment, net	21,047,700	1	21,030,975	1
Right-of-use assets, net	1,938,304	-	1,954,493	-
Investment properties, net	13,872,697	-	13,845,593	-
Intangible assets, net	996,476	-	1,121,815	-
Deferred tax assets	3,361,545	-	3,390,756	-
Other assets, net	<u>3,034,649</u>	-	<u>1,068,655</u>	-
<b>TOTAL</b>	<b><u>\$ 2,900,874,139</u></b>	<b><u>100</u></b>	<b><u>\$ 2,684,852,319</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from the Central Bank and banks	\$ 113,218,248	4	\$ 52,877,055	2
Financial liabilities at fair value through profit or loss	6,594,822	-	6,920,062	-
Securities sold under repurchase agreements	11,138,326	1	941,013	-
Payables	36,498,738	1	31,965,424	1
Current tax liabilities	1,795,507	-	896,855	-
Deposits and remittances	2,475,788,955	86	2,349,882,620	88
Bank notes payable	49,163,511	2	51,219,465	2
Other financial liabilities	1,234,258	-	858,883	-
Reserve for liabilities	3,306,843	-	3,023,164	-
Lease liabilities	1,783,082	-	1,794,804	-
Deferred tax liabilities	9,874,181	-	9,430,267	1
Other liabilities	<u>2,479,612</u>	-	<u>6,014,489</u>	-
<b>Total liabilities</b>	<b><u>2,712,876,083</u></b>	<b><u>94</u></b>	<b><u>2,515,824,101</u></b>	<b><u>94</u></b>
<b>EQUITY</b>				
Capital stock				
Common stock	108,582,930	4	105,934,566	4
Retained earnings				
Legal reserve	46,674,889	2	43,043,607	2
Special reserve	12,201,590	-	12,201,590	-
Unappropriated earnings	13,482,750	-	12,218,872	-
Other equity	<u>7,055,897</u>	-	<u>(4,370,417)</u>	-
<b>Total equity</b>	<b><u>187,998,056</u></b>	<b><u>6</u></b>	<b><u>169,028,218</u></b>	<b><u>6</u></b>
<b>TOTAL</b>	<b><u>\$ 2,900,874,139</u></b>	<b><u>100</u></b>	<b><u>\$ 2,684,852,319</u></b>	<b><u>100</u></b>

## CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST INCOME	\$ 64,843,059	168	\$ 41,611,955	122	56
INTEREST EXPENSE	(42,610,485)	(110)	(16,966,652)	(50)	151
NET INCOME OF INTEREST	<u>22,232,574</u>	<u>58</u>	<u>24,645,303</u>	<u>72</u>	(10)
NET NON-INTEREST INCOME					
Net service fee income	5,142,288	13	4,256,183	12	21
Gain on financial assets or liabilities measured at fair value through profit or loss	9,610,359	25	3,311,935	10	190
Realized gain on financial assets at fair value through other comprehensive income	905,973	2	70,374	-	1,187
Loss arising from derecognition of financial assets at amortized cost	(233,854)	(1)	(1,637)	-	14,186
Foreign exchange gain	735,811	2	1,640,408	5	(55)
Net other non-interest income	<u>176,921</u>	<u>1</u>	<u>216,024</u>	<u>1</u>	(18)
Net non-interest income	<u>16,337,498</u>	<u>42</u>	<u>9,493,287</u>	<u>28</u>	72
NET REVENUE AND GAINS	<u>38,570,072</u>	<u>100</u>	<u>34,138,590</u>	<u>100</u>	13
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(3,241,455)</u>	<u>(8)</u>	<u>(3,319,215)</u>	<u>(10)</u>	(2)
OPERATING EXPENSES					
Employee benefits expenses	(12,265,046)	(32)	(11,721,438)	(34)	5
Depreciation and amortization expenses	(1,650,408)	(4)	(1,570,762)	(5)	5
Other general and administrative expenses	<u>(5,176,575)</u>	<u>(14)</u>	<u>(4,476,447)</u>	<u>(13)</u>	16
Total operating expenses	<u>(19,092,029)</u>	<u>(50)</u>	<u>(17,768,647)</u>	<u>(52)</u>	7

(Continued)

## CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INCOME BEFORE INCOME TAX	\$ 16,236,588	42	\$ 13,050,728	38	24
INCOME TAX EXPENSE	<u>(3,254,446)</u>	<u>(8)</u>	<u>(2,079,577)</u>	<u>(6)</u>	56
NET INCOME	<u>12,982,142</u>	<u>34</u>	<u>10,971,151</u>	<u>32</u>	18
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans	(297,306)	(1)	1,371,103	4	(122)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	9,397,106	24	(4,665,626)	(14)	301
Income tax related to items that will not be reclassified to profit or loss	59,464	-	(274,226)	(1)	122
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation	(302,740)	(1)	2,565,408	8	(112)
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	2,991,675	8	(7,112,627)	(21)	142
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	6,841	-	(2,037)	-	436
Income tax related to items that will be reclassified to profit or loss	<u>(40,943)</u>	<u>-</u>	<u>(33,098)</u>	<u>-</u>	24
Other comprehensive income (loss), net of tax	<u>11,814,097</u>	<u>30</u>	<u>(8,151,103)</u>	<u>(24)</u>	245
TOTAL COMPREHENSIVE INCOME	<u>\$ 24,796,239</u>	<u>64</u>	<u>\$ 2,820,048</u>	<u>8</u>	779

(Continued)

# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 12,982,142</u>	<u>34</u>	<u>\$ 10,971,151</u>	<u>32</u>	18
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 24,796,239</u>	<u>64</u>	<u>\$ 2,820,048</u>	<u>8</u>	779
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
EARNINGS PER SHARE					
Basic	<u>\$1.20</u>		<u>\$1.01</u>		
Diluted	<u>\$1.19</u>		<u>\$1.01</u>		

(Concluded)



**CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(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, 2022	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
Appropriation of 2022 earnings								
Legal reserve appropriated	-	-	3,631,282	-	(3,631,282)	-	-	-
Cash dividends	-	-	-	-	(5,826,401)	-	-	(5,826,401)
Stock dividends	264,836	2,648,364	-	-	(2,648,364)	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	12,982,142	-	-	12,982,142
Other comprehensive income (loss) for the year ended December 31, 2023, net of tax	-	-	-	-	(237,842)	(295,000)	12,346,939	11,814,097
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	12,744,300	(295,000)	12,346,939	24,796,239
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	625,625	-	(625,625)	-
BALANCE, DECEMBER 31, 2023	10,858,293	\$ 108,582,930	\$ 46,674,889	\$ 12,201,590	\$ 13,482,750	\$ (1,211,214)	\$ 8,267,111	\$ 187,998,056

# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Net cash flows (use in) generated from operating activities		
Net income before income tax	\$ 16,236,588	\$ 13,050,728
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	3,241,455	3,319,215
Depreciation expense	1,226,105	1,214,075
Amortization expense	424,303	356,687
Interest income	(64,843,059)	(41,611,955)
Dividend income	(1,553,895)	(1,367,402)
Interest expense	42,610,485	16,966,652
Net gain on financial assets or liabilities at fair value through profit or loss	(2,942,378)	(4,437,335)
Loss on disposal of investments	861,773	1,290,412
Unrealized foreign exchange (gain) loss	(6,667,981)	1,125,400
Other adjustments	74,596	491,723
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(11,321,948)	(731,356)
(Increase) decrease financial assets at fair value through profit or loss	(48,344,857)	31,550,272
Decrease in receivables	3,537,104	3,243,582
Increase in discounts and loans	(120,478,684)	(133,764,597)
Increase in financial assets at fair value through other comprehensive income	(35,352,343)	(53,490,019)
Decrease (increase) in investments in debt instruments at amortized cost	31,868,403	(79,754,815)
Decrease in other financial assets	525,624	2,082,292
(Increase) decrease in other assets	(1,959,450)	402,771
Decrease in deposits from the Central Bank and banks	(77,243)	(109,878)
Increase in deposits and remittances	125,906,335	182,441,388
Increase (decrease) in payables	1,629,095	(6,594,343)
Increase in financial liabilities at fair value through profit or loss	14,685,329	318,497
Decrease in reserve for liabilities	(216,024)	(297,401)
Increase (decrease) in other financial liabilities	375,375	(143,019)
(Decrease) increase in other liabilities	<u>(3,516,959)</u>	<u>2,831,851</u>
Cash flows used in operations	(54,072,251)	(61,616,575)
Interest received	63,612,547	39,123,285
Dividends received	1,547,395	1,370,152
Interest paid	(39,769,261)	(15,243,031)
Income taxes paid	<u>(1,864,148)</u>	<u>(1,131,396)</u>
Net cash flows used in operating activities	<u>(30,545,718)</u>	<u>(37,497,565)</u>

(Continued)

# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	\$ (778,112)	\$ (741,531)
Acquisition of intangible assets	(252,892)	(765,280)
Acquisition of investment properties	(1,820)	-
Proceeds from disposal of properties	<u>792</u>	<u>19</u>
Net cash flows used in investing activities	<u>(1,032,032)</u>	<u>(1,506,792)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in due to the Central Bank and banks	60,418,436	(46,902,435)
Proceeds from issuing bank notes	1,000,000	-
Repayments of bank notes	(3,000,000)	-
Increase (decrease) in securities sold under repurchase agreement	10,197,313	(431,847)
Repayment of the principal portion of lease liabilities	(697,556)	(669,060)
Cash dividends paid	<u>(5,826,401)</u>	<u>(5,244,285)</u>
Net cash flows generated from (used in) financing activities	<u>62,091,792</u>	<u>(53,247,627)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(302,740)</u>	<u>2,565,408</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,211,302	(89,686,576)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>104,820,099</u>	<u>194,506,675</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 135,031,401</u>	<u>\$ 104,820,099</u>
	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents in the consolidated balance sheets	\$ 59,446,777	\$ 51,758,581
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>75,584,624</u>	<u>53,061,518</u>
Cash and cash equivalents at end of year	<u>\$ 135,031,401</u>	<u>\$ 104,820,099</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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statements Audit and Attestation Engagements 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, 2023. 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, 2023.

#### Impairment Assessment of Loans

Loans are the most important assets of the Bank. As of December 31, 2023, the balance of the Bank's loans totaled \$1,787,107,192 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, 2023 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 Tza Li Gung.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 52,870,191	2	\$ 46,490,790	2
Due from the Central Bank and call loans to banks	172,507,850	6	147,435,730	6
Financial assets at fair value through profit or loss	72,831,553	3	30,893,372	1
Financial assets at fair value through other comprehensive income	257,735,718	9	208,955,699	8
Investments in debt instruments at amortized cost	453,100,064	16	485,011,259	18
Receivables, net	21,096,161	1	22,348,157	1
Current tax assets	135,733	-	44,675	-
Discounts and loans, net	1,787,107,192	62	1,665,842,407	62
Investments measured by equity method, net	14,717,022	-	14,761,811	1
Other financial assets, net	7,727,692	-	7,061,923	-
Property and equipment, net	20,347,752	1	20,281,431	1
Right-of-use assets, net	1,924,106	-	1,950,552	-
Investment property, net	13,872,697	-	13,845,593	-
Intangible assets, net	905,986	-	1,062,279	-
Deferred tax assets	3,277,208	-	3,272,664	-
Other assets, net	<u>3,021,720</u>	-	<u>1,062,118</u>	-
<b>TOTAL</b>	<b><u>\$ 2,883,178,645</u></b>	<b><u>100</u></b>	<b><u>\$ 2,670,320,460</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from the Central Bank and banks	\$ 112,859,055	4	\$ 51,518,491	2
Financial liabilities at fair value through profit or loss	6,594,822	-	6,920,062	-
Securities sold under repurchase agreements	11,138,326	1	941,013	-
Payables	36,111,923	1	31,716,456	1
Current tax liabilities	1,767,700	-	873,126	-
Deposits and remittances	2,458,964,957	85	2,337,077,054	88
Bank notes payable	49,163,511	2	51,219,465	2
Other financial liabilities	1,234,258	-	858,883	-
Reserve for liabilities	3,301,713	-	3,019,679	-
Lease liabilities	1,770,550	-	1,791,821	-
Deferred tax liabilities	9,868,792	-	9,418,151	1
Other liabilities	<u>2,404,982</u>	-	<u>5,938,041</u>	-
<b>Total liabilities</b>	<b><u>2,695,180,589</u></b>	<b><u>93</u></b>	<b><u>2,501,292,242</u></b>	<b><u>94</u></b>
<b>EQUITY</b>				
Capital stock				
Common stock	108,582,930	4	105,934,566	4
Retained earnings				
Legal reserve	46,674,889	2	43,043,607	2
Special reserve	12,201,590	-	12,201,590	-
Unappropriated earnings	13,482,750	1	12,218,872	-
Other equity	<u>7,055,897</u>	-	<u>(4,370,417)</u>	-
<b>Total equity</b>	<b><u>187,998,056</u></b>	<b><u>7</u></b>	<b><u>169,028,218</u></b>	<b><u>6</u></b>
<b>TOTAL</b>	<b><u>\$ 2,883,178,645</u></b>	<b><u>100</u></b>	<b><u>\$ 2,670,320,460</u></b>	<b><u>100</u></b>



## CHANG HWA COMMERCIAL BANK, LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST INCOME	\$ 63,789,232	168	\$ 40,723,269	121	57
INTEREST EXPENSE	<u>(42,183,746)</u>	<u>(111)</u>	<u>(16,747,760)</u>	<u>(50)</u>	152
NET INCOME OF INTEREST	<u>21,605,486</u>	<u>57</u>	<u>23,975,509</u>	<u>71</u>	(10)
NET NON-INTEREST INCOME					
Net service fee income	5,136,063	14	4,247,242	13	21
Gain on financial assets or liabilities measured at fair value through profit or loss	9,442,106	25	3,194,517	9	196
Realized gain on financial assets at fair value through other comprehensive income	811,217	2	17,554	-	4,521
Loss arising from derecognition of financial assets at amortized cost	(233,854)	(1)	(1,637)	-	14,186
Foreign exchange gain	724,134	2	1,597,718	5	(55)
Share of profit of associates and joint ventures accounted for using equity method	303,151	1	290,807	1	4
Net other non-interest income	<u>175,672</u>	<u>-</u>	<u>214,553</u>	<u>1</u>	(18)
Net non-interest income	<u>16,358,489</u>	<u>43</u>	<u>9,560,754</u>	<u>29</u>	71
NET REVENUE AND GAINS	<u>37,963,975</u>	<u>100</u>	<u>33,536,263</u>	<u>100</u>	13
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(3,289,434)</u>	<u>(9)</u>	<u>(3,300,068)</u>	<u>(10)</u>	-

(Continued)

## CHANG HWA COMMERCIAL BANK, LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefit expenses	\$ (11,939,508)	(32)	\$ (11,405,888)	(34)	5
Depreciation and amortization expenses	(1,570,873)	(4)	(1,497,382)	(4)	5
Other general and administrative expenses	<u>(5,049,215)</u>	<u>(13)</u>	<u>(4,358,826)</u>	<u>(13)</u>	16
Total operating expenses	<u>(18,559,596)</u>	<u>(49)</u>	<u>(17,262,096)</u>	<u>(51)</u>	8
INCOME BEFORE INCOME TAX	16,114,945	42	12,974,099	39	24
INCOME TAX EXPENSE	<u>(3,132,803)</u>	<u>(8)</u>	<u>(2,002,948)</u>	<u>(6)</u>	56
NET INCOME	<u>12,982,142</u>	<u>34</u>	<u>10,971,151</u>	<u>33</u>	18
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	(297,306)	(1)	1,371,103	4	(122)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	9,395,017	25	(4,670,343)	(14)	301
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	2,089	-	4,717	-	(56)
Income tax related to items that will not be reclassified to profit or loss	59,464	-	(274,226)	(1)	122

(Continued)

## CHANG HWA COMMERCIAL BANK, LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation	\$ (302,740)	(1)	\$ 2,565,408	7	(112)
Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method	(20,038)	-	(13,867)	-	45
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	3,017,064	8	(7,095,323)	(21)	143
(Reversal of) impairment loss on investments in debt instruments measured at fair value through other comprehensive income	7,837	-	(1,148)	-	783
Income tax related to items that will be reclassified to profit or loss	<u>(47,290)</u>	<u>-</u>	<u>(37,424)</u>	<u>-</u>	26
Other comprehensive income (loss), net of tax	<u>11,814,097</u>	<u>31</u>	<u>(8,151,103)</u>	<u>(25)</u>	245
TOTAL COMPREHENSIVE INCOME	<u>\$ 24,796,239</u>	<u>65</u>	<u>\$ 2,820,048</u>	<u>8</u>	779
EARNINGS PER SHARE					
Basic	<u>\$ 1.20</u>		<u>\$ 1.01</u>		
Diluted	<u>\$ 1.19</u>		<u>\$ 1.01</u>		

(Concluded)

**CHANG HWA COMMERCIAL BANK, LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(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, 2022	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
Appropriation of 2022 earnings								
Legal reserve appropriated	-	-	3,631,282	-	(3,631,282)	-	-	-
Cash dividends	-	-	-	-	(5,826,401)	-	-	(5,826,401)
Stock dividends	264,836	2,648,364	-	-	(2,648,364)	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	12,982,142	-	-	12,982,142
Other comprehensive income (loss) for the year ended December 31, 2023, net of tax	-	-	-	-	(237,842)	(295,000)	12,346,939	11,814,097
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	12,744,300	(295,000)	12,346,939	24,796,239
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	625,625	-	(625,625)	-
BALANCE, DECEMBER 31, 2023	10,858,293	\$ 108,582,930	\$ 46,674,889	\$ 12,201,590	\$ 13,482,750	\$ (1,211,214)	\$ 8,267,111	\$ 187,998,056

# CHANG HWA COMMERCIAL BANK, LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income before income tax	\$ 16,114,945	\$ 12,974,099
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	3,289,434	3,300,068
Depreciation expense	1,175,486	1,166,084
Amortization expense	395,387	331,298
Share of profit (loss) of subsidiaries for using equity method	(303,151)	(290,807)
Interest income	(63,789,232)	(40,723,269)
Dividend income	(1,540,216)	(1,360,398)
Interest expense	42,183,746	16,747,760
Net gain on financial assets or liabilities at fair value through profit or loss	(2,774,125)	(4,319,917)
Loss on disposal of investments	956,200	1,343,120
Unrealized foreign exchange (gain) loss	(6,667,981)	1,125,400
Other adjustments	60,215	504,590
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(10,988,523)	(188,487)
(Increase) decrease in financial assets at fair value through profit or loss	(48,141,139)	30,887,439
Decrease in receivables	3,558,617	3,183,563
Increase in discounts and loans	(124,597,426)	(131,026,965)
Increase in financial assets at fair value through other comprehensive income	(37,082,447)	(55,838,676)
Decrease (increase) in investments in debt instruments at amortized cost	31,911,318	(79,754,815)
(Increase) decrease in other financial assets	(673,176)	5,471,093
(Increase) decrease in other assets	(1,953,058)	390,473
Decrease in deposits from the Central Bank and banks	(184,157)	(3,383)
Increase in deposits and remittances	121,887,903	179,053,277
Increase (decrease) in payables	1,613,108	(6,601,240)
Increase in financial liabilities at fair value through profit or loss	14,473,662	270,525
Decrease in reserve for liabilities	(207,715)	(301,913)
Increase (decrease) in other financial liabilities	375,375	(143,019)
(Decrease) increase in other liabilities	<u>(3,515,141)</u>	<u>2,788,848</u>
Cash flows used in operations	(64,422,091)	(61,015,252)
Interest received	62,326,435	38,261,094
Dividends received	1,605,421	1,363,148
Interest paid	(39,464,382)	(15,023,191)
Income taxes paid	<u>(1,779,958)</u>	<u>(1,103,341)</u>
Net cash flows used in operating activities	<u>(41,734,575)</u>	<u>(37,517,542)</u>

(Continued)

# CHANG HWA COMMERCIAL BANK, LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using the equity method	\$ -	\$ (400,000)
Acquisition of property and equipment	(732,300)	(678,995)
Proceeds from disposal of properties	792	19
Acquisition of intangible assets	(231,331)	(749,939)
Acquisition of investment properties	<u>(1,820)</u>	<u>-</u>
Net cash flows used in investing activities	<u>(964,659)</u>	<u>(1,828,915)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in due to the Central Bank and banks	61,524,721	(48,055,424)
Proceeds from bank notes	1,000,000	-
Repayments of bank notes	(3,000,000)	-
Increase (decrease) in securities sold under repurchase agreement	10,197,313	(431,847)
Repayments of the principal portion of lease liabilities	(688,947)	(659,207)
Cash dividends paid	<u>(5,826,401)</u>	<u>(5,244,285)</u>
Net cash flows generated from (used in) financing activities	<u>63,206,686</u>	<u>(54,390,763)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(44,454)</u>	<u>2,353,401</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	20,462,998	(91,383,819)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>98,696,269</u>	<u>190,080,088</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 119,159,267</u>	<u>\$ 98,696,269</u>
	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents in the balance sheets	\$ 52,870,191	\$ 46,490,790
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>66,289,076</u>	<u>52,205,479</u>
Cash and cash equivalents at end of year	<u>\$ 119,159,267</u>	<u>\$ 98,696,269</u>

(Concluded)