



Stock Code: 2801

**Chang Hwa Commercial Bank, Ltd.**

**Handbook for the 2025 Annual Meeting of  
Shareholders**

**Meeting Time: 9: 00 a.m. on Friday, June 13, 2025**

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

# Table of Contents

<b>I. AGENDA .....</b>	<b>- 1 -</b>
Report Items .....	- 2 -
Recognition Items .....	- 6 -
Discussion Items .....	- 9 -
Questions and Motions .....	-20-
<b>II. APPENDICES .....</b>	<b>-21-</b>
Appendix 1: Rules of Procedure for Shareholders Meetings .....	-21-
Appendix 2: Articles of Incorporation.....	-35-
Appendix 3: Shareholding of Directors .....	-49-
Appendix 4: Status of proposition put forth by the shareholders holding more than 1% of the Bank's shares .....	-50-

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## **I. Agenda**

Meeting Time: 9: 00 a.m. on Friday, June 13, 2025

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) 2024 Business Outline.
  - (2) Audit Committee review of 2024 audited Financial Statements.
  - (3) 2024 employee and director remuneration distribution status.
  - (4) Propaganda-Article 25 of the Banking Act of The Republic of China.
4. Recognition Items:
  - (1) The Bank's 2024 Business Report and Financial Statements.
  - (2) The Bank's distribution of 2024 profit.
5. Discussion Items:
  - (1) The issuance of new shares via capitalization of earnings.
  - (2) The amendment of the Bank's Articles of Incorporation.
  - (3) The release of non-competition restrictions for the Bank's directors.
6. Questions and Motions
7. Adjournment

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**Report Items**

**Report No. 1:**

2024 Business Outline.

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**Report No. 2:**

Audit Committee review of 2024 audited Financial Statements.

(Please refer to pages 51 to 52 of the handbook.)

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**Report No. 3:**

The Bank's 2024 employee and director remuneration distribution status.

**Explanation:**

As adopted by the 24<sup>th</sup> board meeting of the 27<sup>th</sup> term held on March 20, 2025 for distribution of the Bank's 2024 employee and director remuneration. The employees' cash remuneration is NT\$970,118,650 and the directors' (independent directors not included) cash remuneration is NT\$77,609,492.

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## **Report No. 4:**

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

### **Explanation:**

1. It is handled in accordance with the Letter No.10060005191 dated January 31, 2012 issued by the Financial Supervisory Commission (FSC).
2. Applicable laws and regulations are as following propaganda:
  - (1) In accordance with the Paragraph 2 and Paragraph 3 of Article 25 of the Banking Act, the same person or same related party who singly, jointly, or collectively holds more than five percent (5%) of CHB's outstanding voting shares shall report such fact to the FSC within ten (10) days from the day of holding; the same applies to each cumulative increase or decrease in the shareholding by more than one percent (1%) thereafter. The same person or same related party who intends to singly, jointly or collectively hold more than ten percent (10%), twenty-five percent (25%), or fifty percent (50%) of CHB's outstanding voting shares shall, respectively, apply for prior approval of the FSC. The definitions of the same person, same related party and the situation where the holding of shares is excluded are expressly defined in Article 25-1 of the Banking Act.
  - (2) Where the same person or same related party who holds voting shares issued by CHB without filing a report with the FSC or obtaining approval from the FSC in accordance with the relevant provisions prescribed, the excess shares held by such same person or same concerned party shall not have voting rights and shall be disposed of within the given period prescribed by the FSC in accordance with the Paragraph 7 of Article 25 of the Banking Act. Besides, according to Paragraph 3 of Article 128 of the Banking Act, such shareholders shall be imposed an administrative fine of not less than Two Million New Taiwan Dollars (NT\$2,000,000) and not more than Ten Million New Taiwan Dollars (NT\$10,000,000). If such person is elected as a director or the responsible person of CHB, such person shall be considered to have dishonest or improper situations which may lead such person not to serve as a responsible person as set forth in Subparagraph 12 of Article 3 of the "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks".

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## **Recognition Items**

### **Recognition Item No. 1: Adoption of the Bank's 2024 Business Report and Financial Statements.**

(Proposed by the Board of Directors.)

#### **Explanation:**

The Bank's 2024 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 53 to 85 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 23<sup>rd</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 2024 profit.**

(Proposed by the Board of Directors.)

**Explanation:**

1. The Bank's 2024 net profit after tax was NT\$ 14,945,371,801.46. After aggregating items except for net profit after tax: remeasurement of defined benefit plan, the amount was NT\$479,421,330.32, and gain on disposal of investments in equity instructions measured at fair value through other comprehensive income, the amount was NT\$1,026,385,866.00, and setting aside 30% legal reserve of NT\$4,935,353,700.00 by law along with the beginning retained earnings of NT\$25,058,170.06, the distributable net profit was NT\$11,540,883,467.84. The proposed distribution of profit is scheduled as below:
  - (1) Distribution of dividend to common stock shares – cash (NT\$0.5 per share):  
NT\$ 5,602,879,168.00.
  - (2) Distribution of dividend to common stock shares – stock (NT\$0.5 per share):  
NT\$ 5,602,879,160.00.
  - (3) Unappropriated retained earnings are NT\$335,125,139.84.
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: 2024 Profit Distribution Table.

**Resolution:**

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Attachment

**Chang Hwa Commercial Bank, Ltd.**

**2024 Profit Distribution Table**

(Unit: NTD\$)

Net profit after tax	14,945,371,801.46
Add (Less): Items except for net profit after tax:	
Remeasurement of defined benefit plan	479,421,330.32
Gain on disposal of investments in equity instructions measured at fair value through other comprehensive income	1,026,385,866.00
Incorporation of distributable net profit	16,451,178,997.78
Set aside 30% legal reserve	(4,935,353,700.00)
Beginning retained earnings	25,058,170.06
Distributable net profit	11,540,883,467.84
Distributable items:	
Cash dividends on common shares - NT\$0.5 per share	(5,602,879,168.00)
Stock dividends on common shares - NT\$0.5 per share	(5,602,879,160.00)
Unappropriated retained earnings	335,125,139.84

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\$5,602,879,160. from the stock dividends of distribution of 2024 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 560,287,916 shares of common stock and, after the capitalization of earnings, the Bank's capital will become NT\$117,660,462,530.
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 50 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:           To facilitate the Bank’s business development needs and comply with amendments to relevant laws and regulations, the proposal to amend the text of some articles in the Bank’s Articles of Incorporation is submitted for deliberation and approval.**

(Proposed by the Board of Directors.)

**Explanation:**

1. Amendments to some articles in the Bank’s Articles of Incorporation have been proposed, with the key points listed below. The purpose of these amendments is to facilitate future business development, replenish capital, and enhance the diversity of the composition of the Board of Directors, thereby strengthening corporate governance. Additionally, some amendments are going to be ensure compliance with the Financial Supervisory Committee (FSC) requirement for banks to introduce responsibility mapping systems as well as amendments to the Securities and Exchange Act and other matters.
  - (1) The Bank’s current paid-in capital is in the amount of NT\$112,057,583,370. To support future business development needs, additional capital replenishment is necessary; therefore, it is proposed to increase the authorized capital amount from the current NT\$120,000,000,000 to NT\$150,000,000,000, which will be divided into 15,000,000,000 shares. The actual conditions of the future capital increase will be determined year by year based on the Bank’s operational status. (Amendment to Article 5)
  - (2) In response to the financial industry’s increasingly complex operating environment, the Bank seeks to enhance the diversity of the composition of the Board of Directors, which will ensure the inclusion of opinions of directors from different professional backgrounds, thereby strengthening corporate governance. Therefore, a plan is proposed to adjust the Board composition by adopting a range system for determining the number of seats and increasing the total number of directors to 11–15 while adjusting the number of independent directors to no less than 5. A range system will also be adopted for managing directors, whereby the number of managing directors selected from among the directors will be adjusted to 3–5. (Amendments to Articles 18 and 19)
  - (3) In response to FSC requirements, the Bank implemented a responsibility mapping system as of January 1, 2025. Additionally, an Accountability Committee has been established under the Board of Directors; this dedicated unit serves as adjudicators for accountability cases involving executive management; therefore, regulations related to the Accountability Committee have been newly added. (Amendment to Article 19-1)
  - (4) In accordance with the FSC’s amendments to the stipulations of Paragraph 6, Article 14 of the Securities and Exchange Act, when a listed company makes salary adjustments or compensation distributions for its employees, a certain percentage must

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be allocated for non-executive employees; therefore, the Articles of Incorporation have been amended to clearly stipulate that when the Bank distributes employee compensation, in principle, the amount allocated for non-executive employees must be no less than 20% of the total amount. (Amendment to Article 38)

(5) Amendments to correct the remaining text. (Amendment to Article 3)

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

**Resolution:**

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Attachment

**Chang Hwa Commercial Bank, Ltd.**

**Articles of Incorporation**

**The Comparison Table of Draft Amendments to Parts**

Amended by the general Shareholders' Meeting on \_\_\_\_\_, 2025

Amended articles	Current articles	Descriptions
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 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.	Some text has been deleted from the Chinese version of this article; however, the English version of this article remains unchanged.
Article 5 The authorized capital of the Bank is New Taiwan Dollars one hundred and <u>fifty</u> billion(NT\$150,000,000,000), divided into <u>fifteen</u> 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 5 The authorized capital of the Bank is New Taiwan Dollars one hundred and <u>twenty</u> billion(NT\$120,000,000,000), divided into <u>twelve</u> 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.	1. This Article is amended. 2. To support future business development needs and facilitate future capital replenishment, the total authorized capital amount has been raised.
Article 18 The Board of Director of the Bank shall comprise <u>eleven to fifteen</u> directors, to be elected in the Shareholders' Meeting among the persons with	Article 18 The Board of Director of the Bank shall comprise <u>nine</u> directors, to be elected in the Shareholders' Meeting among the persons with disposing	1. This Article is amended. 2. In response to the financial industry's increasingly complex and rapidly changing operating environment, the Bank

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Amended articles	Current articles	Descriptions
<p>disposing capacity.</p> <p>(Paragraph 2 to 4 are omitted)</p> <p>Starting from the <u>28th</u> 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 <u>five</u> persons and no less than one-third of the total number of directors. The candidate nomination mechanism shall be adopted; the independent directors shall be duly elected at the Shareholders' Meeting from among the nominees listed in the roster of independent director candidates.</p> <p>(Paragraph 6 to 8 are omitted)</p>	<p>capacity.</p> <p>(Paragraph 2 to 4 are omitted)</p> <p>Starting from the <u>24th</u> 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 <u>three</u> persons and no less than one-third of the total number of directors. The candidate nomination mechanism shall be adopted; the independent directors shall be duly elected at the Shareholders' Meeting from among the nominees listed in the roster of independent director candidates.</p> <p>(Paragraph 6 to 8 are omitted)</p>	<p>seeks to enhance the diversity of the composition of the Board of Directors, ensure the inclusion of ideas of directors from different professional backgrounds, and provide flexibility in the number of director seats during elections; thus, the number of director seats has been increased, and a range system has been adopted for establishing the number of seats. Paragraph 1 of this Article has been amended to reflect these changes.</p> <p>3.To align with the aforementioned increase in the number of director seats, starting from the election for the 28th term of the Board of Directors, the number of independent directors will also be adjusted to five; therefore, Paragraph 5 of this Article has been amended.</p>
<p>Article 19</p> <p>The Board of Directors shall have three <u>to five</u> managing directors, to be elected in a meeting attended by over two thirds of the directors and</p>	<p>Article 19</p> <p>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</p>	<p>1. This Article is amended.</p> <p>2. To align with the aforementioned increase in the number of director seats and the adoption of a range system, a range system has</p>

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Amended articles	Current articles	Descriptions
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. (Paragraph 2 to 4 are omitted)	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. (Paragraph 2 to 4 are omitted)	also been adopted for the Bank's number of managing directors, and the limit has been increased to five people. Paragraph 1 of this Article has been amended to reflect these changes.
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	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	1. This Article is amended. 2. To align with the Bank's implementation of a responsibility mapping system, an Accountability Committee has been established; therefore, Paragraph 1 of this Article has been amended to include additional regulations related to the Accountability Committee.



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Amended articles	Current articles	Descriptions
meetings of the committee shall be elected by all members from among the members who qualify as independent directors.	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.	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	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	

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Amended articles	Current articles	Descriptions
Bank; at least half of whom shall be independent directors, and the chairman of the Board of Directors shall be the convener.	Bank; at least half of whom shall be independent directors, and the chairman of the Board of Directors shall be the convener.	
<u>4. Accountability Committee:</u> <u>Starting from the 27th term of the Board of Directors, the Bank shall establish an Accountability Committee comprising no fewer than three committee members.</u> <u>The committee will be jointly composed of the full body of managing directors and independent directors, and the chairman of the Board of Directors will serve as both the convener and the committee chair.</u>		
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,	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,	

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Amended articles	Current articles	Descriptions
and the relevant laws and regulations prescribed by the competent authority.	and the relevant laws and regulations prescribed by the competent authority.	
<p>Article 38</p> <p>At the end of fiscal year, profit (profit refers to profit before tax and before the deduction of <u>compensation</u> of employees and remuneration of directors), if any, shall be distributed with 1% to 6% of the profit as employees' <u>compensation, of which no less than 20% of the actual distributed amount for the current year shall, in principle, be non-executive employees' compensation</u>, and up to 0.8% distributed as remuneration of directors.</p> <p>However, if the bank has any accumulated losses, profit shall be reserved to cover such amounts first.</p> <p>The aforementioned <u>compensation</u> of employees can be in the form of stocks or cash; while remuneration for directors shall be in the form of cash.</p> <p>The aforementioned <u>compensation</u> and</p>	<p>Article 38</p> <p>At the end of fiscal year, profit (profit refers to profit before tax and before the deduction of <u>bonuses</u> of employees and remuneration of directors), if any, shall be distributed with 1% to 6% of the profit as employees' <u>bonuses</u> and up to 0.8% distributed as remuneration of directors.</p> <p>However, if the bank has any accumulated losses, profit shall be reserved to cover such amounts first.</p> <p>The aforementioned <u>bonuses</u> of employees can be in the form of stocks or cash; while remuneration for directors shall be in the form of cash.</p> <p>The aforementioned <u>bonuses</u> and remuneration shall be</p>	<p>1. This Article is amended.</p> <p>2. To align with the Financial Supervisory Committee's amendments to Paragraph 6, Article 14 of the Security and Exchange Act as well as Order No. Chin-Kuan-Cheng-Fa-Tzu-1130385442 issued November 8, 2024, Paragraph 1 of this article has been revised to specify that when distributing employee compensation, in principle, the actual amount allocated for non-executive employees must be no less than 20% of the total amount, so as to protect the rights and interests of non-executive employees.</p>

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Amended articles	Current articles	Descriptions
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.	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.	

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**Discussion Item No.3:           The release of non-competition restrictions for the Bank's directors is proposed for approval.**

(Proposed by the Board of Directors.)

**Explanation:**

1. According to Paragraphs 1 and 5, Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. In case a director violates the regulation hereof, the meeting of shareholders may, by a resolution, consider the earnings in such an act as earnings of the company. In addition, in light of letter No. 89206938, released by Ministry of Economic Affairs on April 24<sup>th</sup>, 2000, in case a legal person acts as a shareholder of a company or a delegate elected as director pursuant to Paragraph 2, Article 27 of Company Act, both the delegate and the legal person shall abide by non-competition restrictions.
2. It was found that members of the Bank's 27th term of the Board of Directors (including independent directors) were elected at the 2023 regular shareholders meeting and will serve a term of office from June 19, 2023, until June 18, 2026. During this period, the Ministry of Finance reappointed the equity representative directors, selecting Director Hsu Jen-Chieh (replacing Mr. Huang Kuo-Tung) and Chairperson Hu Kuang-Hua (replacing Ms. Ling Jong-Yuan) on May 16, 2024, and August 12, 2024, respectively. Following these reappointments, the newly appointed directors have yet to obtain permission from the shareholders meeting for the removal of non-competition restrictions; therefore, in accordance with the stipulations of Article 209 of the Company Act, the release of non-competition restrictions for the Bank's directors is proposed to the regular shareholders meeting for approval, with a request to release the restrictions on the following competitive behaviors:

Title	Name	Current Positions in other Companies (referring to the companies which have the same business as our Bank)
Chairperson	Hu, Kuang Hua (Delegate of Ministry of Finance)	Director, CDIB & Partners Investment Holding Corp. Supervisor, Taiwan Stock Exchange Corporation

3. This proposal has been approved by the 24th meeting of the 27th term of Board of Directors held on Mar. 20, 2025.

**Resolution:**

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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

Revised on June 21<sup>st</sup> 2024 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’s shareholders meetings may be convened either virtually or in person. Shareholders’ meetings with video conferencing are divided into the following two types:

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.
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 by means of video conferencing.

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

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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.

CHB shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. CHB shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 30 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. 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.

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:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

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



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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.

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.

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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, to attend the shareholders meeting online, 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.

The restrictions on the place of 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.

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

CHB shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") 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. 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 deemed as attend the shareholders meeting in person.

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,

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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.

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.

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.

**Article 6-1 (Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)**

To convene a virtual shareholders meeting, CHB shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
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:
  - A. To what time the meeting 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.
  - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - 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 shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on the meeting agenda of that shareholders meeting.
  - D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
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

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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.

**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 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.

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.

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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.

**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, and the shares checked in on the virtual meeting platform, 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. In the event of a virtual shareholders meeting, CHB shall also declare the meeting adjourned at the virtual meeting platform.

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. 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.

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.

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

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

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

Where a virtual shareholders meeting is convened, shareholders attending the virtual

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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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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. 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.

When CHB convenes a virtual shareholders meeting, after the chair declares the meeting



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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.

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.

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.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the 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.

**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 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.

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Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting 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.

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.

**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, the number of shares represented by proxies, and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. 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.

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.

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.

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

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

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

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

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

**Article 19 (Handling of disconnection)**

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 during the meeting to help resolve communication technical issues.

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.

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.

For a meeting to be postponed or resumed under the second paragraph, the number of 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

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resumed session.

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.

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 the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

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.

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.

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 44-15, 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.

**Article 20 (Handling of digital divide)**

When convening a virtual-only shareholders meeting, CHB shall provide appropriate alternative measures available 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.

**Article 21 (Authorized Level and Execution)**

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

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

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

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

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**Chapter One  
General Provisions**

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

**Chapter Two  
Shares**

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

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

**Chapter Three**  
**Businesses**

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

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

**Chapter Four**

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**Shareholders' Meeting**

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

**Chapter Five**  
**Board of Directors**

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

The 24th term of office for Board of Directors shall be two years and seven months and from the 25th term of office for Board of Directors, the term shall be three years. Directors may be eligible for re-election.

Starting from the 25th term of office, election of the Bank's non-independent directors shall be performed through candidate nomination mechanism; the non-independent directors shall be duly elected at the Shareholders' Meeting from a list of nominated non-independent directors. The ways of nomination and election shall be in accordance with the Company Act.

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

Starting from the 24th term of the Board of Directors, the number of independent directors in the list of directors which set under the first paragraph shall be no less than three persons and no less than one-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 11,205,758,337 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. 15, 2025

Title	Name	Shares held as of the day suspending the stock transfer before this time of shareholders' meeting	
		Shareholding (shares)	Shareholding Ratio(%)
Chairperson	Kuang-Hua Hu (Delegate of Ministry of Finance)	1,366,316,484	12.19
Managing Director	Chih-Kuang Chien (Delegate of Ministry of Finance)	(1,366,316,484)	(12.19)
Managing Director (Independent Director)	Yu-Hsueh Wu	84,603	0
Director	Shiu-Yen Lin (Delegate of Chunghwa Post Co., Ltd. )	840,479,538	7.50
Director	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)	607,672,862	5.42
Director	Jen-Chieh Hsu (Delegate of Ministry of Finance)	(1,366,316,484)	(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		2,814,553,487	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 20, 2025**

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

The Board of Directors has prepared the 2024 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, 2024 and the operation results and cash flows in 2024 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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**Chang Hwa Commercial Bank, Ltd.**  
**Audit Report of Audit Committee**  
**April 17, 2025**

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


The Board of Directors has prepared the 2024 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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## **2024 Business Report of Chang Hwa Commercial Bank, Ltd.**

### **A. 2024 Results of Operations**

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

In 2024, the global financial environment reached a significant turning point. In the first half of the year, major economies prolonged their high interest rate environment to combat inflation. This resulted in the global manufacturing sector recovering more slowly than anticipated despite showing gradual improvement. However, as major central banks successively initiated interest rate cut cycles in the second half of the year, financial environment became increasingly accommodative. This shift is conducive to improving private sector investment and consumer willingness, thereby strengthening global economic growth momentum.

Regarding the domestic economic situation, despite being affected by factors such as the global high interest rate environment and concerns over China's economic outlook, which constrained the recovery of global end-user demand and suppressed export momentum of traditional domestic industries, Taiwan benefited from the robust development of opportunities in artificial intelligence (AI) and high-performance computing. These emerging sectors helped domestic exports rebound significantly, subsequently stimulating the growth of private investment. Furthermore, the domestic employment condition remains stable, bolstering the performance of domestic demand and economic growth. As the domestic economic situation improves and the demand for corporate funding rebounds, coupled with the government's new preferential housing loans for the youth, and policies designed to assist enterprises in transitioning to low-carbon, intelligent operations that meet environmental safety requirements, banks have a responsibility to provide financing. They are dedicated to alleviating the pressure on first-time homebuyers and supporting industries in their upgrading and transformation efforts, thereby contributing to an increase in the outstanding loan balances of domestic banks.

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

To realize the Bank's vision of sustainable operations and to continue creating and expanding corporate value, the 9<sup>th</sup> meeting of the 27<sup>th</sup> Board of Directors approved an organizational adjustment on January 29, 2024. The former "Product Management Division" has been renamed the "Strategic Management Division" and will be responsible for planning operational development strategies. Additionally, to improve the management of customer groups in the Taoyuan, Hsinchu, and Miaoli regions, a new Northern Area 3 Regional Center has been established.

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

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1. In profit performance, driven by the Bank's internal operational strategies and coupled with the external economic environment, the Bank achieved an outstanding profit performance in 2024, with a net income after tax of NT\$14.945 billion, a growth of 15.12% from the previous year, and EPS of NT\$1.33, with ROE of 7.68%. The Bank's credit asset quality also showed stable improvement, with a non-performing loan ratio of 0.16% and a coverage ratio of 797.47%.

2. Business development:

(1) Deposit/Loan business:

- i. The Bank continued to adjust its client structure while responding to government policies supporting micro, small, and medium-sized enterprises. The Bank is committed to developing and strengthening the credit extension of the existing SME customer base. The SMEs' loan balance has increased by over NT\$40 billion compared to the end of 2023. Meanwhile, the Bank aligned with government policies to promote post-pandemic recovery and support low-carbon smart management projects, offering specialized loans in collaboration with the SME Credit Guarantee Fund. This aids SMEs in post-pandemic recovery, enhances competitiveness, restores operational prosperity, and accelerates transformation, exceeding NT\$35 billion in 2024. In addition, the Bank promoted home ownership through residential mortgage loans, leveraging the New Youth Preferential Housing Loans Interest Subsidy and expanding the Bank's mortgage business. The Bank also continued to offer Agricultural Product Market Distributor Working Capital Loans and Reverse Mortgage Loans for Senior Citizens, collaborating with our clients to promote inclusive finance.
- ii. In response to the global trend of sustainable development, we are actively implementing various loan programs to support green initiatives. These include the Green Deposit Project, the Sustainable 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 and the Energy-Saving Service Industry Project Loans. We are also launching the Green Building Project Loans to encourage customers to purchase or construct eco-friendly, energy-efficient, waste-reducing, and healthy green buildings, working together with customers to create a sustainable home.



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- iii. In 2024, the Bank's deposit and loan volumes continued to grow steadily, with average deposit balances increasing by 9.90% and average loan balances increasing by 10.68% compared to the previous year.

(2) Digital finance business:

- i. The Bank continued to implement digital customer management and expand service channels. Initiatives include launching public education loans with a fully online application service, introducing the first healthcare-concept credit card, the Mackay Co-Branded Card, and expanding credit card acquiring services in major commercial districts across Taiwan to create a credit card-based lifestyle. In response to the government's promotion of mobile payment policies and to enhance the convenience of cross-border payments for citizens, the Bank expanded the "QR Code Cross-Border Direct Debit Service" from Japan to South Korea.
- ii. The Bank prioritizes the quality and security of our financial services and optimizes our online service functionalities. For instance, we have enhanced transaction security for online banking by integrating security control mechanisms and adopting the international FIDO (Fast Identity Online) authentication standards. Additionally, we introduced a new application process for the official website verification code using the Mobile Guardian 2.0 authentication mechanism, improving service efficiency through a convenient and secure application process. Furthermore, the Bank enhanced the security and accessibility for individuals with disabilities using personal online banking (including the Chang Hwa Bank mobile banking app), and strengthened the protection of random passwords in the accessible services section of online banking.

- (3) Wealth management business: In response to global economic development trends, the Bank adjusted its wealth management product sales structure, strengthened the business momentum of niche products, and increased their proportion in overall revenue. In 2024, net income from wealth management accounted for 67.84% of total net service fee income, representing a growth of 36.84% compared to the same period last year.

3. Sustainable development:

In response to the international trend in sustainable finance, the Bank has incorporated ESG factors into its core business and operational activities and has set up and reviewed its sustainable development plan every year to implement the policy. We have achieved important environmental, social, and governance objectives for

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2024.

- (1) Environmental: The Bank is committed to implementing various carbon reduction initiatives. To leverage our financial influence in guiding clients toward balancing climate change with environmental considerations and promoting the transition to net zero, in 2024, the Bank received approval from the Science-Based Targets Initiative (SBTi) for our near-term science-based reduction targets, reaffirming our commitment to advancing toward net zero alongside the international community. To reduce greenhouse gas emissions, the Bank implemented the "Credit Limit Management Regulations for Net-Zero Emission", which will gradually phase out financing for thermal coal, unconventional oil, and gas-related industries, while progressively reducing non-green financing for high-carbon emission industries, with the aim of achieving the net zero emission target by 2050. The Bank continued to adopt international standards related to environmental sustainability. The Hsi-Sung Branch's ISO 14064-2-certified voluntary greenhouse gas emission reduction project passed the registration review by the Ministry of Environment in 2024. All domestic business locations and office spaces have obtained ISO 14001 Environmental Management System certification. The credit card has met the ISO 14067 Carbon Footprint standard, the ISO 14046 Water Footprint standard, the PAS 2060 Carbon Neutrality standard, and has passed the Ministry of Environment's product carbon footprint label review. The Bank has implemented the ISO 20400 Sustainable Procurement standard and has passed the audit. To promote renewable energy usage, we have established four locations that utilize renewable energy through power purchase agreements or rooftop solar installations, actively implementing low-carbon transformation strategies in our operations. In addition, in the 2023 CDP climate change questionnaire assessment, we achieved an "A-" leadership level. The 2023 TCFD Report received the highest certification level of "Level 5+: Excellence," demonstrating the Bank's commitment to mitigating the impacts of climate risks and taking concrete actions to achieve the goal of net zero emissions.
- (2) Social: In commitment to the Treating Customers Fairly Principles, we continue to enhance our friendly financial services. We have established 100 bilingual branches providing an English-Chinese bilingual environment and consultation services. All of our automated teller machines (ATMs) comply with barrier-free models, with 324 units specifically designed for use by visually impaired individuals. Additionally, we have developed a friendly financial service database to assist our business units and customer service centers in providing

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appropriate support and assistance tailored to the individual needs of persons with disabilities. The Bank committed to promoting financial literacy and fraud prevention education. We have implemented the Insurance Elementary School Promotion Train initiative to reach out to schools and rural areas. In collaboration with the Taiwan Academy of Banking and Finance, we have implemented campus fraud prevention education activities, such as the Financial Public Welfare Program and Fraud Prevention Pioneers: Youth Safety. Additionally, through our fair customer treatment seminars, such as the Asset Protection: Methods for Fraud Prevention and Chang Hwa Bank Independent Director Fraud Prevention Lecture, as well as trust promotional videos, we strengthened fraud awareness and detection capabilities among the public and our employees. Furthermore, the Bank has been recognized by the Occupational Safety and Health Administration of the Ministry of Labor as a Sustainable Leading Enterprise in Healthy Workforce, affirming our achievements in promoting occupational safety and health.

- (3) Governance: The Bank is committed to furthering the soundness of the corporate governance system, and ranking in the top 5% of the 10<sup>th</sup> Corporate Governance Evaluation among TWSE-listed companies. We also participated in the CG6014 (2023) Corporate Governance System Evaluation conducted by the Taiwan Corporate Governance Association and received the highest level of "Excellent" certification. In addition to continuously improving our intellectual property management, the Bank's intellectual property management system has obtained the Taiwan Intellectual Property Management Standard (TIPS) Grade A certification for both its trademark and patent in 2024.
- (4) The Bank places significant emphasis on practicing sustainable finance. In 2024, we were ranked in the top 25% of the banking industry in the 2<sup>nd</sup> Sustainable Finance Evaluation conducted by the Financial Supervisory Commission (FSC), and have been chosen as a constituent stock of the Dow Jones Sustainability (DJSI) World Index and Emerging Markets Index, which underscores the recognition of our accomplishments in advancing ESG development.

**d. Budget execution**

1. The total deposit volume was NT\$2,597,186,966 thousand, or 104.34% of the budget target.
2. The total loan volume was NT\$1,921,747,953 thousand, or 105.74% of the budget target.
3. The total investment business (securities) average volume was NT\$821,516,235

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thousand, or 101.61% of the budget target.

4. The foreign exchange transactions were US\$125,467,826 thousand, or 104.68% of the budget target.
5. The securities brokerage transactions were NT\$303,695,490 thousand or 137.66% of the budget target.
6. Trust fund subscription was NT\$78,363,794 thousand, or 158.88% of the budget target.
7. The assets under custody was NT\$759,103,286 thousand, or 211.57% of the budget target.
8. The insurance agency transactions were NT\$12,999,189 thousand, or 142.34% of the budget target.
9. Card business (volume of transactions) was NT\$29,386,305 thousand, or 108.84% of the budget target.

**e. Financial highlights**

1. Net interest income: NT\$22,964,580 thousand.
2. Net non-interest income: NT\$18,854,957 thousand.
3. Net revenue and gains: NT\$41,819,537 thousand.
4. Bad debts expense, commitment and guarantee liability provision: NT\$3,050,867 thousand.
5. Operating expenses: NT\$20,415,083 thousand.
6. Income before income tax: NT\$18,353,587 thousand.
7. Income tax expense: NT\$3,408,216 thousand.
8. Net income: NT\$14,945,371 thousand.
9. Other comprehensive income: NT\$4,425,998 thousand.
10. Total comprehensive income: NT\$19,371,369 thousand.
11. EPS after tax: NT\$1.33.
12. Return on Assets (ROA): 0.49%.
13. Return on Equity (ROE): 7.68%.

**f. Research and development**

1. Innovative financial services

Regarding R&D patents, the Bank continued to accumulate innovation in FinTech. In 2024, the Bank obtained a total of 9 utility model patents and 5 invention patents.

2. Business research

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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 survey analysis reports as references 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 employees turned in 22 business research reports in 2024.

**3. Big data application and development**

Utilizing the Potential Corporate Customer Identification Model and Individual Banking Customer Segmentation Model, we combine internal data with external information through big data analysis to efficiently develop new corporate banking credit customers and deepen relationships with existing customers, thereby expanding our business scale.

**4. Introducing Robotic Process Automation (RPA) technology**

To enhance operational efficiency, reduce workforce burdens, mitigate operational risks, minimize resource consumption, and improve service quality, the Bank currently implements automated operations through Robotic Process Automation (RPA). This technology is applied in various operational processes such as data collection, integration, information verification, file and report generation, suspicious account data extraction, and Enhanced Due Diligence (EDD) investigations.

## **B. 2025 Highlights of Business Plans and Future Development Strategies**

**a. Business directions and operational policies and future development strategy**

Looking ahead to 2025, our bank will continue to 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). We will continue to deepen our presence in the domestic market, strengthen our international development, and refine our business operations and services in line with digital finance trends. We will also implement ESG responsibilities across different dimensions, while maintaining growth that balances profitability and risk management.

The Bank's business direction and operational policies and future development strategy are as follows:

**1. Strengthen Fundamentals, Stabilize Core Competencies, Create Value**

(1) Continue to cultivate core business, achieve steady growth in corporate finance

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projects, adjust customer segments, business and profit structures, strengthen retail banking and wealth management services, complemented by effective fund utilization management to enhance overall operational strength and drive profit growth.

- (2) The overseas business implements differentiated management strategies for the development blueprint of each branch, gradually expanding its operational scale. This is accomplished through the establishment of online banking, the optimization of surrounding application systems, and the enhancement of competitiveness.

**2. Cross-Marketing, Customer Segmentation, Profit Enhancement**

- (1) Leverage distribution channel and human resource advantages to establish a cross-marketing culture. Utilize data analysis to enhance the efficiency of data and customer management, identify the needs of various segments, including high-net-worth individuals, salaried employees, and merchant acquirers, and offer comprehensive products and services that align with the customer journey.
- (2) Initiate a series of redesign projects for our customer service interface that not only provide innovative service experiences but also connect online and offline channels to drive customer traffic, breaking down barriers of time, space, and business divisions to improve operational synergy.

**3. Build AI, Optimize Processes, Enhance Efficiency**

Harness emerging technologies such as artificial intelligence and robotic process automation, including the implementation of intelligent service assistants to improve operational efficiency. Establish financial joint learning for fraud prevention and anti-money laundering with alliance standards and automated model updates to enhance fraud detection and prevention capabilities. Develop customer analysis and business development models to improve marketing effectiveness, continuously optimizing various business processes across business development, fraud prevention applications, and precision marketing.

**4. Enhance Protection, Control Risks, Strengthen Resilience**

To ensure sound operational development and increase operational resilience, we will continue to cultivate a compliance-oriented mindset and implement internal audit and control systems, strengthen assessment and supervision of risk-bearing capacity across all areas, and comprehensively improve our risk management capabilities. Simultaneously, in response to information security risks associated with the adoption of emerging technologies such as cloud services, container management platforms, and artificial intelligence, we will enhance security

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protection for domestic and international network equipment, build secure network infrastructure, and improve the effectiveness of our cybersecurity mechanisms and defense capabilities through practical drills.

**5. Empower Talent, Focus on Succession, Promote Human Capital**

We value diverse employee development and strategic placement of talent. In line with our business strategies and development, we implement personnel empowerment and training programs, developing career blueprints and succession mechanisms to strengthen the value of our human capital.

**6. Emphasize Integrity, Enforce Governance, Practice Sustainability**

We actively participate in international ESG initiatives and evaluations, in accordance with the FSC's Corporate Governance 3.0 Sustainable Development Roadmap, the Sustainable Development Roadmap for Listed Companies, the Green and Transition Finance Action Plan, the Sustainable Development Action Plan for Listed Companies, and ESG Initiative Platform for Government-owned Financial Institutions by the Ministry of Finance. We continue to develop sustainable development strategies, enhance corporate governance mechanisms, implement shareholder activism, improve the credibility of sustainability information disclosure, and collaborate to create maximum sustainable benefits.

**b. Business operational targets**

1. Deposits Volume: NT\$2,725,943,490 thousand.
2. Loans Volume: NT\$2,034,047,554 thousand.
3. Investment Business (Securities): NT\$911,485,917 thousand.
4. Foreign Exchange Transactions: US\$131,007,946 thousand.
5. Securities Brokerage Transactions: NT\$350,999,774 thousand.
6. Trust Fund Subscription: NT\$82,500,538 thousand.
7. Assets under Custody: NT\$738,800,000 thousand.
8. Insurance Agency Transactions: NT\$14,432,565 thousand.
9. Card Business (Volume of transaction): NT\$ 30,500,000 thousand.

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

**a. The Impact of the External Competitive Environment and Regulatory Environment**

1. In response to restrictions on the amount of mortgage loans that banks can extend and the Central Bank's seventh wave of credit controls, the Bank will selectively

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undertake priority business operations while continuing to support government policy loans, such as the New Preferential Housing Loans for Youth and the Low-Carbon Smart Management Project Loan. Additionally, we will enforce risk management for credit cases in accordance with the Equator Principles, thereby fulfilling our corporate responsibilities while strengthening post-loan fund flow monitoring and regular review mechanisms to prevent non-performing loans.

2. In recent years, the prevention of financial fraud has garnered significant attention from both the government and the public. It also serves as an important demonstration of our principle of "duty of care and loyalty" for the Treating Customers Fairly Principles. The Bank actively promotes various fraud prevention mechanisms and continues to adhere to the improvement measures set forth by the FSC. Through concrete actions, we cooperate with government agencies to combat fraud and raise fraud awareness among employees and the public. Since July 1, 2024, our bank has implemented AI model detection and established enhanced abnormal account review mechanisms to implement alert account reporting, anti-money laundering, fraud prevention, and management of various illegal financial flows to fully protect customer assets.

3. In accordance with the Fraud Crime Hazard Prevention Act, the FSC issued the Regulations Governing Fraud Crime Hazard Prevention by Financial Institutions and Businesses or Personnel Providing Virtual Asset Services on November 29, 2024. The Bank has planned relevant response measures in line with these regulations to prevent and deter fraud crimes.

**b. The impact of the macroeconomic environment**

Since 2024, as major labor markets in the US and Europe continue to demonstrate resilience, and geopolitical risks still loom, disrupting global commodity price trends, the global inflation slowdown has been volatile. This has led major central banks to maintain a cautious attitude toward monetary policy easing, keeping interest rates relatively high to ensure inflation returns to long-term target levels, which has suppressed the momentum for global manufacturing recovery and economic growth. Fortunately, in the second half of the year, wages and housing costs in major countries began to ease, bringing inflation back to a gradual downward motion. This has led major central banks to join the rate-cutting cycle, gradually diluting the tightening effects of the high interest rate environment, which is favorable for corporate production, investment, and private consumption. Yet, it is important to acknowledge that the global economy is still confronted with numerous uncertainties, including policy directions of the newly-elected President of the United States, shifts in the geopolitical climate, fluctuations in raw material prices, and climate change, all of which persistently



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influence the rate of global economic recovery.

In general, the uncertainty in the macroeconomic environment still remains due to the lingering shadow of geopolitical risks and the monetary policy trends of major economies. These factors will have an impact on the global financial market. With the continued momentum of AI business opportunities driving steady export growth, the recovery in private investment momentum, expanded inventory preparation by manufacturers, and the derived demand for related raw materials and key components imports, as well as the optimistic projection for consumer momentum, the Directorate-General of Budget, Accounting and Statistics preliminarily estimates the economic growth rate for 2025 at 3.29%. Looking ahead to 2025, despite facing many economic challenges, prospects for positive development remain.

## **D. Latest Credit Ratings**

Credit Rating Agency	Release Date	International Rating		Domestic Rating		Outlook
		Long term	Short term	Long term	Short term	
Taiwan Ratings	2024/11	-	-	twAA+	twA-1+	Stable
S&P	2024/11	A	A-1	-	-	Stable
Moody's	2024/3	A2	P-1	-	-	Stable

**February 20, 2025**

## **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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024.

#### Impairment Assessment of Loans

Loans are the most important assets of the Group. As of December 31, 2024, the balance of the Group's loans totaled \$1,967,920,024 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, 2024 and 2023 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, 2024 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 20, 2025

#### Notice to Readers

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

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

# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 41,389,706	1	\$ 59,446,777	2
Due from the Central Bank and call loans to banks	187,983,867	6	183,833,192	6
Financial assets at fair value through profit or loss	82,798,865	3	73,576,072	3
Financial assets at fair value through other comprehensive income	310,155,769	10	261,736,003	9
Investments in debt instruments at amortized cost	512,721,202	16	453,142,979	16
Receivables, net	24,807,709	1	20,991,624	1
Current tax assets	282,646	-	135,733	-
Discounts and loans, net	1,967,920,024	62	1,802,524,696	62
Other financial assets, net	324,530	-	1,235,692	-
Property and equipment, net	21,413,108	1	21,047,700	1
Right-of-use assets, net	1,966,622	-	1,938,304	-
Investment properties, net	13,932,767	-	13,872,697	-
Intangible assets, net	985,194	-	996,476	-
Deferred tax assets	4,510,535	-	3,361,545	-
Other assets, net	<u>1,528,587</u>	<u>-</u>	<u>3,034,649</u>	<u>-</u>
TOTAL	<u>\$ 3,172,721,131</u>	<u>100</u>	<u>\$ 2,900,874,139</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
Deposits from the Central Bank and banks	\$ 234,310,750	8	\$ 113,218,248	4
Financial liabilities at fair value through profit or loss	2,881,955	-	6,594,822	-
Securities sold under repurchase agreements	11,403,907	1	11,138,326	1
Payables	28,023,911	1	36,498,738	1
Current tax liabilities	1,841,194	-	1,795,507	-
Deposits and remittances	2,630,356,510	83	2,475,788,955	86
Bank notes payable	40,805,410	1	49,163,511	2
Other financial liabilities	1,290,231	-	1,234,258	-
Reserve for liabilities	2,616,244	-	3,306,843	-
Lease liabilities	1,837,221	-	1,783,082	-
Deferred tax liabilities	11,089,598	-	9,874,181	-
Other liabilities	<u>4,866,812</u>	<u>-</u>	<u>2,479,612</u>	<u>-</u>
Total liabilities	<u>2,971,323,743</u>	<u>94</u>	<u>2,712,876,083</u>	<u>94</u>
<b>EQUITY</b>				
Capital stock				
Common stock	112,057,583	4	108,582,930	4
Capital surplus	24	-	-	-
Retained earnings				
Legal reserve	50,685,866	2	46,674,889	2
Special reserve	12,201,590	-	12,201,590	-
Unappropriated earnings	16,476,237	-	13,482,750	-
Other equity	<u>9,976,088</u>	<u>-</u>	<u>7,055,897</u>	<u>-</u>
Total equity	<u>201,397,388</u>	<u>6</u>	<u>187,998,056</u>	<u>6</u>
TOTAL	<u>\$ 3,172,721,131</u>	<u>100</u>	<u>\$ 2,900,874,139</u>	<u>100</u>

# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME	\$ 76,463,596	183	\$ 64,843,059	168	18
INTEREST EXPENSE	<u>(53,499,016)</u>	<u>(128)</u>	<u>(42,610,485)</u>	<u>(110)</u>	26
NET INCOME OF INTEREST	<u>22,964,580</u>	<u>55</u>	<u>22,232,574</u>	<u>58</u>	3
NET NON-INTEREST INCOME					
Net service fee income	6,868,290	16	5,142,288	13	34
Gain on financial assets or liabilities measured at fair value through profit or loss	9,286,306	22	9,610,359	25	(3)
Realized gain on financial assets at fair value through other comprehensive income	1,394,971	3	905,973	2	54
Loss arising from derecognition of financial assets at amortized cost	(37,994)	-	(233,854)	(1)	(84)
Foreign exchange gain	1,059,851	3	735,811	2	44
Net other non-interest income	<u>283,533</u>	<u>1</u>	<u>176,921</u>	<u>1</u>	60
Net non-interest income	<u>18,854,957</u>	<u>45</u>	<u>16,337,498</u>	<u>42</u>	15
NET REVENUE AND GAINS	<u>41,819,537</u>	<u>100</u>	<u>38,570,072</u>	<u>100</u>	8
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(3,050,867)</u>	<u>(7)</u>	<u>(3,241,455)</u>	<u>(8)</u>	(6)
OPERATING EXPENSE					
Employee benefits expenses	(13,116,315)	(31)	(12,265,046)	(32)	7
Depreciation and amortization expense	(1,618,842)	(4)	(1,650,408)	(4)	(2)
Other general and administrative expense	<u>(5,679,926)</u>	<u>(14)</u>	<u>(5,176,575)</u>	<u>(14)</u>	10
Total operating expense	<u>(20,415,083)</u>	<u>(49)</u>	<u>(19,092,029)</u>	<u>(50)</u>	7

(Continued)

# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	\$ 18,353,587	44	\$ 16,236,588	42	13
INCOME TAX EXPENSE	<u>(3,408,216)</u>	<u>(8)</u>	<u>(3,254,446)</u>	<u>(8)</u>	5
NET INCOME	<u>14,945,371</u>	<u>36</u>	<u>12,982,142</u>	<u>34</u>	15
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans	599,273	1	(297,306)	(1)	302
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	2,696,444	6	9,397,106	24	(71)
Income tax related to items that will not be reclassified to profit or loss	(119,852)	-	59,464	-	(302)
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation	2,315,673	6	(302,740)	(1)	865
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(825,483)	(2)	2,991,675	8	(128)

(Continued)



# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	\$ (6,149)	-	\$ 6,841	-	(190)
Income tax related to items that will be reclassified to profit or loss	<u>(233,908)</u>	<u>(1)</u>	<u>(40,943)</u>	<u>-</u>	471
Other comprehensive income (loss), net of tax	<u>4,425,998</u>	<u>10</u>	<u>11,814,097</u>	<u>30</u>	(63)
TOTAL COMPREHENSIVE INCOME	<u>\$ 19,371,369</u>	<u>46</u>	<u>\$ 24,796,239</u>	<u>64</u>	(22)
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 14,945,371</u>	<u>36</u>	<u>\$ 12,982,142</u>	<u>34</u>	15
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 19,371,369</u>	<u>46</u>	<u>\$ 24,796,239</u>	<u>64</u>	(22)
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
EARNINGS PER SHARE					
Basic	<u>\$1.33</u>		<u>\$1.16</u>		
Diluted	<u>\$1.33</u>		<u>\$1.15</u>		

(Concluded)

# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank						Other Equity		Total Equity	
	Capital Stock		Capital Surplus	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, 2023	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	
Appropriation of 2023 earnings:										
Legal reserve appropriated	-	-	-	4,010,977	-	(4,010,977)	-	-	-	
Cash dividends	-	-	-	-	-	(5,972,061)	-	-	(5,972,061)	
Stock dividends	347,465	3,474,653	-	-	-	(3,474,653)	-	-	-	
Other changes in capital surplus:										
Additional paid-in capital	-	-	11	-	-	-	-	-	11	
Due to donated assets received	-	-	13	-	-	-	-	-	13	
Net income for the year ended December 31, 2024	-	-	-	-	-	14,945,371	-	-	14,945,371	
Other comprehensive income (loss) for the year ended December 31, 2024, net of tax	-	-	-	-	-	479,421	2,171,916	1,774,661	4,425,998	
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	15,424,792	2,171,916	1,774,661	19,371,369	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	1,026,386	-	(1,026,386)	-	
BALANCE, DECEMBER 31, 2024	<u>11,205,758</u>	<u>\$ 112,057,583</u>	<u>\$ 24</u>	<u>\$ 50,685,866</u>	<u>\$ 12,201,590</u>	<u>\$ 16,476,237</u>	<u>\$ 960,702</u>	<u>\$ 9,015,386</u>	<u>\$ 201,397,388</u>	

# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income before income tax	\$ 18,353,587	\$ 16,236,588
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	3,050,867	3,241,455
Depreciation expense	1,260,054	1,226,105
Amortization expense	358,788	424,303
Interest income	(76,463,596)	(64,843,059)
Dividend income	(1,810,838)	(1,553,895)
Interest expense	53,499,016	42,610,485
Net gain on financial assets or liabilities at fair value through profit or loss	(20,222,738)	(2,942,378)
Loss on disposal of investments	435,503	861,773
Unrealized foreign exchange loss (gain)	10,936,432	(6,667,981)
Other adjustments	(34,137)	74,596
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(42,194,662)	(11,321,948)
Increase in financial assets at fair value through profit or loss	(2,429,383)	(48,344,857)
(Increase) decrease in receivables	(2,235,622)	3,537,104
Increase in discounts and loans	(168,478,914)	(120,478,684)
Increase in financial assets at fair value through other comprehensive income	(46,952,463)	(35,352,343)
(Increase) decrease in investments in debt instruments at amortized cost	(59,575,948)	31,868,403
Decrease in other financial assets	928,315	525,624
Decrease (increase) in other assets	1,559,070	(1,959,450)
Increase (decrease) in deposits from the Central Bank and banks	119,845,477	(77,243)
Increase in deposits and remittances	154,567,555	125,906,335
(Decrease) increase in payables	(9,261,893)	1,629,095
(Decrease) increase in financial liabilities at fair value through profit or loss	(2,354,314)	14,685,329
Increase (decrease) in reserve for liabilities	9,027	(216,024)
Increase in other financial liabilities	55,973	375,375
Increase (decrease) in other liabilities	<u>2,402,259</u>	<u>(3,516,959)</u>
Cash flows used in operations	(64,752,585)	(54,072,251)
Interest received	75,880,711	63,612,547
Dividends received	1,807,488	1,547,395
Interest paid	(52,789,857)	(39,769,261)
Income taxes paid	<u>(3,649,862)</u>	<u>(1,864,148)</u>
Net cash flows used in operating activities	<u>(43,504,105)</u>	<u>(30,545,718)</u>
		(Continued)

# CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	\$ (1,162,037)	\$ (778,112)
Proceeds from disposal of property and equipment	2,351	792
Acquisition of intangible assets	(139,302)	(252,892)
Acquisition of investment properties	<u>(11,795)</u>	<u>(1,820)</u>
Net cash flows used in investing activities	<u>(1,310,783)</u>	<u>(1,032,032)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to the Central Bank and banks	1,247,025	60,418,436
Proceeds from issuing bank notes	1,000,000	1,000,000
Repayments of bank notes	(9,330,000)	(3,000,000)
Increase in securities sold under repurchase agreement	265,581	10,197,313
Repayment of the principal portion of lease liabilities	(812,388)	(697,556)
Cash dividends paid	<u>(5,972,061)</u>	<u>(5,826,401)</u>
Net cash flows (used in) generated from financing activities	<u>(13,601,843)</u>	<u>62,091,792</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>2,315,673</u>	<u>(302,740)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(56,101,058)	30,211,302
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>135,031,401</u>	<u>104,820,099</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 78,930,343</u>	<u>\$ 135,031,401</u>
	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents in the consolidated balance sheets	\$ 41,389,706	\$ 59,446,777
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>37,540,637</u>	<u>75,584,624</u>
Cash and cash equivalents at end of year	<u>\$ 78,930,343</u>	<u>\$ 135,031,401</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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024.

#### Impairment Assessment of Loans

Loans are the most important assets of the Bank. As of December 31, 2024, the balance of the Bank's loans totaled \$1,949,859,996 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, 2024 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 20, 2025

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
Cash and cash equivalents	\$ 34,664,438	1	\$ 52,870,191	2
Due from the Central Bank and call loans to banks	178,655,876	6	172,507,850	6
Financial assets at fair value through profit or loss	81,846,946	3	72,831,553	3
Financial assets at fair value through other comprehensive income	301,850,939	10	257,735,718	9
Investments in debt instruments at amortized cost	512,002,497	16	453,100,064	16
Receivables, net	24,679,785	1	21,096,161	1
Current tax assets	282,646	-	135,733	-
Discounts and loans, net	1,949,859,996	62	1,787,107,192	62
Investments measured by equity method, net	15,526,275	-	14,717,022	-
Other financial assets, net	6,153,730	-	7,727,692	-
Property and equipment, net	20,718,584	1	20,347,752	1
Right-of-use assets, net	1,957,080	-	1,924,106	-
Investment property, net	13,932,767	-	13,872,697	-
Intangible assets, net	909,344	-	905,986	-
Deferred tax assets	4,423,158	-	3,277,208	-
Other assets, net	<u>1,516,741</u>	<u>-</u>	<u>3,021,720</u>	<u>-</u>
TOTAL	<u>\$ 3,148,980,802</u>	<u>100</u>	<u>\$ 2,883,178,645</u>	<u>100</u>
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks	\$ 234,330,201	8	\$ 112,859,055	4
Financial liabilities at fair value through profit or loss	2,881,955	-	6,594,822	-
Securities sold under repurchase agreements	11,403,907	1	11,138,326	1
Payables	27,618,257	1	36,111,923	1
Current tax liabilities	1,816,181	-	1,767,700	-
Deposits and remittances	2,607,179,840	83	2,458,964,957	85
Bank notes payable	40,805,410	1	49,163,511	2
Other financial liabilities	1,290,231	-	1,234,258	-
Reserve for liabilities	2,579,892	-	3,301,713	-
Lease liabilities	1,829,323	-	1,770,550	-
Deferred tax liabilities	11,057,632	-	9,868,792	-
Other liabilities	<u>4,790,585</u>	<u>-</u>	<u>2,404,982</u>	<u>-</u>
Total liabilities	<u>2,947,583,414</u>	<u>94</u>	<u>2,695,180,589</u>	<u>93</u>
EQUITY				
Capital stock				
Common stock	112,057,583	4	108,582,930	4
Capital surplus	24	-	-	-
Retained earnings				
Legal reserve	50,685,866	2	46,674,889	2
Special reserve	12,201,590	-	12,201,590	-
Unappropriated earnings	16,476,237	-	13,482,750	1
Other equity	<u>9,976,088</u>	<u>-</u>	<u>7,055,897</u>	<u>-</u>
Total equity	<u>201,397,388</u>	<u>6</u>	<u>187,998,056</u>	<u>7</u>
TOTAL	<u>\$ 3,148,980,802</u>	<u>100</u>	<u>\$ 2,883,178,645</u>	<u>100</u>

# CHANG HWA COMMERCIAL BANK, LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME	\$ 75,251,026	183	\$ 63,789,232	168	18
INTEREST EXPENSE	<u>(52,837,005)</u>	<u>(129)</u>	<u>(42,183,746)</u>	<u>(111)</u>	25
NET INCOME OF INTEREST	<u>22,414,021</u>	<u>54</u>	<u>21,605,486</u>	<u>57</u>	4
NET NON-INTEREST INCOME					
Net service fee income	6,841,020	17	5,136,063	14	33
Gain on financial assets or liabilities measured at fair value through profit or loss	9,104,013	22	9,442,106	25	(4)
Realized gain on financial assets at fair value through other comprehensive income	1,277,560	3	811,217	2	57
Loss arising from derecognition of financial assets at amortized cost	(37,994)	-	(233,854)	(1)	(84)
Foreign exchange gain	1,053,833	2	724,134	2	46
Share of profit of subsidiaries accounted for using equity method	240,355	1	303,151	1	(21)
Net other non-interest income	<u>285,104</u>	<u>1</u>	<u>175,672</u>	<u>-</u>	62
Net non-interest income	<u>18,763,891</u>	<u>46</u>	<u>16,358,489</u>	<u>43</u>	15
NET REVENUE AND GAINS	<u>41,177,912</u>	<u>100</u>	<u>37,963,975</u>	<u>100</u>	8
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(3,003,225)</u>	<u>(8)</u>	<u>(3,289,434)</u>	<u>(9)</u>	(9)
OPERATING EXPENSE					
Employee benefits expenses	(12,760,800)	(31)	(11,939,508)	(32)	7
Depreciation and amortization expense	(1,533,792)	(4)	(1,570,873)	(4)	(2)

(Continued)

# CHANG HWA COMMERCIAL BANK, LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Other general and administrative expense	\$ (5,545,613)	(13)	\$ (5,049,215)	(13)	10
Total operating expenses	(19,840,205)	(48)	(18,559,596)	(49)	7
INCOME BEFORE INCOME TAX	18,334,482	44	16,114,945	42	14
INCOME TAX EXPENSE	(3,389,111)	(8)	(3,132,803)	(8)	8
NET INCOME	14,945,371	36	12,982,142	34	15
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	599,273	1	(297,306)	(1)	302
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	2,697,047	7	9,395,017	25	(71)
Share of other comprehensive income of subsidiaries accounted for using the equity method	(603)	-	2,089	-	(129)
Income tax related to items that will not be reclassified to profit or loss	(119,852)	-	59,464	-	(302)
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation	2,315,673	6	(302,740)	(1)	865
Share of other comprehensive (loss) income of subsidiaries accounted for using the equity method	81,764	-	(20,038)	-	508
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(931,796)	(2)	3,017,064	8	(131)

(Continued)

# CHANG HWA COMMERCIAL BANK, LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
(Reversal of) impairment loss on investments in debt instruments measured at fair value through other comprehensive income	\$ (8,178)	-	\$ 7,837	-	(204)
Income tax related to items that will be reclassified to profit or loss	<u>(207,330)</u>	<u>(1)</u>	<u>(47,290)</u>	<u>-</u>	338
Other comprehensive income (loss), net of tax	<u>4,425,998</u>	<u>11</u>	<u>11,814,097</u>	<u>31</u>	(63)
TOTAL COMPREHENSIVE INCOME	<u>\$ 19,371,369</u>	<u>47</u>	<u>\$ 24,796,239</u>	<u>65</u>	(22)
EARNINGS PER SHARE					
Basic	<u>\$ 1.33</u>		<u>\$ 1.16</u>		
Diluted	<u>\$ 1.33</u>		<u>\$ 1.15</u>		

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank						Other Equity		Total Equity
	Capital Stock		Capital Surplus	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, 2023	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
Appropriation of 2023 earnings:									
Legal reserve appropriated	-	-	-	4,010,977	-	(4,010,977)	-	-	-
Cash dividends	-	-	-	-	-	(5,972,061)	-	-	(5,972,061)
Stock dividends	347,465	3,474,653	-	-	-	(3,474,653)	-	-	-
Other changes in capital surplus:									
Additional paid-in capital	-	-	11	-	-	-	-	-	11
Due to donated assets received	-	-	13	-	-	-	-	-	13
Net income for the year ended December 31, 2024	-	-	-	-	-	14,945,371	-	-	14,945,371
Other comprehensive income (loss) for the year ended December 31, 2024, net of tax	-	-	-	-	-	479,421	2,171,916	1,774,661	4,425,998
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	15,424,792	2,171,916	1,774,661	19,371,369
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	1,026,386	-	(1,026,386)	-
BALANCE, DECEMBER 31, 2024	11,205,758	\$ 112,057,583	\$ 24	\$ 50,685,866	\$ 12,201,590	\$ 16,476,237	\$ 960,702	\$ 9,015,386	\$ 201,397,388

# CHANG HWA COMMERCIAL BANK, LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income before income tax	\$ 18,334,482	\$ 16,114,945
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	3,003,225	3,289,434
Depreciation expense	1,206,505	1,175,486
Amortization expense	327,287	395,387
Share of loss (profit) loss of subsidiaries for using equity method	(240,355)	(303,151)
Interest income	(75,251,026)	(63,789,232)
Dividend income	(1,797,439)	(1,540,216)
Interest expense	52,837,005	42,183,746
Net gain on financial assets or liabilities at fair value through profit or loss	(20,040,445)	(2,774,125)
Loss on disposal of investments	552,573	956,200
Unrealized foreign exchange loss (gain)	10,936,432	(6,667,981)
Other adjustments	(71,086)	60,215
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(41,270,958)	(10,988,523)
Increase in financial assets at fair value through profit or loss	(2,307,037)	(48,141,139)
(Increase) decrease in receivables	(2,262,374)	3,558,617
Increase in discounts and loans	(165,802,979)	(124,597,426)
Increase in financial assets at fair value through other comprehensive income	(42,872,727)	(37,082,447)
(Increase) decrease in investments in debt instruments at amortized cost	(58,900,158)	31,911,318
Decrease (increase) in other financial assets	1,591,115	(673,176)
Decrease (increase) in other assets	1,557,987	(1,953,058)
Increase (decrease) in deposits from the Central Bank and banks	119,840,507	(184,157)
Increase in deposits and remittances	148,214,883	121,887,903
(Decrease) increase in payables	(9,245,530)	1,613,108
(Decrease) increase in financial liabilities at fair value through profit or loss	(2,446,378)	14,473,662
Decrease in reserve for liabilities	(7,542)	(207,715)
Increase in other financial liabilities	55,973	375,375
Increase (decrease) in other liabilities	<u>2,400,662</u>	<u>(3,515,141)</u>
Cash flows used in operations	(61,657,398)	(64,422,091)
Interest received	74,921,757	62,326,435
Dividends received	1,794,089	1,605,421
Interest paid	(52,163,048)	(39,464,382)
Income taxes paid	<u>(3,624,922)</u>	<u>(1,779,958)</u>
Net cash flows used in operating activities	<u>(40,729,522)</u>	<u>(41,734,575)</u>

(Continued)

# CHANG HWA COMMERCIAL BANK, LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	\$ (1,135,254)	\$ (732,300)
Proceeds from disposal of property and equipment	2,351	792
Acquisition of intangible assets	(137,613)	(231,331)
Acquisition of investment properties	<u>(11,795)</u>	<u>(1,820)</u>
Net cash flows used in investing activities	<u>(1,282,311)</u>	<u>(964,659)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to the Central Bank and banks	1,630,639	61,524,721
Proceeds from issuing bank notes	1,000,000	1,000,000
Repayments of bank notes	(9,330,000)	(3,000,000)
Increase in securities sold under repurchase agreement	265,581	10,197,313
Repayments of the principal portion of lease liabilities	(738,947)	(688,947)
Cash dividends paid	<u>(5,972,061)</u>	<u>(5,826,401)</u>
Net cash flows (used in) generated from financing activities	<u>(13,144,788)</u>	<u>63,206,686</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>1,827,936</u>	<u>(44,454)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(53,328,685)	20,462,998
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>119,159,267</u>	<u>98,696,269</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 65,830,582</u>	<u>\$ 119,159,267</u>
	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents in the balance sheets	\$ 34,664,438	\$ 52,870,191
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>31,166,144</u>	<u>66,289,076</u>
Cash and cash equivalents at end of year	<u>\$ 65,830,582</u>	<u>\$ 119,159,267</u>

(Concluded)