

Stock Code : 2882



**Cathay Financial Holding Co., Ltd.**

**2023 Annual General Shareholders'  
Meeting Agenda Handbook**

**Meeting Time : June 9, 2023, at 9 : 00 a.m.**

**Place : 1F, No. 9, Songren Road, Taipei, Taiwan, R.O.C.**

**Cathay Financial Conference Hall**

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# **Cathay Financial Holding Co., Ltd.**

## **Procedure for the 2023 Annual Meeting of Shareholders**

1. Announcement of the Commencement of the Meeting
2. Chairperson Remarks
3. Matters to Report
4. Matters for Acknowledgement
5. Matters for Discussion
6. Provisional Motion(s)
7. Meeting Adjournment

# **Cathay Financial Holding Co., Ltd.**

## **2023 Annual Shareholders' Meeting Agenda**

Meeting Time : June 9, 2023, at 9 : 00 a.m.

Place : 1F, No. 9, Songren Road, Taipei, Taiwan, R.O.C.

Cathay Financial Conference Hall

Meeting type : Video-conferencing assisted shareholders meeting (physical shareholders meeting supported by video conferencing)

E-Meeting Platform : “Shareholders meeting e-Voting Platform – Hybrid Shareholders’ Meeting” by Taiwan Depository & Clearing Corporation

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

1. Announcement of the commencement of the meeting (report the number of shares represented by shareholders present at the meeting)
2. Chairperson remarks
3. Matters to Report
  - (1) Business Report for 2022
  - (2) Audit Committee Report
  - (3) 2022 report on compensation to Employees and Directors of the Company
4. Matters for Acknowledgement
  - (1) Acknowledgement of Business Operations Report and Financial Statements for 2022
  - (2) Acknowledgement of earnings distribution for 2022
5. Matters for Discussion
  - (1) Discussion on the Company plans to distribute cash with capital surplus and legal reserve
  - (2) Discussion on the Corporation’s proposal to raise long-term capital
6. Provisional Motion(s)
7. Meeting Adjournment

## **I . Matters to Report**

### **1.Business Report for 2022**

Looking back on 2022, rising inflation in major economies that was driven by supply chain bottlenecks and the Russia–Ukraine war, prompted central banks toward aggressive rate hikes to curb inflation, which resulted in turbulent global capital markets. Meanwhile, Taiwan suffered from the COVID-19 outbreak and the financial industry faced tough challenges. Despite the ever-changing business environment, thanks to the concerted efforts of our employees, Cathay Financial Holdings (Cathay FHC) recorded a consolidated after-tax profit of NT\$38.0 billion (US\$1.2 billion) and earnings per share of NT\$2.58, with subsidiaries Cathay United Bank and Cathay SITE once again achieving record-high profits.

#### **Cathay Subsidiaries Maintained Robust Core Business Momentum in 2022**

In the face of volatile financial markets, Cathay Life Insurance reinforced its risk management to pursue investment performance. Cathay Life Insurance continues to adhere to value-driven strategies. To develop products aligned with societal trends and solve concerns over the lack of insurance protection, we focused on health insurance plans and elderly needs, combined services and products to increase insurance value, and utilized digital technology to create better customer experiences. Cathay Life Insurance’s premium income remained in first place in the life insurance industry.

The consolidated after-tax profit of Cathay United Bank reached a record-high yet again. Cathay United Bank delivered outstanding performance in interest income, driven by central bank interest rate hikes and loan growth. Our asset quality remained solid as we continued to focus on the importance to risk management. With respect to our wealth management business, Cathay United Bank continues to develop diverse products and assist our customers in asset allocation. We also employ digital platforms to satisfy our customers’ financial service needs, and connect together the businesses of our group subsidiaries to provide a one-stop financial platform that allows our customers to enjoy fast, convenient and user-friendly financial services.

Although Cathay Century Insurance was affected by pandemic insurance claims, its premium income continued to grow, and ranked second in terms of market share. Cathay Securities continued to develop its innovative digital business model and

delivered excellent business performance. The market share of its sub-brokerage business reached a new high and ranked first in the market. Asset management business is our third pillar of development and Cathay Securities Investment Trust reported NT\$1.2 trillion (US\$39.2 billion) in assets under management, maintaining its market leading position in Taiwan. We continued to further develop our global asset management businesses by integrating the business of Cathay Securities Investment Consulting (Cathay SICE) and Conning Holdings Corp. to establish a presence in Asia Pacific, European, and American markets. Our total assets under management was US\$191.0 billion.

### **Deepen Business Networks in Overseas Markets**

Cathay FHC continues to deepen its business operations and networks in Greater China and ASEAN markets by connecting regional offices and discovering local needs. Meanwhile, we established ourselves as a leading brand in green finance to expand our influence across overseas countries.

In Greater China, Cathay United Bank (China) Ltd. had stable business growth and enhanced digital financial services. In November 2022, Cathay United Bank (China) Ltd. launched the first green deposits program among Taiwan banks in China. In June 2022, our Hong Kong Branch signed a Memorandum of Understanding (MOU) with the Hong Kong Quality Assurance Agency, deepening the promotion of our green finance business and scope of cooperation. Cathay Lujiazui Life Insurance currently operates 12 offices (headquarters and branch offices) and 52 sales and service agencies, and also continues to demonstrate stable business growth. Cathay Insurance (China) continues to develop eCommerce-related business and undergo offline business transformation to optimize business structures and improve operational efficiency.

In Southeast Asia, Cathay United Bank has 60 overseas locations spread across nine of the ten ASEAN member states and continues to develop a greater variety of local financial services. In April 2022, Cathay United Bank relocated the Vietnam Chu Lai Branch to Ho Chi Minh City to better serve local clients. The Manila Branch approved the first sustainability-linked loan in the Philippine financial industry, helping local business support sustainable operations. Cathay Life Insurance (Vietnam) has 151 business offices and its premium income continues to grow.

Cathay Insurance Co., Ltd. (Vietnam) is driving its digital transformation and launched its mobile insurance application.

### **Aim to Become a Technology Company that Provides Financial Services**

Cathay FHC continues to remain committed to driving our digital transformation based on the three pillars of digital, data, and technology and the spirit of “What if We Could.” We aim to become a “technology company that provides financial services.”

Cathay Life Insurance announced its strategy of “Elder Friendly, Protection First and Sustainability (E.P.S.)” to construct a long-term strategic development blueprint, and unveiled its “Wellness Strategic Blueprint,” which supports policyholders’ health by focusing on four pillars of health: suboptimal health, elder care, health promotion, and spillover policies. Cathay Life Insurance designed the “FitBack” health promotion program in order to engage with policyholders on a more regular basis and thereby seek ways to utilize our insurance expertise, data analytics and innovative technologies and address the challenges facing the life insurance industry.

Cathay United Bank is focused on continuing to develop its mobile banking app, CUBE, which integrates banking, insurance, and securities services, provides a more flexible, convenient, and personalized banking experience, and serves as an integrated financial platform for our customers. Cathay United Bank also consolidates the rewards and benefits of multiple credit cards into the CUBE credit card and allows cardholders to select a reward plan that matches their personal preferences through the CUBE mobile banking app. Cathay FHC seeks to integrate the businesses of our subsidiaries to build a one-stop financial platform. Towards this end, we launched innovative, cross-sector digital products, including insurance that uses deposit interest to cover premium payments and variable life insurance that utilizes robo-advising technology.

By drawing on the concept of data driven, Cathay Century Insurance developed the “Smart Claim app,” which controls the risk of car insurance frauds, and “Smart Biz,” which streamlines and optimizes the commercial business insurance sales process. Cathay Securities integrated digital services to an “All-in-One” Cathay Securities app, which offers customers a smoother investment experience. Going forward, we will also continue to develop new technologies such as cloud, blockchain,

and artificial intelligence. With respect to cloud technology deployment, we are actively building a cloud native architecture and adopting open-source technology. We seek to optimize our cloud strategy with a focus on operations, management, compliance, and cybersecurity and apply it to major subsidiaries in compliance with regulations to strengthen our overall digital development capability.

### **Continue to Keep Pace with Global Trends and Refine the Cathay Group's Corporate Governance**

To continuously strengthen our corporate governance, Cathay FHC increased the number of independent directors from 4 to 5 in the 8th board of directors election in 2022, increasing the proportion of independent directors. Our newly elected independent director, Ms. Pei-Pei Yu, has extensive experience in banking, securities, investments, and business management. Ms. Yu's presence will further enhance the diversity of our board, increase the proportion of female board members, and improve the overall effectiveness of our corporate governance. In 2022, we engaged the Taiwan Institute of Ethical Business to conduct an evaluation of board performance and implement improvements based on the evaluation results. In addition, Chairman Mr. Hong-Tu Tsai received the "Responsible Business Leadership" award in the 2022 Asia Responsible Enterprise Awards, which demonstrates the international recognition of our corporate governance.

We continue to refine our corporate governance. Major achievements in 2022 include: (1) Cathay FHC ranked in the top 5% in the TWSE Corporate Governance Evaluation; (2) for the third time, Cathay FHC, Cathay Life Insurance and Cathay United Bank participated in the CG6013(2021) Corporate Governance System Evaluation, which was hosted by the Taiwan Corporate Governance Association, and once again, we received the highest rating "Excellent;" (3) Cathay FHC once again participated in the Taiwan Intellectual Property Management System (TIPS) and received Level-A certification; (4) Cathay FHC continued to improve our overall information security protection capability and completed the Security Operation Center (SOC) service mechanism while our major subsidiaries adopted the Information Security Management System (ISMS); (5) Cathay FHC passed the British Standards Institution (BSI) ISO 22301 Business Continuity Management System certification, which seeks to ensure the sustainable operation of the group and reduce the impact of emerging risks on corporate operations and Cathay FHC is the



first ISO 22301-certified financial holding company in Taiwan. Major subsidiaries have successively participated in this verification to continuously improve our Business Continuity Management (BCM) mechanism; (6) Regarding regulatory compliance, Cathay FHC adopted AI management modules and continued to promote the Group's digital compliance management systems. In response to the National Risk Assessment (NRA), we considered emerging risks, such as proliferation financing risks and Virtual Asset Service Providers (VASP), in our evaluation of anti-money laundering and counter terrorism financing. We also launched a cross-industry, joint risk defense plan to strengthen our risk management module.

Looking ahead to 2023, to ensure corporate sustainability, Cathay FHC will stay committed to the government's Corporate Governance 3.0 Roadmap, monitor global trends in corporate governance, continue to improve board performance, and refine our corporate governance practices to fulfill international best practices of corporate governance in an ever-changing business environment.

### **Exert Financial Influence and Frame a Sustainable Future**

We fully utilize our core financial competencies and focus on three areas of sustainability—"climate, health, and empowerment." The sustainability performance of Cathay FHC has been recognized internationally. Cathay FHC has been selected as a constituent in the Dow Jones Sustainability Index (DJSI) World Index for five consecutive years and as a constituent in the DJSI Emerging Markets Index for eight consecutive years. In the most recent rating, Cathay FHC achieved the highest scores on two of the financial core competencies, sustainable finance and financial inclusion, and ranked among the top global sustainable benchmark enterprises.

Amidst the wave of global sustainability and net-zero transition, Cathay FHC has for many years spared no effort in responsible finance and climate action to promote the sustainable development of enterprises and value chain partners. We leverage the influence of responsible finance through active engagement with investees and borrowers on sustainability and climate actions, and through in-depth conversations with enterprises. We join forces with industries to advance toward net-zero transition. Among enterprises with whom we have engaged, four of the major carbon emitters have made a commitment to achieve net-zero emissions or carbon neutrality.

Cathay FHC actively participates in international sustainability initiatives. In April 2022, Cathay FHC became the first member among Taiwan financial institutions in RE100, a global corporate renewable energy initiative. We have committed to using 100% renewable energy for all our business operation globally by 2050. In September 2022, we became one of the few financial institutions in the world to have our sustainable targets approved by the Science Based Targets initiative (SBTi). Our major subsidiaries have followed these targets to reduce the carbon emissions of their operations and financial assets and have resolved to achieve net-zero carbon emissions by 2050. The Cathay Sustainable Finance and Climate Change Summit has been held for six consecutive years. In 2022, we live streamed the 27<sup>th</sup> Conference of Parties (COP27) Peripheral Conference – World Climate Summit (WCS) in Egypt during our summit to share global perspectives of climate change and net-zero transition and lead our industry and value chain partners to realize sustainability.

Looking forward to 2023, as supply chain pressure eases and inflation is gradually kept under control, central banks in major countries are expected to slow the pace of interest rate hikes. However, global economic growth is facing downward pressure, and political and economic situations remain uncertain. We have operated in Taiwan for more than 60 years. Going forward, Cathay FHC will continue to focus on our core DNA of technology innovation and corporate sustainability, and utilize our core competencies in financial services to create unique competitive advantages and provide excellent customer experiences. We continue to strive toward our vision of becoming “a leading financial institution in the Asia-Pacific region,” thereby demonstrating our sincere gratitude and appreciation to the shareholders who have given us their invaluable support over the years.

Chairman    Hong-Tu Tsai  
President    Chang-Ken Lee  
Chief Accountant    Jui-Hung Hung

## 2. Audit Committee Report

### (1) Audit Report from the Auditing Committee

#### Audit Report from the Auditing Committee

The Company's 2022 business report, financial statements (including consolidated financial statements), and earnings distribution plan were prepared by the Board of Directors, in which the financial statements (including consolidated financial statements) have been audited and certified by Cheng-Hung Kuo, CPA and Shu-Wan Lin, CPA of Deloitte Taiwan, to which the firm issued an independent auditor's report.

Said reports and statements prepared by the Board of Directors have been audited by the Committee, and the Committee found them to be in compliance with regulatory requirements. The Committee hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review it accordingly.

To:

2023 Annual General Shareholders' Meeting of Cathay Financial Holdings

Auditing Committee

Edward Yung Do Way, Convener

April 27, 2023

## (2) Report on the 2022 operation of the Audit Committee

Proposed by the Board of Directors

### Explanation:

#### (a) Appraisal on effectiveness of the internal control system:

The Statement of Declaration of Internal Control submitted in accordance with Paragraph 3, Article 14-1 of the “Securities and Exchange Act” was issued upon the assessment on the overall effectiveness of internal control system by the Chairman, President, Chief Internal Auditor and Chief Compliance Officer of the Company based on the Group members’ self-inspection report, improvement status about the deficiencies and abnormality in the internal control founded by the internal audit unit, and other sources of information, and subject to the authorization by the Audit Committee and Board of Directors.

The Company has issued the “Declaration of Statement for Internal Control System of Cathay Financial Holding Co., Ltd. 2022” on March 9, 2023. Except the matters identified in the Declaration of Statement, each unit of the Company has executed the internal control and compliance practices precisely and effectively.

#### (b) Communication between Audit Committee and Chief Internal Auditor, and the CPAs:

The CPAs attended the Company’s Audit Committee meetings periodically, and reported to the Audit Committee about the scope of audit, adjustment of audit, key audit matters, and update on securities management and taxation laws and regulations, etc. in each quarter of 2022. They also interacted with the Audit Committee members separately before the audit planning and issuance of audit opinions in 2022. The internal audit unit would communicate with independent directors with respect to a total of 10 matters periodically. For example, the Company convened the “conference on discussion about deficiencies in the internal control system” attended by the whole Audit Committee members to discuss with the internal auditors about the

deficiencies in the internal control system and produce the meeting minute therefor. For details, please refer to the “Communication Between Independent Directors and Chief Internal Auditor, and the CPAs” on the Company's website:

<https://www.cathayholdings.com/holdings/corp/intro/committee/audit>

(c) Risk Supervision:

Audit Committee shall review the Company's major risks periodically to verify the various risk exposures and compliance by the internal control system, and supervise the completeness and effectiveness of the Company's risk management system.

### 3. 2022 report on compensation to Employees and Directors of the Company

Proposed by the Board of Directors

Explanation:

- (1) The remuneration distribution was conducted pursuant to Article 29-1 of the Constitution of the Company.
- (2) In 2022, the remuneration for employees of the Company was 0.01% of profits earned of that year and no more than 0.05% for directors. The distribution amount was NT\$4,097,993 and NT\$1,800,000 respectively. The remuneration was distributed in cash.

## **II . Matters for Acknowledgement**

### **Agenda 1 : Acknowledgement of Business Operations Report and Financial Statements for 2022**

Proposed by the Board of Directors

Explanation :

- (1) The 2022 financial statements of the Company were completed by the Board of Directors and audited by Cheng-Hung Kuo, CPA and Shu-Wan Lin, CPA of Deloitte Taiwan.
- (2) The aforementioned financial statements and the business report were examined by the audit committee. We hereby propose for acknowledgement.

RESOLVED :

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Cathay Financial Holding Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Cathay Financial Holding Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are as follows:

#### Valuation of Policy Reserve and Liability Adequacy Test

Cathay Life Insurance Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. Its management adopted the actuarial model and its related multiple significant assumptions for the estimation of the policy reserve and liability adequacy test. Significant assumptions in the measurement of the policy reserve include the mortality rate, discount rate, lapse rate, morbidity rate, etc. These assumptions are made based on legislation and regulations, taking into consideration its actual experience as well as industry-specific experience. The liability adequacy test on insurance contracts is performed in accordance with the requirements issued by the Actuarial Institute of Chinese Taipei, and the discount rates for future years used in the test are based on its best estimate scenario as well as the rate of the portfolio return under current information. Since any changes in the actuarial model and significant assumptions may lead to a material impact on the estimation results of the policy reserve and the liability adequacy test, the valuation of policy reserves and liability adequacy test was identified as a key audit matter. For the related accounting policies, accounting estimates, estimation uncertainty and relevant disclosure information, refer to Notes 4, 5 and 21 to the accompanying consolidated financial statements.

The main audit procedures we performed in response to the key audit matter described above are as follows:

1. We understood the internal controls related to management's valuation of policy reserves and liability adequacy test as well as evaluated the operating effectiveness of these internal controls.
2. We obtained the actuarial report issued by the contracted actuary which was used as the basis for the management's valuation of policy reserves and liability adequacy test, and evaluated the contracted actuary's professional competence and capability.
3. The following procedures were performed by our actuarial specialist, and the results were compared to the results of the actuarial report published by the contracted actuary in order to assess the reasonableness of the actuarial model and its significant assumptions used by the management in the valuation of the policy reserve. The actuarial specialist:
  - a. Randomly sampled the insurance products to examine whether the calculations of the policy reserve were made in accordance with the requirements.
  - b. Evaluated the actuarial model and significant assumptions used in its valuation of policy reserve based on the sampled insurance policies and verified the recognized amount of the policy reserve.
  - c. Performed profiling tests on long-term insurance policies as of December 31, 2022 to identify any abnormalities on the recognized amounts of policy reserve on each individual insurance policy.
  - d. Assessed the reasonableness of the amount of provision for the policy reserve by considering the amount of policy reserve as of the end of the prior year and the business development for the year ended December 31, 2022.

4. The following procedures were performed by our actuarial specialist, and the results were compared to the results of the actuarial report published by the contracted actuary in order to assess the reasonableness of the actuarial model and its significant assumptions used by the management in the liability adequacy test. The actuarial specialist:
  - a. Tested on a sample basis the correctness of classification of the newly issued insurance products for the year ended December 31, 2022.
  - b. Sampled the significant assumptions provided by the management for our audits in order to examine whether the assumptions were consistent with the requirements and the important built-in assumptions in the information system.
  - c. Tested and assessed the actuarial model and its significant assumptions used by the management in its liability adequacy test on a sample basis and performed recalculations on the individual insurance policies.
  - d. Assessed the reasonableness of the calculation results of the liability adequacy test as a whole based on a comparative analysis of the previous year's results and taking into consideration the business development for the year ended December 31, 2022.

#### Assessment of the Fair Values of Investment Properties

The investment properties of Cathay Life Insurance Co., Ltd. are measured at their fair values. To support the management in making reasonable estimates, Cathay Life Insurance Co., Ltd. used the fair values assessed by external independent appraisers. As the appraisal method and parameters used in the assessment of fair values involve significant judgments and estimates, we determined the assessment of the fair values of investment properties as a key audit matter. For the accounting policies, accounting estimates, assumption uncertainty and relevant disclosure information on the assessment of fair values of investment properties, refer to Notes 4, 5 and 14 to the accompanying consolidated financial statements.

The main audit procedures we performed in response to the key audit matter described above are as follows:

1. We evaluated the professional competence, capability and objectivity of the external independent appraisers, and verified the qualification of the appraisers.
2. We appointed an internal valuation specialist to evaluate the reasonableness of the appraisal reports adopted by its management, including the appraisal methods, main parameters and discount rate of the appraisal reports.

#### Impairment Assessment on Loans

Cathay United Bank Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. Its domestic loans was considered material to the consolidated financial statements as a whole. As the assessment of impairment of loans involves accounting estimates and management's significant judgment, and as the impairment assessment on loans under the relevant regulations issued by the authorities is substantially larger than that under IFRS 9, hence, we determined the impairment of the loans under the relevant regulations prescribed by the authorities as a key audit matter.

Its management regularly assesses the impairment on its loans. Recognition of impairment loss on loans is based on compliance with regulations issued by the authorities regarding the classification of credit assets and provision of impairment loss. For the accounting policies and relevant information on the impairment assessment of loans, refer to Notes 4, 5 and 11 to the accompanying consolidated financial statements.

The main audit procedures we performed in response to the key audit matter described above are as follows:

1. We understood and tested its internal controls of impairment assessment on loans.
2. We tested the classification of the credit assets into their respective categories out of the total five categories to see if it complies with the relevant regulations issued by the authorities.
3. We performed the test on selected samples to ensure the appropriateness of impairment by the length of the overdue period and the value of the collateral of each respective loan.
4. We calculated the provision of impairment loss by classifying the credit assets into their respective category to see if it complies with the relevant regulations issued by the authorities.

#### Adequacy of Loss Reserves

Cathay Century Insurance Co., Ltd. is a subsidiary of Cathay Financial Holding Co., Ltd. Its loss reserve is provided for claims filed but not yet paid and claims not yet filed. The reserve for claims filed but not yet paid is assessed by the claim department based on the relevant information from each received claims. The reserve for claims not yet filed is comprised of the provision calculated by the actuary department according to the claim development methods (accident year basis) or past claim experiences complied with actuarial principles, along with a reserve for the unallocated loss adjustment expenses; such accrual principle is also applied to ceded loss reserve under reinsurance contract assets.

The claims not yet filed estimated by abovementioned claim development methods or past experiences complied with the actuarial principles were calculated by considering the weighted results of the claim development and expected loss rates. The actuary department exercises its professional judgement in determining the appropriate models, assumptions and parameters. Therefore, we identified adequacy of loss reserves as a key audit matter. For the accounting policies and relevant disclosure information, refer to Notes 4, 5 and 21 to the accompanying consolidated financial statements.

By performing control testing, we obtained an understanding of the valuation of loss reserves and the design and implementation of relevant internal controls. Moreover, we also performed the following audit procedures:

1. We obtained the actuarial report prepared by the contracted actuary and determined that the loss reserves were properly accrued, evaluated whether the contracted actuary's professional competence and capability was compliant with the regulations issued by the Financial Supervisory Commission of the Republic of China.
2. Our internal actuarial specialists evaluated the accuracy and completeness of the relevant data, as well as the reasonableness of the reserve of claims not yet filed by actuarial method.

## **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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks 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, 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/supervisors, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Hung Kuo and Shu-Wan Lin.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 9, 2023

Notice to Readers

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

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

# CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 412,013,900	3	\$ 467,635,057	4
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	266,322,216	2	234,546,475	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	1,675,024,629	14	1,929,395,229	17
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	929,052,914	8	1,626,821,625	14
DEBT INSTRUMENTS AT AMORTIZED COST	4,510,776,595	37	3,266,686,240	28
FINANCIAL ASSETS FOR HEDGING	29,891	-	500,642	-
NOTES AND BONDS PURCHASED UNDER RESALE AGREEMENTS	38,076,491	-	77,243,060	1
RECEIVABLES, NET	217,153,186	2	205,480,862	2
CURRENT TAX ASSETS	5,158,702	-	4,164,103	-
ASSETS HELD FOR SALE, NET	-	-	283,087	-
DISCOUNT AND LOANS, NET	2,495,516,810	21	2,287,115,449	20
REINSURANCE CONTRACT ASSETS, NET	15,851,568	-	12,260,483	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	32,883,301	-	32,614,572	-
OTHER FINANCIAL ASSETS, NET	669,832,659	6	741,107,026	6
INVESTMENT PROPERTIES, NET	448,140,598	4	432,525,464	4
PROPERTY AND EQUIPMENT, NET	108,550,891	1	97,852,266	1
RIGHT-OF-USE ASSETS, NET	4,833,197	-	4,362,776	-
INTANGIBLE ASSETS, NET	51,636,617	-	51,543,583	-
DEFERRED TAX ASSETS	89,895,981	1	63,746,198	1
OTHER ASSETS, NET	<u>100,135,437</u>	<u>1</u>	<u>58,477,264</u>	<u>-</u>
TOTAL	<u>\$ 12,070,885,583</u>	<u>100</u>	<u>\$ 11,594,361,461</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND BANKS	\$ 97,309,239	1	\$ 74,605,174	1
DUE TO THE CENTRAL BANK AND BANKS	-	-	1,076,000	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	182,999,244	2	79,934,187	1
FINANCIAL LIABILITIES FOR HEDGING	3,716,091	-	20,956	-
NOTES AND BONDS SOLD UNDER REPURCHASE AGREEMENTS	34,723,428	-	39,827,873	-
COMMERCIAL PAPER PAYABLE, NET	73,880,000	1	63,469,166	-
PAYABLES	73,787,470	1	76,870,285	1
CURRENT TAX LIABILITIES	4,484,328	-	7,528,389	-
DEPOSITS AND REMITTANCES	3,185,436,089	26	2,871,960,053	25
BONDS PAYABLE	132,147,398	1	141,800,000	1
OTHER BORROWINGS	12,763,713	-	1,670,185	-
PROVISIONS	6,842,132,184	57	6,448,259,356	56
OTHER FINANCIAL LIABILITIES	720,648,395	6	763,908,198	7
LEASE LIABILITIES	19,240,853	-	14,721,170	-
DEFERRED TAX LIABILITIES	49,779,071	-	52,976,726	-
OTHER LIABILITIES	<u>26,130,045</u>	<u>-</u>	<u>41,695,016</u>	<u>-</u>
Total liabilities	<u>11,459,177,548</u>	<u>95</u>	<u>10,680,322,734</u>	<u>92</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital				
Ordinary shares	146,692,102	1	131,692,102	1
Preference shares	15,333,000	-	15,333,000	-
Capital surplus	215,318,047	2	177,244,388	2
Retained earnings				
Legal reserve	73,747,059	1	59,471,895	1
Special reserve	150,768,651	1	150,716,023	1
Unappropriated earnings	230,331,762	2	267,799,001	2
Other equity	<u>(233,350,281)</u>	<u>(2)</u>	<u>99,781,737</u>	<u>1</u>
Total equity attributable to owners of the Company	598,840,340	5	902,038,146	8
NON-CONTROLLING INTERESTS	<u>12,867,695</u>	<u>-</u>	<u>12,000,581</u>	<u>-</u>
Total equity	<u>611,708,035</u>	<u>5</u>	<u>914,038,727</u>	<u>8</u>
TOTAL	<u>\$ 12,070,885,583</u>	<u>100</u>	<u>\$ 11,594,361,461</u>	<u>100</u>

# CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
INTEREST INCOME	\$ 250,519,506	73	\$ 207,813,024	33
INTEREST EXPENSE	<u>(24,356,980)</u>	<u>(7)</u>	<u>(12,930,863)</u>	<u>(2)</u>
NET INTEREST INCOME	<u>226,162,526</u>	<u>66</u>	<u>194,882,161</u>	<u>31</u>
NET INCOME AND GAINS OTHER THAN INTEREST INCOME				
Net gain on service fee and commission fee	15,421,254	5	12,648,663	2
Net income on insurance operations	1,436,140	-	218,483,618	35
(Loss) gain on financial assets and liabilities at fair value through profit or loss	(445,353,503)	(130)	142,017,737	23
Gain on investment properties	13,696,591	4	11,657,941	2
Realized gain on financial assets at fair value through other comprehensive income	2,712,295	1	33,186,918	5
Net gain on derecognition of financial assets at amortized cost	10,365,022	3	37,416,140	6
Foreign exchange gain (loss)	301,166,569	88	(74,946,785)	(12)
(Impairment loss) reversal of impairment loss on assets	(4,682,547)	(1)	2,299,198	1
Share of profit of associates and joint ventures accounted for using the equity method	2,265,986	1	1,806,724	-
Gain on reclassification using the overlay approach	254,281,014	74	39,313,145	6
Net other non-interest (loss) gain	<u>(36,037,689)</u>	<u>(11)</u>	<u>7,197,145</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>341,433,658</u>	<u>100</u>	<u>625,962,605</u>	<u>100</u>
NET CHANGES IN INSURANCE LIABILITY RESERVE	<u>(198,098,005)</u>	<u>(58)</u>	<u>(377,408,390)</u>	<u>(60)</u>
PROVISION FOR BAD DEBT, COMMITMENTS AND GUARANTEE RESERVE	<u>(4,777,580)</u>	<u>(1)</u>	<u>(3,484,370)</u>	<u>(1)</u>
OPERATING EXPENSES				
Employee benefit expenses	(54,004,407)	(16)	(53,706,468)	(9)
Depreciation and amortization expenses	(7,544,064)	(2)	(7,397,795)	(1)
Other general and administrative expenses	<u>(27,061,810)</u>	<u>(8)</u>	<u>(24,439,211)</u>	<u>(4)</u>
Total operating expenses	<u>(88,610,281)</u>	<u>(26)</u>	<u>(85,543,474)</u>	<u>(14)</u>

(Continued)



# CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	49,947,792	15	159,526,371	25
INCOME TAX EXPENSE	<u>(11,985,678)</u>	<u>(4)</u>	<u>(18,637,061)</u>	<u>(3)</u>
NET INCOME	<u>37,962,114</u>	<u>11</u>	<u>140,889,310</u>	<u>22</u>
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(267,311)	-	1,208,112	-
Property revaluation surplus	1,322,404	-	332,149	-
(Loss) gain on equity instruments at fair value through other comprehensive income	(28,637,506)	(8)	9,716,739	2
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	575,753	-	736,634	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(809,491)	-	(47,908)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	451,933	-	307,054	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	5,780,461	2	(2,842,282)	-
Gain (loss) on hedging instruments	762,058	-	(13,681)	-
Loss on debt instruments at fair value through other comprehensive income	(103,810,322)	(30)	(79,200,595)	(13)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	597,149	-	(1,038,743)	-
Other comprehensive loss reclassified using overlay approach	(254,281,014)	(75)	(39,313,145)	(6)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>33,999,512</u>	<u>10</u>	<u>15,879,804</u>	<u>2</u>
Total other comprehensive loss for the period, net of income tax	<u>(344,316,374)</u>	<u>(101)</u>	<u>(94,275,862)</u>	<u>(15)</u>

(Continued)

# CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TOTAL COMPREHENSIVE (LOSS) INCOME	<u>\$(306,354,260)</u>	<u>(90)</u>	<u>\$ 46,613,448</u>	<u>7</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 37,359,360	11	\$ 139,514,082	22
Non-controlling interests	<u>602,754</u>	<u>-</u>	<u>1,375,228</u>	<u>-</u>
	<u>\$ 37,962,114</u>	<u>11</u>	<u>\$ 140,889,310</u>	<u>22</u>
TOTAL COMPREHENSIVE (LOSS) INCOME				
ATTRIBUTABLE TO:				
Owner of the Company	\$(306,895,790)	(90)	\$ 45,166,120	7
Non-controlling interests	<u>541,530</u>	<u>-</u>	<u>1,447,328</u>	<u>-</u>
	<u>\$(306,354,260)</u>	<u>(90)</u>	<u>\$ 46,613,448</u>	<u>7</u>
EARNINGS PER SHARE				
Basic earnings per share	<u>\$ 2.58</u>		<u>\$ 10.34</u>	

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company																
							Other Equity										
				Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Others	Total	Non-controlling Interests	Total Equity
	Share Capital	Preferred Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings											
	Ordinary Shares																
BALANCE, AT JANUARY 1, 2021	\$ 131,692,102	\$ 15,333,000	\$ 177,256,053	\$ 51,967,688	\$ 149,894,910	\$ 169,606,342	\$ (15,464,009)	\$ 106,207,840	\$ 347,871	\$ (1,478,705)	\$ (1,966,279)	\$ 11,097,089	\$ 102,511,617	\$ (3,944,303)	\$ 893,061,216	\$ 11,714,465	\$ 904,775,681
Appropriation of 2020 earnings																	
Legal reserve	-	-	-	7,504,207	-	(7,504,207)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,025,611	(1,025,611)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(32,923,025)	-	-	-	-	-	-	-	-	(32,923,025)	-	(32,923,025)
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(11,665)	-	-	(26,903)	-	(2,076)	-	-	-	-	-	-	(40,644)	-	(40,644)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(554,511)	-	-	-	-	-	-	-	719,914	165,403	(176,506)	(11,103)
Net income for the year ended December 31, 2021	-	-	-	-	-	139,514,082	-	-	-	-	-	-	-	-	139,514,082	1,375,228	140,889,310
Other comprehensive (loss) income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(3,188,242)	(55,239,956)	(12,020)	589,308	1,000,149	249,745	(37,746,946)	-	(94,347,962)	72,100	(94,275,862)
Total comprehensive income (loss) for year ended December 31, 2021	-	-	-	-	-	139,514,082	(3,188,242)	(55,239,956)	(12,020)	589,308	1,000,149	249,745	(37,746,946)	-	45,166,120	1,447,328	46,613,448
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	3,834,335	-	(3,834,335)	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	(204,498)	269,423	-	-	-	-	-	(64,925)	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(984,706)	(984,706)
BALANCE, AT DECEMBER 31, 2021	131,692,102	15,333,000	177,244,388	59,471,895	150,716,023	267,799,001	(18,652,251)	47,131,473	335,851	(889,397)	(966,130)	11,281,909	64,764,671	(3,224,389)	902,038,146	12,000,581	914,038,727
Appropriation 2021 earnings																	
Legal reserve	-	-	-	14,275,164	-	(14,275,164)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	52,628	(52,628)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(46,092,235)	-	-	-	-	-	-	-	-	(46,092,235)	-	(46,092,235)
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(104,319)	-	-	-	-	-	-	-	-	-	-	-	(104,319)	-	(104,319)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(623,579)	-	-	-	-	-	-	-	731,063	107,484	(109,072)	(1,588)
Net income for the year ended December 31, 2022	-	-	-	-	-	37,359,360	-	-	-	-	-	-	-	-	37,359,360	602,754	37,962,114
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	5,624,950	(116,041,219)	614,414	460,602	(131,013)	1,311,727	(236,094,611)	-	(344,255,150)	(61,224)	(344,316,374)
Total comprehensive income (loss) for year ended December 31, 2022	-	-	-	-	-	37,359,360	5,624,950	(116,041,219)	614,414	460,602	(131,013)	1,311,727	(236,094,611)	-	(306,895,790)	541,530	(306,354,260)
Issuance of ordinary shares for cash	15,000,000	-	37,500,000	-	-	-	-	-	-	-	-	-	-	-	52,500,000	-	52,500,000
Share-based payment transactions	-	-	677,978	-	-	-	-	-	-	-	-	-	-	-	677,978	42	678,020
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(10,376,705)	-	10,376,705	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	(15,364)	-	-	-	-	-	15,364	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	434,614	434,614
BALANCE, AT DECEMBER 31, 2022	<u>\$ 146,692,102</u>	<u>\$ 15,333,000</u>	<u>\$ 215,318,047</u>	<u>\$ 73,747,059</u>	<u>\$ 150,768,651</u>	<u>\$ 230,331,762</u>	<u>\$ (13,027,301)</u>	<u>\$ (58,533,041)</u>	<u>\$ 950,265</u>	<u>\$ (428,795)</u>	<u>\$ (1,097,143)</u>	<u>\$ 12,609,000</u>	<u>\$ (171,329,940)</u>	<u>\$ (2,493,326)</u>	<u>\$ 598,840,340</u>	<u>\$ 12,867,695</u>	<u>\$ 611,708,035</u>

# CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 49,947,792	\$ 159,526,371
Adjustments for:		
Depreciation expense	4,472,857	4,111,453
Amortization expense	3,071,207	3,286,342
Bad debt expense	4,777,580	3,484,370
Loss (gain) on financial assets and liabilities at fair value through profit or loss	462,987,914	(125,960,769)
Interest expense	24,356,980	12,930,863
Net gain on derecognition of financial assets at amortized cost	(10,365,022)	(37,416,140)
Interest income	(250,519,506)	(207,813,024)
Dividend income	(27,521,113)	(22,306,890)
Net change in insurance liabilities	353,292,935	336,991,049
Net changes in other provisions	40,449,731	(5,767,139)
Compensation cost of share-based payments	678,020	-
Share of profit of associates and joint ventures accounted for using the equity method	(2,265,986)	(1,806,724)
Gain on reclassification using the overlay approach	(254,281,014)	(39,313,145)
Loss on disposal and retirement of property and equipment	15,643	9,975
Gain on disposal of investment properties	(2,369)	(23,700)
Gain on disposal of assets held for sale	(440,613)	-
Gain on disposal of investments accounted for using the equity method	(358,539)	(167,748)
Loss (gain) on disposal of investments	6,775,085	(26,532,879)
Expected credit loss (reversal of expected credit loss) on financial assets	4,682,547	(2,299,198)
Gain on changes in fair value of investment properties	(2,094,495)	(957,835)
Net changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(8,406,645)	(11,737,020)
Decrease (increase) in financial assets at fair value through profit or loss	294,868,000	(16,019,550)
Increase in financial assets at fair value through other comprehensive income	(495,374,571)	(105,890,639)
Increase in debt instruments at amortized cost	(181,326,295)	(66,414,804)
Decrease (increase) in financial assets for hedging	1,208,290	(157,643)
Increase in receivables	(3,122,185)	(12,366,383)
Increase in loans	(213,073,325)	(149,313,340)
Increase in reinsurance assets	(3,493,052)	(2,646,202)
Decrease in other financial assets	2,091,129	2,366,619
(Increase) decrease in other assets	(444,697)	3,991,220
Increase deposits from the Central Bank and banks	22,704,065	8,474,115
Decrease in financial liabilities at fair value through profit or loss	(399,877,010)	(98,353,852)
Increase (decrease) in financial liabilities for hedging	3,719,654	(328,623)
(Decrease) increase in notes and bonds sold under repurchase agreements	(5,104,445)	27,528,309

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# CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2022	2021
(Decrease) increase in payables	(6,578,073)	8,552,337
Increase in deposits and remittances	313,476,036	256,160,990
(Decrease) increase in provisions for employee benefits	(23,492)	39,727
Increase (decrease) in provisions	40,334	(45,153)
Increase (decrease) in other financial liabilities	25,523,435	(11,378,375)
(Decrease) increase in other liabilities	<u>(18,750,158)</u>	<u>5,706,826</u>
Cash used in operations	(264,283,371)	(111,856,209)
Interest received	243,285,551	208,731,688
Dividends received	28,304,737	23,172,239
Interest paid	(22,615,640)	(14,416,154)
Income tax paid	<u>(10,946,182)</u>	<u>(33,115,959)</u>
Net cash (used in) generated from operating activities	<u>(26,254,905)</u>	<u>72,515,605</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(17,202,630)	(33,909,657)
Proceeds from disposal of financial assets at fair value through other comprehensive income	15,688,232	33,464,578
Acquisition of financial assets at fair value through profit or loss	(967,522)	(1,082,603)
Proceeds from disposal of financial assets at fair value through profit or loss	523,372	581,550
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	14,800
Acquisition of investments accounted for using equity method	(2,308,500)	(414,500)
Proceeds from disposal of investments accounted for using equity method	595,743	307,166
Acquisition of subsidiaries (Net of cash acquired)	(415,958)	-
Proceeds from capital reduction of investments accounted for using equity method	170,887	404,415
Proceeds from disposal of assets held for sale	723,700	-
Acquisition of property and equipment	(4,179,942)	(2,728,904)
Proceeds from disposal of property and equipment	195,217	1,608
Acquisition of intangible assets	(743,023)	(733,320)
Proceeds from intangible assets	40,988	-
Acquisition of investment properties	(8,201,702)	(11,576,015)
Proceeds from disposal of investment properties	36,891	117,100
(Increase) decrease in other assets	(36,876,827)	2,564,385
Dividends received	<u>95,134</u>	<u>97,878</u>
Net cash used in investing activities	<u>(52,825,940)</u>	<u>(12,891,519)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in funds borrowed from the Central Bank and banks	(1,076,000)	-
Increase in commercial paper payable	10,410,000	23,950,000

(Continued)

# CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2022	2021
Proceeds from issuance of financial debentures	693,116	-
Repayment of financial debentures	(10,384,260)	(7,000,000)
Increase in borrowings	3,598,444	70,853
Repayment of the principal portion of lease liabilities	(1,705,048)	(1,548,493)
Increase (decrease) in other liabilities	4,019,118	(2,889,289)
Dividends paid	(49,483,159)	(36,313,949)
Issuance of ordinary shares for cash	52,500,000	-
Acquisition of interests in subsidiaries	(911,234)	(605,519)
Changes in non-controlling interests	<u>(1,071,062)</u>	<u>(676,345)</u>
Net cash generated from (used in) financing activities	<u>6,589,915</u>	<u>(25,012,742)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,052,650</u>	<u>(394,137)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(71,438,280)	34,217,207
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>692,041,687</u>	<u>657,824,480</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 620,603,407</u>	<u>\$ 692,041,687</u>

Reconciliation of cash and cash equivalents:

	December 31	
	2022	2021
Cash and cash equivalents presented in the consolidated balance sheets	\$ 412,013,900	\$ 467,635,057
Due from the Central Bank and call loans to banks qualified for cash and cash equivalents under the definition of IAS 7	170,513,016	147,163,570
Notes and bonds purchased under resale agreements qualified for cash and cash equivalents under the definition of IAS 7	<u>38,076,491</u>	<u>77,243,060</u>
Cash and cash equivalents at the end of the years	<u>\$ 620,603,407</u>	<u>\$ 692,041,687</u>

(Concluded)

31. FINANCIAL STATEMENTS OF CATHAY FINANCIAL HOLDING CO., LTD.

Cathay Financial Holding Co., Ltd.

Balance Sheets  
(In Thousands of New Taiwan Dollars)

ASSETS	December 31		LIABILITIES AND EQUITY	December 31	
	2022	2021		2022	2021
CASH AND CASH EQUIVALENTS	\$ 7,943,654	\$ 633,233	COMMERCIAL PAPER PAYABLE, NET	\$ 73,880,000	\$ 58,510,000
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	33,575,500	36,260,000	PAYABLES	15,901,806	6,024,616
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	195,035	143,491	CURRENT TAX LIABILITIES	3,947,034	7,057,511
RECEIVABLES, NET	4,121,685	1,466,748	BONDS PAYABLE	50,000,000	50,000,000
CURRENT TAX ASSETS	5,131,669	4,102,282	OTHER BORROWING	5,000,000	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	696,821,834	981,855,958	PROVISIONS	753,962	749,874
PROPERTY AND EQUIPMENT, NET	161,431	55,225	LEASE LIABILITIES	290,119	124,980
RIGHT-OF-USE ASSETS	289,676	123,677	DEFERRED TAX LIABILITIES	266,714	266,714
DEFERRED TAX ASSETS	333,745	35,604	OTHER LIABILITIES	<u>270</u>	<u>579</u>
OTHER ASSETS	<u>306,016</u>	<u>96,202</u>	Total liabilities	<u>150,039,905</u>	<u>122,734,274</u>
			EQUITY		
			Share capital		
			Ordinary shares	146,692,102	131,692,102
			Preference shares	15,333,000	15,333,000
			Capital surplus	215,318,047	177,244,388
			Retained earnings		
			Legal reserve	73,747,059	59,471,895
			Special reserve	150,768,651	150,716,023
			Unappropriated earnings	230,331,762	267,799,001
			Other equity	<u>(233,350,281)</u>	<u>99,781,737</u>
			Total equity	<u>598,840,340</u>	<u>902,038,146</u>
TOTAL	<u>\$ 748,880,245</u>	<u>\$ 1,024,772,420</u>	TOTAL	<u>\$ 748,880,245</u>	<u>\$ 1,024,772,420</u>

**Cathay Financial Holding Co., Ltd.**

**Statements of Comprehensive Income**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>REVENUE</b>		
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 45,374,122	\$ 141,760,801
Other operating income	<u>1,301,593</u>	<u>1,298,450</u>
Total revenue	<u>46,675,715</u>	<u>143,059,251</u>
<b>EXPENSES AND LOSSES</b>		
Operating expenses	(1,922,878)	(1,766,470)
Other expenses and losses	<u>(3,778,808)</u>	<u>(736,471)</u>
Total expenses and losses	<u>(5,701,686)</u>	<u>(2,502,941)</u>
<b>INCOME BEFORE TAX</b>	40,974,029	140,556,310
<b>INCOME TAX EXPENSE</b>	<u>(3,614,669)</u>	<u>(1,042,228)</u>
<b>NET INCOME</b>	<u>37,359,360</u>	<u>139,514,082</u>
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	1,234	(10,692)
Gain on equity instruments at fair value through other comprehensive income	51,544	27,291
Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	(27,416,729)	12,233,990
Income tax relating to items that will not be reclassified subsequently to profit or loss	(247)	2,139
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	<u>(316,890,952)</u>	<u>(106,600,690)</u>
Other comprehensive loss for the period, net of income tax	<u>(344,255,150)</u>	<u>(94,347,962)</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>	<u>\$ (306,895,790)</u>	<u>\$ 45,166,120</u>
<b>EARNINGS PER SHARE</b>		
Basic	<u>\$ 2.58</u>	<u>\$ 10.34</u>



Cathay Financial Holding Co., Ltd.

Statements of Changes in Equity  
(In Thousands of New Taiwan Dollars)

	Other Equity														
	Share Capital			Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Others	Total Equity
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings									
BALANCE AT JANUARY 1, 2021	\$ 131,692,102	\$ 15,333,000	\$ 177,256,053	\$ 51,967,688	\$ 149,894,910	\$ 169,606,342	\$ (15,464,009)	\$ 106,207,840	\$ 347,871	\$ (1,478,705)	\$ (1,966,279)	\$ 11,097,089	\$ 102,511,617	\$ (3,944,303)	\$ 893,061,216
Appropriation of 2020 earnings															
Legal reserve	-	-	-	7,504,207	-	(7,504,207)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,025,611	(1,025,611)	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(32,923,025)	-	-	-	-	-	-	-	-	(32,923,025)
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(11,665)	-	-	(26,903)	-	(2,076)	-	-	-	-	-	-	(40,644)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(554,511)	-	-	-	-	-	-	-	719,914	165,403
Net income for the year ended December 31, 2021	-	-	-	-	-	139,514,082	-	-	-	-	-	-	-	-	139,514,082
Other comprehensive (loss) income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(3,188,242)	(55,239,956)	(12,020)	589,308	1,000,149	249,745	(37,746,946)	-	(94,347,962)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	139,514,082	(3,188,242)	(55,239,956)	(12,020)	589,308	1,000,149	249,745	(37,746,946)	-	45,166,120
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	-	3,834,335	-	(3,834,335)	-	-	-	-	-	-	-
Others	-	-	-	-	(204,498)	269,423	-	-	-	-	-	(64,925)	-	-	-
BALANCE AT DECEMBER 31, 2021	131,692,102	15,333,000	177,244,388	59,471,895	150,716,023	267,799,001	(18,652,251)	47,131,473	335,851	(889,397)	(966,130)	11,281,909	64,764,671	(3,224,389)	902,038,146
Appropriation of 2021 earnings															
Legal reserve	-	-	-	14,275,164	-	(14,275,164)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	52,628	(52,628)	-	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(46,092,235)	-	-	-	-	-	-	-	-	(46,092,235)
Cash dividends on preferred shares	-	-	-	-	-	(3,390,924)	-	-	-	-	-	-	-	-	(3,390,924)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(104,319)	-	-	-	-	-	-	-	-	-	-	-	(104,319)
Changes in ownership interests in subsidiaries	-	-	-	-	-	(623,579)	-	-	-	-	-	-	-	731,063	107,484
Net income for the year ended December 31, 2022	-	-	-	-	-	37,359,360	-	-	-	-	-	-	-	-	37,359,360
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	5,624,950	(116,041,219)	614,414	460,602	(131,013)	1,311,727	(236,094,611)	-	(344,255,150)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	37,359,360	5,624,950	(116,041,219)	614,414	460,602	(131,013)	1,311,727	(236,094,611)	-	(306,895,790)
Issuance of ordinary shares for cash	15,000,000	-	37,500,000	-	-	-	-	-	-	-	-	-	-	-	52,500,000
Share-based payment transactions	-	-	677,978	-	-	-	-	-	-	-	-	-	-	-	677,978
Disposals of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(10,376,705)	-	10,376,705	-	-	-	-	-	-	-
Others	-	-	-	-	-	(15,364)	-	-	-	-	-	15,364	-	-	-
BALANCE AT DECEMBER 31, 2022	\$ 146,692,102	\$ 15,333,000	\$ 215,318,047	\$ 73,747,059	\$ 150,768,651	\$ 230,331,762	\$ (13,027,301)	\$ (58,533,041)	\$ 950,265	\$ (428,795)	\$ (1,097,143)	\$ 12,609,000	\$ (171,329,940)	\$ (2,493,326)	\$ 598,840,340

**Cathay Financial Holding Co., Ltd.**

**Statements of Cash Flows**  
(In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 40,974,029	\$ 140,556,310
Adjustments for:		
Depreciation expenses	150,518	141,502
Loss on of financial assets at fair value through profit or loss	2,684,500	185,500
Interest income	(1,278,822)	(1,271,181)
Dividend income	(7,594)	(7,265)
Interest expenses	1,025,775	521,517
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(45,374,122)	(141,760,801)
Loss on disposal and retirement of property and equipment	266	338
Compensation cost of share-based payments	10,230	-
Changes in operating assets and liabilities		
Receivables	5,400	-
Other assets	(522)	(300)
Payables	52,821	76,472
Provisions	7,640	635
Other liabilities	(309)	(46)
Cash used in operations	(1,750,190)	(1,557,319)
Interest received	1,278,079	1,271,155
Dividends received	7,594	7,265
Interest paid	(1,141,152)	(535,387)
Income tax paid	(890,462)	(1,960,532)
Net cash used in operating activities	<u>(2,496,131)</u>	<u>(2,774,818)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using the equity the method	(55,000,000)	-
Acquisition of property and equipment	(125,332)	(9,649)
Disposal of property and equipment	-	127
Increase in other assets	(93,915)	(38,846)
Dividends received	<u>41,771,476</u>	<u>18,722,781</u>
Net cash (used in) generated from investing activities	<u>(13,447,771)</u>	<u>18,674,413</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in commercial paper payable	15,370,000	20,260,000
Increase in other borrowings	5,000,000	-
Repayments of the principal portion of lease liabilities	(132,518)	(127,687)
Issuance of ordinary shares for cash	52,500,000	-
Dividends paid	<u>(49,483,159)</u>	<u>(36,313,949)</u>
Net cash generated from (used in) financing activities	<u>23,254,323</u>	<u>(16,181,636)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,310,421</b>	<b>(282,041)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>633,233</b></u>	<u><b>915,274</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u><b>\$ 7,943,654</b></u></u>	<u><u><b>\$ 633,233</b></u></u>

## Agenda 2 : Acknowledgement of earnings distribution for 2022

Proposed by the Board of Directors

### Explanation :

The Company's undistributed earnings at the beginning of the period is NT\$203,972,685,432, and after the addition of the net income of the current period of NT\$37,359,360,246, subtraction of the disposal of equity instruments measured at fair value through other comprehensive income of NT\$10,376,704,114, addition of the net effect of disposal of investment property at fair value of NT\$25,935,618 and subtraction of changes in recognition of subsidiaries, affiliates and joint ventures using the equity method of NT\$623,579,526, the accumulated distributable earnings is NT\$230,357,697,656. Accordingly, the earnings distribution proposal is established as follows:

- I. After the addition of the items other than the net income to the net income of the current period of 2022, 10% of the legal reserve is appropriated at an amount of NT\$2,638,501,222.
- II. According to the provisions specified in Jin-Guan-Yin-Fa-Zi No. 10310000140 Letter dated February 19, 2014 and Jin-Guan-Zheng-Fa-Zi No. 1030006415 Letter dated March 18, 2014, when the fair value model is adopted for investment property, for the increase of retained earnings, it is necessary to appropriate a special reserve of NT\$840,131,195.
- III. In addition, special reserve is appropriated according to Jin-Guan-Zheng-Fa-Zi No. 1090150022 Letter dated March 31, 2021 and Jin-Guan-Yin-Fa-Zi No. 11102279031 Letter dated November 4, 2022.

### RESOLVED :

**Cathay Financial Holding Co., Ltd.**  
**Earnings Distribution Plan of the year 2022**

Unit : NT Dollar

Item	Amount
(I) Unappropriated earnings at the beginning of the period	203,972,685,432
Net income of the current period	37,359,360,246
Less: Any items other than net profit- Disposal of equity instruments measured at fair value through other comprehensive income	(10,376,704,114)
Add: Any items other than net profit- Net effect of fair value by disposal of investment property (Note 1)	25,935,618
Less: Changes in recognition of subsidiaries, affiliates and joint ventures using the equity method	(623,579,526)
(II) Any items other than net profit after tax plus any items other than net profit	26,385,012,224
Less: Legal reserve	(2,638,501,222)
Less: Special reserve – net effect of investment property at fair value (Note 1)	(840,131,195)
Less: Special reserve – Net deduction of other shareholders' equity (Note 2)	(226,879,065,239)
(III) Distributable earnings	0

Note1: Pursuant to the Financial Supervisory Commission (FSC) Letters No. 10310000140 dated February 19, 2014 and No. 1030006415 dated March 18, 2014, companies that account for investment properties using the fair value method are required to provide special reserves for any fair value gains that have the effect of increasing retained earnings. Subsequently, when the fair value of the investment property declines, or when the investment property is disposed of, the company may reverse the increase.

Note2: According to Jin-Guan-Zheng-Fa-Zi No. 1090150022 Letter dated March 31, 2021, for the net amount of other shareholders' equity deduction recognized in the current year, for the net income after tax of the current period with addition of the items other than net income after tax of the current period, it is included in the amount of the undistributed earnings for the current period, and special reserve of the same amount is appropriated. In case of any deficiency, it is appropriated from the undistributed earnings of last period. Furthermore, according to Jin-Guan-Yin-Fa-Zi No. 11102279031 letter dated November 4, 2022, during the distribution of the distributable earnings, the financial holdings company shall appropriate special reserve of the same amount with respect to the change in the fair value of the financial assets reclassified by the insurance subsidiary.

### III. Matters for Discussion

Agenda 1 : Discussion on the Company plans to distribute cash from capital surplus and legal reserve

Proposed by the Board of Directors

Explanation :

- I. The Company's board of directors evaluated the necessity and appropriateness of distribution of cash from the capital surplus and legal reserve on April 27, 2023 according to the subject described in Financial Supervisory Commission (FSC) Jin-Guan-Yin-Kong-Zi No. 1110274097 Letter dated February 16, 2023.
- II. According to the provision of Article 241 of the Company Act, it is proposed to (1) appropriate an amount of NT\$13,202,289,116 with the capital surplus gained from the issuance of common shares at an amount exceeding the face value. If the Company's common shares of 14,669,210,128 shares are used for calculation, an amount of NT\$0.9 per share is to be distributed in cash; (2) appropriate an amount of NT\$3,390,924,000 from the legal reserve; if the Company's Type A preferred shares of 833,300,000 shares are used for calculation, an amount of NT\$2.28 per share is to be distributed in cash; if the Company's Type B preferred shares of 700,000,000 are used for calculation, an amount of NT\$2.13 per share is to be distributed in cash. After cash is distributed from the aforementioned capital surplus and legal reserve, the capital adequacy ratio is maintained at the level above 120%, and the double leverage ratio is also lower than the statutory standard of 125%. The Company will still maintain an appropriate financial and capital structure, and there is no adverse effect on the financial and capital structure.
- III. If the Company subsequently repurchases or transfers, converts or cancels the Company's shares according to Article 28-2 of the Securities and Exchange Act, or issues new shares due to issuance of depository receipts or other reasons, such that there is any change to the number of outstanding common shares on the legal reserve or

capital surplus cash distribution base date, the aforementioned shareholders' cash distribution ratio shall be adjusted according to the actual number of outstanding common shares of the Company on the legal reserve or capital surplus cash distribution base date.

- IV. The legal reserve and capital surplus cash distribution ratio is calculated to the integer dollar only, and the value less than the integer dollar is rounded up unconditionally. Any difference is recognized as an expense of the Company.
- V. After this proposal is approved by the general shareholders' meeting, the board of directors and/or chairman is authorized to specify the legal reserve and capital surplus cash distribution base date and to adjust the distribution ratio, proposed for discussion.

RESOLVED :

## Agenda 2 : Discussion on the Corporation's proposal to raise long-term capital

Proposed by the Board of Directors

### Explanation :

- (1) In response to the future capital needs for the Company's long-term strategic development and business growth (including but not limited to increasing working capital, raising capital adequacy ratio, repaying loans or one or more purposes for the development of long-term strategies) as well as the large variety of capital-raising avenues with global characteristics, we ask that the shareholders' meeting authorize the Board of Directors to raise the Company's long-term capital by Domestic cash capital increase for issuance of common shares or preferred shares; cash capital increase for issuance of common shares in participation of Global Depositary Receipts (choose one or more than two for combination), at an appropriate time in accordance with the Company's Articles of Incorporation and relevant laws and regulations (hereinafter collectively referred to as the "cash capital increase proposal").
- (2) The number of common shares and preferred shares issued by cash capital increase (including common shares from GDR) will be limited to a maximum of 1.5 billion shares.
- (3) We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.
- (4) Please discuss the related details of the long-term fund raising proposal as below. We hereby propose for discussion.

### RESOLVED :

## Description of the long-term fund raising proposal

- I. Issuance of common shares and preferred shares via domestic cash capital increase
  - A. In this cash capital increase proposal, we plan to issue common shares and preferred shares either through book building or public subscription.
  - B. Via book building
    1. If book building is adopted, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act), as required by Article 267 of the Company Act, the remaining shares shall be offered publicly via book building with existing shareholders abstaining from exercising their priority subscription rights with respect to the new shares in accordance with Article 28-1 of the Securities and Exchange Act. The Chairman is authorized to place any portion of the new issued shares not subscribed to by the Company's employees for subscription in the full quantity by designated individuals at the issue price.
    2. According to provision of law, the issue price of common shares shall be no less than 90% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. (If changes in the laws should be coordinate the pricing adjustments.). The Board of Directors and/or Chairman of the Board shall determine the actual issue price based on the pricing principles set out in the paragraphs above, the status of the book building in consultation with the underwriter, as well as on the conditions of the market where the securities are issued and regulatory requirements.
    3. The determination of issuance price of preferred shares shall be within the variation scope of 10% of theoretical price pursuant to Article 12 of "Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities." The board of directors and/or the chairman is authorized to determine the price with the underwriter after taking into consideration book building consolidation, the situation of the issuance market, and the relevant laws and regulations.
    4. Since the preferred shares issued this time may not be transformed into ordinary shares, if it is conducted by issuing preferred shares, there will be no effect of diluting the equity of shareholders. If it is conducted by issuing ordinary shares, it will account for 9.3% of current outstanding shares of the Company calculated with the ordinary issuance limit of 1.5 billion shares. Although the equity of shareholders will be partially diluted, it is expected to enhance the competitiveness and improve the operational efficiency of the Company. This is because the estimated fund will meet one or more purpose of enhancing the financial structure of the Company, increasing capital adequacy ratio of the Company, repaying loans, and coping with the long-term development strategy. It will not cause significant impacts on the ordinary equity of shareholders.



C. Via public offering

1. If public offering and distribution is adopted, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act) and also allocating 10% for subscription by the general public in accordance with Article 28-1 of the Securities and Exchange Act, the remaining shares shall be available for subscription by existing shareholders based on their respective percentages of shareholding in the Company on the subscription reference date. The Chairman is authorized to place any portion of the newly issued shares not subscribed to by the Company's employees or existing shareholders for subscription in the full quantity by designated individuals at the issue price.
2. According to provision of law, the issue price of common shares shall be no less than 70% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. (If changes in the laws, should be coordinate the pricing adjustments.). The Board of Directors is authorized to assign the ex-dividend date as the valuation reference date.
3. The determination of issuance price of preferred shares shall be within the variation scope of 10% of theoretical price pursuant to Article 12 of "Self-Regulation Rules Governing Underwriter Members of Taiwan Securities Association Guiding Issuance Companies to Offer and Issue Securities." The board of directors and/or the chairman is authorized to determine the price with the underwriter after taking into consideration the situation of the issuance market and the relevant laws and regulations.

D. The capital raised in this cash capital increase plan is expected to be used for the following: strengthening the Company's financial structure, enhancing the Company's capital adequacy ratio, repaying loans or one or more purposes for the development of the Company's long-term strategies. The capital raised is expected to enhance the Company's competitiveness and improve our operational efficiency, and it will have a positive impact on shareholders' equity.

E. We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.

F. For matters not covered herein, the Board of Directors and/or the Chairman shall proceed with full authorization and in accordance with relevant laws and regulations.

II. Cash capital increase by issuing common shares and participation in the issuance of GDR

A. If participation in the issuance of GDR is adopted for the cash capital increase and issuance of common shares, apart from reserving 10% to 15% of the total number of newly issued shares for subscription by the Company's employees (including employees of the subsidiaries specified by Article 30 of the Financial Holding Company Act), as required by Article 267 of the Company Act, the remaining of the newly issued shares shall be allocated for participation in the issuance of GDR with existing shareholders abstaining from exercising their priority subscription rights with respect to the new shares in accordance with Article 28-1 of the Securities and Exchange Act. The Chairman is authorized to place any portion of the newly issued shares not subscribed to by the Company's employees for subscription in the full quantity by designated individuals at the issue price, or reallocated it to the original securities that are participating in the issuance of GDR.

B. Pursuant to relevant domestic laws and regulations, the issue price for the common shares that are participating in the issuance of GDR for cash capital increase shall be no less than 90% of the simple arithmetic average closing price of the common shares of the Company for either one, three or five consecutive business days before pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. However, in the event of changes in domestic regulations, corresponding changes to the above formula shall also be made.

The Chairman or a designated person by the Chairman shall be authorized by the Board of Directors to determine the actual issue price based on actual market conditions, domestic laws and regulations and common practices in the market where the securities are issued, as well as in consultation with the underwriter.

C. The above pricing methods are compliant with relevant domestic laws, regulations and common practices in the market where the securities are issued, and the basis on which pricing is determined should be reasonable.

D. The issue price for the common shares that are participating in the issuance of GDR for cash capital increase is determined based on the market price of the Company's common shares traded in domestic stock exchange market. It remains that the original shareholders may purchase the Company's common shares in domestic stock exchange market at a price close to the GDR issuance price. Since the original shareholders don't bear any exchange rate or liquidity risk, this arrangement is not expected to have any negative impact on the interests of the original shareholders. The capital raised in this cash capital increase plan is expected to be used for the following: strengthening the Company's financial structure, enhancing the Company's capital adequacy ratio, repaying loans or one or more purposes for the development of the Company's long-term strategies. The capital raised is expected to enhance the Company's competitiveness and improve our operational efficiency, and it will have a positive impact on shareholders' equity.

E. We ask that shareholders' meeting authorize the Board of Directors and/or the Chairman of the Board to consider the content of the cash capital increase proposal (including but not

limited to the actual issue price, offering terms, project items, amount of capital raised, schedule of completion, expected benefits and other matters relevant to the proposal), make all necessary adjustments based on market conditions and regulatory requirements, work out the final details and implement the proposal. If the cash capital increase proposal must be changed as ordered by the regulatory authority or required by the circumstances, we also ask that the Board of Directors and/or the Chairman be given full authorization to carry out the corresponding changes.

- F. In conjunction with the issuance of common shares for capital increase in cash and participation in GDR issuance, we request that the Board of Directors authorize the Chairman or a designated people by the Chairman to represent the Company in signing all documents related to the participation in the issuance of GDR as well as in handling all required matters related to the participation in the issuance of GDR.
- G. For matters not covered herein, the Board of Directors and/or the Chairman shall proceed with full authorization and in accordance with relevant laws and regulations.

## 【Appendix I】

# Articles of Incorporation of Cathay Financial Holding Co., Ltd.

## Chapter 1 General provisions

- Article 1 The Company has been incorporated to maximize synergies between different operations and boost its competitiveness pursuant to the Financial Holding Company Act and the Company Act.
- Article 2 The Company is named “國泰金融控股股份有限公司”. “Cathay Financial Holdings Co., Ltd.” in English.
- Article 3 The Company is headquartered in Taipei City. Domestic and overseas branch offices may be established upon approval from the competent authorities.
- Article 4 Announcements of the Company shall be governed by Article 28 of the Company Act.

## Chapter 2 Business

- Article 5 The Company is engaged in the business of H801011 Financial Holding Company.
- Article 6 The Company's scope of business is as follows:
- A. The Company may invest in the following businesses:
    - 1. Banking.
    - 2. Bills finance.
    - 3. Credit card.
    - 4. Trust.
    - 5. Insurance.
    - 6. Securities.
    - 7. Futures.
    - 8. Venture capital.
    - 9. Foreign banking institutions in which enterprises are permitted by the competent authorities to invest.
    - 10. Other businesses deemed by the competent authorities to be related to the financial business.
  - B. Management of the above invested businesses.
  - C. The Company may apply to the competent authorities to invest in the businesses other than those stated in A. above, but it may not participate in the management of the said businesses.
  - D. Other related businesses approved by the competent authorities.

## Chapter 3 Shares

Article 7 The total authorized capital of the Company shall be NT\$180 billion, divided into 18 billion shares, with a par value of NT\$10 each. Subject to practical need, the Board of Directors is authorized to issue such shares by installment, and part of the shares may be preferred shares.

Article 7-1 When the Company issues new shares in accordance with the law and reserves said shares to be acquired by employees, the employees acquiring said shares include employees of affiliated companies qualifying certain criteria.

Counterparties to whom the Company issues restricted stock for employees in accordance to the law, the employees acquiring said shares include employees of affiliated companies qualifying certain criteria.

Article 7-2 The rights and obligations and other important issuance terms of preferred shares of the Company are as follows:

1. The Company shall pay all taxes, as required by the law and applicable regulations, from the current year's earnings and make a regulatory required deduction for prior years' losses and contributions to legal and special reserves when there are positive earnings. Residual earnings, if any, may be distributed first to the dividends that preferred shares may be distributed in the current year.
2. The dividend for preferred shares is limited to an annual rate of 8%, calculated by the issuance price per share, and the dividend may be one-time distributed in cash every year. After the financial statements are approved by the general shareholders' meeting, the board will determine the base date to pay the distributable dividends of the previous year. The distribution amount of dividends in the year of issuance and recovery is calculated by the actual issuance days of the current year.
3. The Company has discretion over the dividend distribution of preferred shares. The Company may decide not to distribute dividends of preferred shares if there are no earnings in the annual accounts or the earnings are insufficient to distribute dividends of preferred shares, or the distribution of dividends of preferred shares will cause the capital adequacy ratio to be lower than the minimum requirement by laws or competent authority or other necessary consideration. The shareholders of preferred shares may not object to the decision. If the preferred shares issued are of the non-accumulative type, the undistributed dividends or the deficit of dividends will not be accumulated for deferred payment in the years with earnings in the future.
4. The dividends prescribed in Subparagraph 2 of this Paragraph, shareholders of preferred shares may not be a part of the cash and equity capital of earnings and additional paid-in capital of ordinary shares.
5. The distribution priority for shareholders of preferred shares on the residual property of the Company is ahead of shareholders of ordinary shares and equal to the preferential order of shareholders of all preferred shares issued by the Company, and the preferential order is only lower than general creditors. Yet the distribution shall not exceed the issuance amount.
6. Shareholders of preferred shares do not have the right to vote or suffrage. However, they will have to right to vote in shareholders' meetings of preferred shares or shareholders' meetings that involve the rights and obligations of shareholders of preferred shares.
7. Preferred shares may not be converted to ordinary shares, and shareholders of preferred shares do not have the right to request the Company to redeem preferred shares possessed by shareholders.
8. Preferred shares have no maturity, but the Company may redeem all or partial

preferred shares anytime on the next day after seven years of issuance with the original issuance price. Unredeemed preferred shares shall continue to enjoy rights and obligations of issuance terms prescribed in this Article. In the year of redeeming preferred shares, the dividends that shall be distributed until the redeem date shall be distributed in accordance with the actual issuance days of that year if the shareholders' meeting of the Company decide to distribute dividends.

9. The dividend distribution priority for preferred shares shall be subject to the offering priority for the preferred shares.

The board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance after considering the situation of capital market and the willingness of investors to subscribe in accordance with Articles of Incorporation and related laws and regulations.

- Article 8 The Company's share certificates shall all be in non-bear form and shall be issued only after they have been signed and sealed by at the directors representing the Company, and affixed with the Company's seal, and duly certified by the competent authorities or its authorized registration institution.

The Company can be exempted from printing any share certificate for newly issued shares. The same option may apply to the issue of other securities.

- Article 9 Shareholders shall provide their names, addresses, and seal specimens to the Company. The same shall apply to their change. When collecting dividends or exercising other rights, shareholders shall present the same seals as those the Company has on record.

- Article 10 The shareholders' roster shall not be altered within 60 days prior to the convening date of regular shareholders' meeting, within 30 days prior to the convening date of special shareholders' meeting, or within 5 days before the date the Company decides to distribute dividends, bonuses, or other benefits.

- Article 11 Share affairs shall be handled pursuant to the Regulations Governing the Administration of Shareholder Services of Public Companies.

#### **Chapter 4 Shareholders' meetings**

- Article 12 Shareholders' meeting shall be divided into regular shareholders' meetings and special shareholders' meetings, and shall, unless otherwise provided for in the law, be convened by the Board of Directors. The regular shareholders' meeting shall be convened within 6 months after the close of each fiscal year, whereas a special shareholders' meeting is held in accordance with the law whenever necessary.

The shareholders' meeting of preferred shares may be convened in accordance with laws and regulations when necessary.

A company may explicitly provide for Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

- Article 13 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the law, be adopted by a majority vote of the shareholders present, who represent more than

one-half of the total number of voting shares.

Article 14 A shareholder may appoint a proxy to attend the shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. Except for trust enterprises or stock agencies approved by the competent authority, when a person acts as the proxy for two or more shareholders, the amount of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 15 Institutional juristic shareholder's proxies shall not be limited to one person,, provided that the voting right that may be exercised shall be calculated on the basis of the total number of voting shares it holds.

If the aforesaid proxies are two persons or more, they shall exercise their voting rights jointly.

## **Chapter 5 Directors and the Board**

Article 16 The Board of Directors of the Company shall consist of 9 to 21 Directors, at least 3 of which, and not less than one fifth of the total number of seats, are competent Independent Directors and individuals elected by the Shareholders' meeting according to law.

Starting from the 6th Board, Directors have been elected from among a group of candidates nominated at shareholders' meetings. The nomination and election methods shall be governed by the Company Act and the Securities and Exchange Act-related laws and regulations. The qualifications, limitations on the retention of shares and concurrently holding other offices, and independence of Independent Directors shall be governed by the relevant laws and regulations.

The Board shall have an Audit Committee composing of the entire number of Independent Directors and not be fewer than three persons in number. One Committee member shall be the convener, and at least one member shall specialize in accounting or finance. The responsibilities and the relevant affairs of the Committee shall be governed by the relevant laws and regulations or the Company's rules.

The Board of Directors of the Company may establish other committees whose sizes as well as terms of service and authorities of the members shall be specified in individual committees' organization bylaws and approved by the Board of Directors.

Article 17 The percentage of all outstanding shares retained by all Directors combined shall be governed by the relevant regulations of the securities competent authorities.

Article 18 All Directors serve a three-year term and may be re-elected. If new Directors are elected after the term of the current Directors expires, the term of the current Directors shall be extended until the new Directors take office.

The re-election of Independent Directors shall be governed by the relevant laws and regulations.

Article 19 The Company may have 3 to 7 Managing Directors, elected from among Directors with at least two thirds of all Directors present and more than half voting in favor. One of the Managing Directors shall be elected the Chairperson and one the Deputy Chairperson if necessary. There shall be at least one Independent Director, and Independent Directors

shall account for at least one fifth of all Managing Directors. If there are no Managing Directors, a Chairperson, and one Deputy Chairperson when necessary, may be elected with at least two thirds of all Directors present and more than half voting in favor.

Article 20 The Chairperson shall chair shareholders' meetings, Board meetings, and Managing Directors' meetings, and he/she shall represent the Company externally. When the Chairperson is absent or unable to exercise his/her authority, the Deputy Chairperson shall act on his/her behalf if there is one. If there is not, or the Deputy Chairperson is also absent or unable to exercise his/her authority, the Chairperson shall designate one Managing Director to act on his/her behalf. If there are no Managing Directors, one Director shall be designated. If no one is designated by the Chairperson, one Managing Director or one Director shall be elected to act on the Chairperson's behalf.

Article 21 Unless otherwise stipulated in the law, Board meetings shall be called by the Chairperson. Unless otherwise stipulated in the law, resolutions shall be passed with more than half of all Directors present and more than half voting in favor. Directors shall personally attend Board meetings. If a Director is unable to attend a Board meeting, he/she may authorize another Director to attend the meeting on his/her behalf by presenting a power of attorney indicating the scope of authorization. Each Director may be authorized to attend a meeting by only one other Director.

Notices of meetings including meeting materials, may be sent in writing and/ or electronically.

If a Board meeting is held via videoconferencing, Directors participating in the meeting via videoconferencing shall be deemed to have attended the meeting in person.

Article 22 The Board is responsible for the following:

- A. Determining and revising the Company's Articles of Organization, operating policies, or business guidelines.
- B. Preparing or reviewing financial statements and determining the allocation of earnings.
- C. Determining or revising the internal control system.
- D. Determining the Company's capital increases/decreases, and making decisions to issue shares or corporate bonds.
- E. Reviewing transactions of major assets or derivatives pursuant to the law or the Company's relevant regulations.
- F. Appointment and removal of financial, accounting, internal auditing officers, or managerial officers.
- G. Appointment, dismissal, or compensation of the certifying CPAs.
- H. Appointing/re-appointing Directors and Supervisors of subsidiaries 100% owned by the Company.
- I. Other responsibilities vested in the Board pursuant to the law or affairs authorized at shareholders' meetings.

Article 23 While the Board is in recess, the Chairperson shall convene Managing Directors at any time to fulfill their obligations. Resolutions shall be passed with more than half of all Managing Directors present and more than half voting in favor.

When the Board of Directors and the Board of Managing Directors (if there are Managing Directors) are in recess, the Board of Directors may authorize the



Chairperson or the relevant department to adjust the Company's organization, review its internal regulations, revise its delegation chart, appoint/re-appoint the Directors and Supervisors of subsidiaries, except for affairs that must be handled by the Board of Directors pursuant to the law or the delegation chart.

Article 24 The Board is authorized to determine the remuneration for Directors (including Independent Directors) based on the degree of their involvement in the Company's operation and value of contribution, after taking into account the prevailing rate. They may be compensated for their transportation or paid other allowances.

Article 25 With a resolution passed at a Board meeting, the Company may take out liability insurance for its Directors and key employees against the compensation liabilities incurred while they are in office.

The Board may authorize the Chairperson to renew the above liability insurance when it expires.

Article 26 (Deleted)

Article 27 The Company's Directors may concurrently be the Directors and Supervisors of its subsidiaries subject to restrictions stipulated in the relevant laws and regulations.

## **Chapter 6 Managers**

Article 28 The Company shall have several managers. Their appointment, dismissal, and remuneration shall be governed by the Company Act.

The Company appointed one President, who shall take charge of the Company's business per the policy resolved by the Board of Directors.

## **Chapter 7 Accounting**

Article 29 The Company's fiscal year begins on January 1 and ends on December 31 of every year. At the end of each fiscal year, the Board shall prepare the following documents and submit them at the AGM for recognition in accordance with the legal procedure:

- A. Business report.
- B. Financial statements.
- C. Resolution to distribute earnings or to offset losses.

Article 29-1 If the Company has profits in the fiscal year, it shall distribute 0.01% to 0.05% as remuneration for employees and no more than 0.05% as remuneration for directors. However, when the Company still has accumulated losses, the profit shall be preserved to cover the loss amount.

Article 30 In order to continue the Company's business expansion and to enhance the profit earning capability, as well as to reserve the capital needed based on the long-term financial planning for perpetual operation and stabilized development, the Company has adopted a residual dividend policy.

The Company shall pay all taxes, as required by the law and applicable regulations, from the year's earnings and make a regulatory required deduction for prior years' losses and contributions to legal reserve pursuant to laws, provision of special reserves pursuant to laws or subject to actual needs, and distribution of dividend on preferred

shares when there are positive earnings shown on the approved financial statements. Residual earnings (hereinafter referred to the “Current Year Earnings”) shall then be added to the starting retained earnings and reversal of special reserve pursuant to laws as the distributable base, which is based on the Company’s business planning and will be submitted to a shareholders’ meeting for approval. After the allocation of stock distribution, which is made based on the capital needed by the Company’s business plan, the residual earnings shall be distributed in cash, provided that the total distributed dividends shall be no less than 20% of the “Current Year Earnings,” and the distributed cash dividend shall be no less than 10% of the total distribution for that fiscal year.

Article 30-1 When the Company buys back its own shares in accordance with the law and transfer the shares to employees, the employees acquiring said shares include employees of affiliated companies qualifying certain criteria; if said shares are transferred to employees at a price lower than the average buy back price, it shall be agreed by the most recent shareholders' meeting with shareholders retaining more than half of the outstanding shares present and those representing at least two thirds of the voting rights voting in favor. In addition, the following shall be listed and explained without being presented as provisional motions in the reasons for calling the meeting:

- A. The pricing, the discount percentage, the base of calculation, and the rationality.
- B. The number of shares transferred, the purpose, and the rationality.
- C. Qualifications for employees who subscribe for the shares and the number of shares to subscribe.
- D. The impact on shareholders' equity when transferring:
  - (1) The expenses and the dilution that might impact on the Company's earnings per share.
  - (2) The financial burden placed on the Company the act of transferring shares to employees at a price lower than the average buy back price.

## **Chapter 8 Ancillary Provisions**

Article 31 The Company's Articles of Organization, operating policies, and other relevant regulations shall be separately drafted.

Article 32 Matters not covered in these Articles shall be governed by the Financial Holding Company Act and the Company Act, and other relevant laws and regulations.

Article 33 These Articles were drawn up on October 26, 2001. They have been amended on the following dates: March 8, 2002; June 27, 2002; June 3, 2004; June 3, 2005; June 9, 2006; June 15, 2007; June 19, 2009; June 18, 2010; June 10, 2011; June 15, 2012; June 14, 2013; June 12, 2015; June 8, 2016; June 8, 2018; June 14, 2019; June 12, 2020 and June 17, 2022.

## 【Appendix II】

# Rules of Procedure for Shareholders' Meetings of Cathay Financial Holding Co., Ltd.

### Article 1 (Basis for Adoption)

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 11 of the Corporate Governance Best-Practice Principles for Financial Holding Companies.

### Article 2 The rules of procedures for this Corporation'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, this Corporation's shareholders meetings shall be convened by the board of directors.

Changes to how this Corporation 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. The convening of the shareholders' meeting of the Company shall notify the shareholders of the stipulated period according to law. Shareholders' meeting notices shall be given to shareholders who own less than 1,000 shares of nominal stocks, can be upload to the MOPS by the company.

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.

### Article 3-1 (Types of virtual shareholders' meeting )

The virtual shareholders' meetings are categorized into the following two types:

1. Hybrid shareholders' meeting: to be convened physically and shared on the virtual meeting platform, which the shareholders may choose to attend physically or via the virtual meeting platform.

2. Virtual-only shareholders' meeting: to be convened on the virtual meeting platform only, which the shareholders may choose to attend via the virtual meeting platform.

Where the Company convenes a shareholders' meeting via the virtual meeting platform, the directors taking part in such a meeting via the virtual meeting platform shall be deemed to have attended the meeting in person.

### Article 4 (Attendance by Proxy and Authorization)

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

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to this Corporation 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 this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or

electronically, a written notice of proxy cancellation shall be submitted to this Corporation 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.

When the Company convenes a virtual shareholders' meeting, after a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting electronically, a written notice of proxy cancellation shall be submitted to the Company two days before the meeting date. If the cancellation notice is submitted after the due date, votes cast at the meeting by the proxy shall prevail.

**Article 5 (Principles determining the time and place of a shareholders' meeting)**

The venue for a shareholders' meeting shall be the premises of this Corporation, 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. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.

**Article 6 (Preparation of documents such as the attendance book)**

This Corporation shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished. Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other identification documents. This Corporation 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.

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 this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation 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, this Corporation shall include the following particulars in the shareholders meeting notice:

How shareholders attend the virtual meeting and exercise their rights.

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 meeting agenda of that shareholders meeting.

C. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

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.

#### Article 7 (Chairperson of the Shareholders' Meeting and Observers)

If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chairperson, or, if there are no managing directors, one of the directors shall be appointed to act as chairperson. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chairperson.

It is advisable that shareholders' meetings convened by the board of directors attended by a majority of the directors, and at least one member of the functional committee established pursuant to the Securities and Exchange Act. 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 chairperson from among themselves.

This Corporation 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)

This Corporation shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting and retain 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, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

#### Article 9 (Calculation of Numbers of Shares Attending the Shareholders' Meeting)

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 disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, 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 one 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, this Corporation 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 one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation 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.

#### 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. The related motions (including extemporaneous motions and amendments to motions) shall be subject to the voting by poll. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs, except by a resolution of the shareholders' meeting. If the chairperson 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 chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson 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 chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote. The chairperson shall determine voting mode and sequence, and also arrange suitable voting hours.

#### 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 chairperson. 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 chairperson, 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 chairperson 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 chairperson and the shareholder that has the floor; the chairperson 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 chairperson may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

#### Article 12 (Calculation of voting shares and recusal system)

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.

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 this Corporation, 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 of Proposal, Methods for Checking and Counting Ballots)

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 Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholders' meeting, it shall adopt electronic means to exercise voting rights and may allow the shareholders to exercise voting rights by correspondence. When voting rights are exercised 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. Notwithstanding, such shareholder shall be held abstaining from voting on the extemporary motions and amendments to the

original motions, if any, at the shareholders' meeting. Therefore, it is advisable for this Corporation to avoid proposing any extemporary motions and amendments to the original motions.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, 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 this Corporation'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 chairperson or a person designated by the chairperson shall announce the total number of voting rights represented by the attending shareholders, followed by the casting of votes by the shareholders on each of the motions.

When there is an amendment or an alternative to a proposal, the chairperson 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 chairperson, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting shall be conducted in public at the place of the shareholders' meeting.

The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

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 this Corporation 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 (Matters for Discussion)**

The election of directors at a shareholders' meeting shall be held in accordance with the Company's Procedure for the Election of Directors, and the voting results shall be announced on-site immediately, including the name list of those elected as directors and the number of votes won by them, and the name list of those not elected as directors and the number of votes received by them.

**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 chairperson of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced in electronic form and distributed in electronic form or by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and voting results (including statistic votes), and the number of votes won by each candidate in the case of election of directors, and shall be retained for the duration of the existence of this Corporation.

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, this Corporation 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, this Corporation 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, this Corporation 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 this Corporation'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 (or Taipei Exchange Market) regulations, this Corporation 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 chairperson 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."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chairperson may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson 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 chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson 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 in accordance with Article 182 of the Company Act.

**Article 19 (Disclosure of information at virtual meetings)**

In the event of a virtual shareholders meeting, this Corporation 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.

**Article 20 (Location of the chair and secretary of virtual-only shareholders meeting)**

When this Corporation convenes a virtual-only shareholders meeting, both 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 21 (Handling of disconnection)**

In the event of a virtual shareholders meeting, this Corporation 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 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 and supervisors.

When this Corporation convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in 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, this Corporation 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, this Corporations hall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

## Article 22 (Handling of digital divide)

When convening a virtual-only shareholders meeting, this Corporation shall provide appropriate alternative measures available to shareholders with difficulties in attending

a virtual shareholders meeting online.

Article 23 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 24 These Rules were drawn up on March 8, 2002. First amended on June 15, 2012. Second amended on June 12, 2015. Third amended on June 12, 2020. Fourth amended on July 23, 2021 and June 17, 2022

# Cathay Financial Holding Co., Ltd.

## Shareholding of the Directors

Ex-dividend date : April 11, 2023

Title	Name	2023 Annual Shareholders' Meeting Number of Outstanding Shares Registered in the Shareholders' Registry on the Ex-Dividend Date		Remarks
		Number of Outstanding Common Stocks	Number of Outstanding Preferred Stocks	
Chairman	Hong-Tu Tsai	49,632,697	6,128,386	
Director	Cheng-Ta Tsai	60,004,377	5,153,614	Representative of Chia Yi Capital Co., Ltd.
Director	Cheng-Chiu Tsai	36,639,978	0	Representative of Chen-Sheng Industrial Co., Ltd.
Director	Chi-Wei Joong	60,004,377	5,153,614	Representative of Chia Yi Capital Co., Ltd.
Director	Andrew Ming-Jian Kuo	6,500,740	100,000	Representative of Cathay United Bank Foundation
Director	Tiao-Kuei Huang	34,590,372	0	Representative of Cathay Life Insurance Co., Ltd. Employees' Welfare Committee
Director	Chang-Ken Lee	34,590,372	0	Representative of Cathay Life Insurance Co., Ltd. Employees' Welfare Committee
Director	Ming- Ho Hsiung	34,590,372	0	Representative of Cathay Life Insurance Co., Ltd. Employees' Welfare Committee

Independent Director	Feng-Chiang Miao	0	0	
Independent Director	Edward Yung Do Way	0	0	
Independent Director	Li-Ling Wang	0	0	
Independent Director	Tang-Chieh Wu	0	0	
Independent Director	Pei-Pei Yu	0	0	
Total		187,368,164	11,382,000	
Total Common Stocks and Preferred Stocks		198,750,164		

Explanation :

1. The Company has already issued 16,202,510,128 stocks. According to Article 26 of the Securities and Exchange Act and Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum number of outstanding shares that must be held by the Board of Directors is 160 million. As of April 11, 2023, the number of outstanding shares held by the Board of Directors is 198,750,164.
2. The Company has established an audit committee, therefore, the minimum shareholding regulation for supervisors is not applicable.