

Candidate list for the upcoming director election in which MOF has invested in- Chang Hwa Bank Co., Ltd.

Dear Shareholder,

On Friday, June 16, 2017, Chang Hwa Commercial Bank (CHB, 2801.TT) will hold its Annual General Meeting of Shareholders, where it will elect a new board of directors. As one of the major shareholders of the bank, and the one that has been guiding the bank through the board of directors, the Ministry of Finance (MOF) would like to present to you our strategy for the coming years and encourage you to support the slate of candidates we have put forth for the upcoming election.

Since 2014, MOF has helped define the strategy and management of Chang Hwa Commercial Bank. The bank has done well under the stewardship of Chairman Chang, Ming-Daw. Assets, deposits, loans, shareholder equity and income have all risen substantially under the current management. Along with this success, the dividend payout has also risen from 14.51% in 2014 to an expected 31.5% in 2017.

MOF's strategy for the coming year rests on five principles:

- Cultivation of the Taiwan Market – Taiwan's market benefits from financial innovations such as cross-border RMB settlement and remittance, as well as digital marketing/financial services. Enhancing the SME lending business also benefits both Taiwan and the Bank.
- Regional Expansion – Regional financial growth branches are currently being set up in Nanjing, Myanmar, Manila, and Phnom Penh.
- Strengthening Fintech Offerings – Fintech has become central to all banking and finance. By focusing on patents, big data, blockchain, mobile apps, online banking, and security, we are becoming one of the leaders in this area.
- Expansion of Asian Wealth Management – As Asia has increased in wealth, the need for wealth management has also increased. We are developing a variety of products to meet this growing need.
- Enhancing Internal Control and Compliance – Regulatory and compliance risk has been increasing for banks throughout the world. We give compliance strong emphasis in order to protect our customers and shareholders.

MOF has put together a slate of candidates well suited to leading the company into the future. All the candidates have a strong background in finance, as is warranted for the management of a

major financial institution. In addition to this unity, the nominees also display the diversity of skills necessary to lead the bank into the future. We have candidates that understand how fintech can bring new levels of efficiency to the Bank. We have candidates who are experts in risk management and legal compliance. We have experts in cross-strait and global business, both of which will expand in the future. Candidate details are presented in the appendix.

In addition to MOF's nominees, Taishin Bank has also put forth a slate of candidates. As individuals they are skilled and talented, but it is unclear as to how these directors would add value to Chang Hwa Bank's board leadership, oversight, and stewardship. Taishin has made no indication in any public statement that it has a clear strategy for Chang Hwa's business and operations. As a shareholder, we are not able to effectively understand how Taishin can unlock value for all shareholders without a clear strategy for their nominees to execute.

As stated above, MOF's strategies for bringing value to all shareholders have been extremely successful over the past several years, and we expect to continue to increase shareholder value in the coming years, but we need your support. We recommend that you exercise your voting discretion and vote in favor of the candidates nominated by MOF. We encourage you to cast your votes at your earliest convenience.

Once again, we appreciate your support. Your votes are very important to us. Should you have any questions or would like to have any further information, please feel free to get in touch with our National Treasury Administration(NTA) Team:

Mr. Ching-Hwa Juan, Head, NTA, MOF, Taiwan / +886-2-2322-8100/chjuan@mail.nta.gov.tw

Ms. Flora Yen, Project Associate, NTA, MOF, Taiwan / +886-2-2322-8046 / flora@mail.nta.gov.tw

The MOF candidates can form a diverse and committed board

Directors	Independent Classification	Years of Service on Board	Gender	#of Outside Directorships	Attendance (FY 2016)	Committee Membership
Mr. Chang, Ming-Daw	Non-independent	3	M	0	100%	None
Mr. Juan, Ching-Hwa	Non-independent	4	M	0	100%	None
Ms. Wang, Shu-Min	Non-independent	0	F	0	N/A	None
Mr. Lin Chih-Hsien	Non-independent	0*	M	0	100%	None
Mr. Liao, Sheng-Li	Non-independent	0	M	0	N/A	None
Dr. Liang, Kuo-Yuan	Independent	8	M	0	100%	Chairman of Audit and Remuneration Committees
Dr. Yu, Chi-Chang	Independent	0	M	0	N/A	Member of Audit and Remuneration Committees**
Dr. Huang, Ming-Hsiang	Independent	0	M	0	N/A	Member of Audit and Remuneration Committees**

*Mr. Lin Chih-Hsien was appointed to the board in August of 2016

**If elected to the board, Dr. Yu Chi-Chang and Dr. Huang Ming-Hsiang will be appointed to the Audit and Remuneration Committees

The MOF candidates check all the desired skills and qualifications for our board

Directors	Financial Acumen	Banking	Audit/ Accounting/ Risk Management	Insurance	Legal/ Legislation	FinTech/ Information Technology	Macro-economy	Regulation / Public Policy	Global Business	Cross-Strait Experience
Non-Executive Non-Independent Director										
Mr. Chang, Ming-Daw	●	●	●	●	●		●	●	●	●
Mr. Juan, Ching-Hwa	●		●		●			●		
Ms. Wang, Shu-Min	●	●		●		●				
Mr. Lin, Chih-Hsien	●			●	●	●		●		●
Mr. Liao, Sheng-Li	●		●			●				
Independent Director										
Dr. Liang, Kuo-Yuan	●		●				●	●	●	●
Dr. Yu, Chi-Chang	●	●	●		●			●		
Dr. Huang, Ming-Hsiang	●	●		●					●	●
Count	8	4	5	4	4	3	2	5	3	4



Chang, Ming-Daw

Age: 64

- Chairman of Chang Hwa Bank

Experience

- President of Chang Hwa Bank
- President of Taiwan Financial Holdings and Bank of Taiwan
- Director General of Banking Bureau, Financial Supervisory Commission
- Deputy Director General of Financial Examination Bureau, Financial Supervisory Commission
- Deputy Director General of Bureau of Monetary Affairs, Ministry of Finance

Areas of Expertise/Qualifications

- Finance
- Banking
- Insurance
- Global Business
- Audit/Accounting/Risk Management
- Legal/Legislation
- Regulation/Public Policy
- Cross Strait Experience

Mr. Chang, Ming-Daw was appointed as the President (Sep. 2013 - Dec. 2014), and is currently the Chairman (Dec. 2014 - Present) of Chang Hwa Commercial Bank, Ltd. (CHB). He was previously President of Bank of Taiwan and Taiwan Financial Holdings. Mr. Chang was Chief, Section Chief, and Deputy Director-General of MOF's Bureau of Monetary Affairs (Apr. 2002 - Jul. 2004), Deputy Director-General of FSC's Financial Examination Bureau (Jul. 2004 - Jul. 2008), and Director-General of FSC's Banking Bureau (Jul. 2008 - Jan. 2010).

Mr. Chang has participated in the planning of Joint Credit Information Center (JCIC) functions expansion, reviewing of new bank establishment, establishing of financial holdings company, setting up of Financial Research and Development Fund, and Financial Supervision Database, as well as the Asian Financial Crisis and Global Financial Crisis. Mr. Chang participated in the setting up of Financial Restructuring Fund, and the supervision inspection of agricultural and fishery credit department, credit cooperatives, banks and financial holding companies; handling of the Exit Mechanisms for Troubled Financial Institutions, the aftermath of Structured note, and assist in settling the financial crisis, stabilization of financial market; participated in cross-strait financial cooperation agreements and MOU negotiations. Mr. Chang graduated with LL.M. degree from Chinese Culture University.

Rationale

We have nominated Chang, Ming-Daw to continue his tenure as Chairman of the Board. He has shown excellent leadership in his tenure as chairman and provides expertise in Finance and Policy development.



Juan, Ching-Hwa

Age: 59

- Director of Chang Hwa Bank
- Director General of National Treasury Administration, Ministry of Finance

Previous Experience

- Director General of National Taxation Bureau of the Central Area, Ministry of Finance
- Chief Secretary of Ministry of Finance
- Executive Secretary of Petitions and Appeals Committee, Ministry of Finance
- Executive Secretary of Legal Affairs Committee, Ministry of Finance

Areas of Expertise/Qualifications

- Finance
- Regulation/Public Policy
- Audit/Accounting/Risk Management
- Legal/Legislation

Mr. Juan, Ching-Hwa is Director-General of MOF's National Treasury Administration, responsible for supervision of treasury affairs management, enterprise shareholdings management, public debt management, tobacco and alcohol management, local government financial consulting and public welfare lottery issuance. Mr. Juan has been the Director at Chang Hwa Commercial Bank, Ltd. since December 2014.

Mr. Juan specializes in Taxation, and has over 27 years of experience working in the MOF taxation division. Mr. Juan served as the Executive Secretary of MOF's Legal Affairs Committee in 2009, Executive Secretary of MOF's Petitions and Appeals Committee in 2010, and Chief Secretary of MOF in 2012. Mr. Juan, Ching-Hwa graduated with a Bachelor's Degree in Law from National Taiwan University and a Bachelor's Degree in Business Administration from National Chengchi University.

Rationale

We have nominated Juan, Ching-Hwa to continue his tenure as Director. He brings an exceptional expertise in compliance, legal issues and taxation to the board.



Wang, Shu-Min

Age: 64

- Vice President of Chunghwa Post Co., Ltd.
- Director of the Board of Changhwa Express Co., Ltd.

Previous Experience

- Director of Information Technology Department, Director of Saving & Remittances Department, Chief Secretary of Chunghwa Post Co., Ltd
- Supervisor of Cathay United Bank Co., Ltd.
- Supervisor of Taiwan Mobile Payment Co., Ltd.

Areas of Expertise/Qualifications

- Finance
- Insurance
- Banking
- FinTech/Information Technology

Ms. Wang, Shu-Min is the Vice President of Chunghwa Post Co., Ltd. (CHP), responsible for supervision of savings and remittances businesses, life insurance businesses and public affairs since January 2016. Before that, Ms. Wang was the Chief Secretary and Spokesperson, Head of Savings and Remittances Department and Information Management Department of CHP, and was the Supervisor of Cathay United Bank and Taiwan Mobile Payment Co., Ltd. Ms. Wang has over 30 years of extensive experience in the fields of finance and information development and management. Ms. Wang graduated with a Master's Degree in Computer Science from Asian Institute of Technology, Thailand.

Rationale

We have nominated Wang, Shu-Min as Director. She brings wealth of experience of Finance and FinTech to the board.

	Lin, Chih-Hsien	Previous Experience
	Age: 51	<ul style="list-style-type: none"> • Section Chief of Legal Affairs Committee, Executive Yuan • Deputy Director, Senior Specialist, Insurance Bureau of Financial Supervisory Commission, Executive Yuan • Deputy Director of Senior Specialist, MOE • Counselor of Mainland Affairs Council, Executive Yuan
	<ul style="list-style-type: none"> • Director of Chang Hwa Bank • Counselor & Executive Director of National Development Council 	

Areas of Expertise/Qualifications	
<ul style="list-style-type: none"> • Finance • Insurance • Regulation/Public Policy 	<ul style="list-style-type: none"> • Legal/Legislation • FinTech/Information Technology • Cross Strait Experience

Mr. Lin, Chih-Hsien graduated with a Bachelor’s Degree in Law from Tung Hai University, specialized in the fields of financial technology innovation and digital economy laws. After passing the Senior Civil Service Examination for Finance Legal Section in 1993, Mr. Lin served as the Section Chief of Executive Yuan’s Legal Affairs Committee; Senior Specialist, Deputy Director of FSC’s Insurance Bureau; Senior Specialist, Deputy Director of Ministry of Education; Counselor of Executive Yuan’s Mainland Affairs Council, and has over 20years of experience in the public service system. Since 2016, Mr. Lin serves as the Counselor and Executive Director of National Development Council, responsible for the evaluation and analysis of Taiwan’s finance and digital economy related legal systems, while promoting affairs in relation to the relaxing of domestic regulations and gearing to international standards.

Rationale

We have nominated Lin, Chih-Hsien to continue his tenure as Director. He brings an exemplary level of experience in the areas of Insurance and Legal affairs as well as substantive cross strait experience.



Liao, Sheng-Li

Age: 63

- **Partner of Candor Taiwan CPAs**
- **Supervisor of T3EX Global Holdings Corp**

Experience

- Director of Waffer Technology Corporation
- Supervisor of Amazing Microelectronic Corp

Areas of Expertise/Qualifications

- Finance
- Audit/ Accounting /Risk Management
- FinTech/Information Technology

Mr. Liao, Sheng-Li is a Supervisor of T3EX Global Holdings Corp. He was a Director of Waffer Technology Corporation and Supervisor of Amazing Microelectronic Corp. Mr. Liao has been a Partner of Candor Taiwan CPAs, since he joined the firm in 1991. Candor Taiwan CPAs is the only HLB member firm in Taiwan, HLB International is a world-wide network of independent professional accounting firms and business advisers.

Mr. Liao has 34 years of experience in accounting and served as Director and Supervisor of numerous listed companies. Mr. Liao Sheng-Li graduated with a Bachelor's Degree in Business Management from Tatung University and a Master's Degree in Accounting from National Chengchi University. He is also a CPA.

Rationale

We have nominated Liao, Sheng-Li as Director. He brings great wealth of business and accounting experience to the board.



Liang, Kuo-Yuan

Age: 69

- **Chairman of Yuanta-Polaris Research Institute**
- **Adjunct Professor of Department of Economics, National Taiwan University**

Experience

- Chairman and Professor of Department of Economics National Tsing Hua University
- Visiting Scholar of Department of Economics, UCLA
- Commissioner of Fair Trade Commission, Executive Yuan
- President of Polaris Research Institute
- Honorary Professor of College of Technology Management, National Tsing Hua University

Areas of Expertise/Qualifications

- Finance
- Macroeconomics
- Global Business
- Audit/ Accounting /Risk Management
- Regulation / Public Policy
- Cross Strait Experience

Dr. Liang, Kuo-Yuan is the Chairman and President of Yuanta-Polaris Research Institute, Adjunct Professor of the Department of Economics at National Taiwan University, and Distinguished Expert of Cross-Strait CEO Summit. He was the Professor and Head of Economics Department at National Tsing Hua University, and served as Commissioner of Executive Yuan's Fair Trade Commission.

Dr. Liang had served as the Advisory Committee Member and Advisor of various professional organizations, such as the Chairman of Global Finance Committee at Taiwan Financial Services Roundtable, Advisor of Risk Management Committee at China Airlines.

Dr. Liang has been the Independent Director (Nov. 2008 - Present), Managing Director (Apr. 2009 - Present), and Convener of Audit Committee (Dec. 2014 - Present) at Chang Hwa Commercial Bank, Ltd. Dr. Liang's main fields of research include economic forecasts, business cycle, econometrics and macroeconomics, and has a substantial body of published research. Dr. Liang, Kuo-Yuan obtained his Ph.D. in Economics from Duke University and is Honorary Professor of the College of Technology Management at National Tsing Hua University.

Rationale

We have nominated Liang, Kuo-Yuan to continue his tenure as Independent Director. He brings great wealth of global finance and macroeconomics experience to the board.



Yu, Chi-Chang

Age: 69

- **Adjunct Associate Professor of Soochow University**
- **Adjunct Associate Professor of Taiwan University**
- **Adjunct Associate Professor of Chang Gung University**

Experience

- Managing Director (Independent Director) of Agricultural Bank of Taiwan
- Senior Attorney and Partner of Lee and Li, Attorneys-at-Law
- Managing Attorney of Yu & Associate, Attorneys-at-Law
- Judge of District Courts in Banqiao
- Revenue Officer of National Taxation Bureau of Taipei, Ministry of Finance

Areas of Expertise/Qualifications

- Finance
- Banking
- Regulation / Public Policy
- Audit/ Accounting /Risk Management
- Legal/Legislation

Dr. Yu, Chi-Chang is currently the Adjunct Associate Professor at Soochow University's School of Law, National Taiwan University's Department of Accounting, and Chang Gung University's College of management. He was also Managing Director (Independent Director) of Agricultural Bank of Taiwan, and editor of Taiwan's Journal of Futures and Options. He was the judge of District Courts in Banqiao, Yilan, and Haulien, and has practiced as an attorney for over 20 years, handling bank, corporate and security markets related legal matters.

Dr. Yu was also a member of the Executive Yuan's Complaint Review Board for Government Procurement. Dr. Yu Chi-Chang graduated with LL.B. and LL.M. degrees from National Chengchi University, and obtained his J.S.M. and J.S.D degrees from Stanford University.

Rationale

We have nominated Yu, Chi-Chang as Independent Director. He brings an exceptional level of banking related legal affairs experience to the board.



Huang, Ming-Hsiang

Age: 64

- **Professor of Department of Business Administration, College of Business National Changhua University of Education**

Experience

- Chairperson of Department of Business Administration Dean of Academic Affairs and Associate Professor of Department of Business Administration National Changhua University of Education (NCUE)
- Associate Professor of Finance Dept. of Finance and Lecturer of Dept. of Banking and Insurance, Fengchia University
- Bank clerk and Senior security analyst, Trust Department, Taiwan Business Bank.

Areas of Expertise/Qualifications

- Finance
- Banking
- Cross Strait Experience
- Insurance
- Global Business

Dr. Huang, Ming-Hsiang is the Professor of Business Administration at National Changhua University of Education (NCUE). Dr. Huang was the Dean of Academic Affairs and two-term Head of Business Administration Department at NCUE. With over 20 years of experience as an educator and researcher, Dr. Huang actively promotes NCUE's international affairs and was awarded Outstanding Faculty Service Award in 2011 and 2015 for his performances in administrative works. Before his academic career, he was Assistant Manager of advisory section, business planning section, export and import section of Business Management Department and Foreign Operation Department at Taiwan Business Bank between June 1983 and August 1992. Dr. Huang, Ming-Hsiang obtained his DBA degree in Finance from Mississippi State University.

Rationale

We have nominated Huang, Ming-Hsiang as Independent Director. He brings an extraordinary understanding of global finance and management issues.