

Organizational Rules for Cathay Financial Holding Co., Ltd. Corporate Governance and Nomination Committee

Effective as of December 22, 2017
Accountable unit: Administration Div.

Article 1 (Basis for Establishment)

The Organizational Rules (hereinafter referred to as the "Rules") for Cathay Financial Holding Co., Ltd. Corporate Governance and Nomination Committee (hereinafter referred to as the "Committee") were enacted based on the Corporate Governance Best Practice Principles for Financial Holding Companies. The Rules aim to strengthen Cathay FHC's corporate governance and enhance the Board of Directors' performance.

Article 2 (Scope of Application)

Unless elsewhere regulated by law or the articles of incorporation, the Committee's duties and operations shall be performed in accordance with the Rules.

Article 3 (Information Disclosure)

The Company shall disclose the Committee's member composition, duties and operations in its annual report, on the Company website, or through the Market Observation Post System.

Article 4 (Number of Members, Composition, and Terms)

The Board of Directors shall appoint at least three Directors to serve as Committee members, among whom at least half shall be Independent Directors. Committee members shall serve the same term as do the Board of Directors.

If a dismissal has caused the Committee to have less than 2 members, the Company shall hold a Board of Directors meeting to appoint a replacement Committee member within 3 months after the incident. If there are insufficient independent directors, the Company shall hold a Board of Directors meeting to appoint a replacement Committee member after appointing independent director replacements in accordance with the law.

Article 5 (Authority of the Committee Members)

The Committee shall serve as good administrators, faithfully perform the following duties, and submit its recommendations to the Board of Directors for discussion:

- I. Nominate Company director candidates and review qualifications of director candidates.
- II. Review the formulation and revision of rules related to the operations of the Company's Board of Directors.
(Including: Procedure for the Election of Directors, Board of Directors Meeting Policy, Regulations Governing Evaluation of Board Performance, Board of Directors Procedure for Handling Material Events, Board of Directors Procedure for Handling Transactions Other Than Stakeholder Credit, and Guidelines Governing the Scope of Independent Director's Duties)
- III. Establish the organizational structure of various functional committees and review the formulation and revision of organizational rules for each functional committee.
- IV. Review the formulation and revision of the Company's Corporate Governance Best Practice Principles.

V. Other matters instructed by the Board of Directors.

For the Board of Directors to decide to not adopt the recommendations provided by the Committee, over two-thirds of all Directors must attend and over half of the attendees must consent. The difference and reason shall be specified in the Board of Directors meeting minutes.

Article 6 (Convening and Meeting Notice)

The Committee shall hold meetings whenever deemed necessary.

Notices for Committee meetings shall be distributed to Committee members at least three days before the meeting. The purpose of the meeting shall be clearly stated in the notice. This does not apply in the event of an emergency or with the consent of Committee members.

The Committee convener and chairperson shall be appointed by Committee members from amongst themselves. If the convener is unable to host a meeting due to leave of absence or other reasons, the convener shall appoint another Committee member to act on his/her behalf. Where the convener does not appoint an individual to act on his/her behalf, the remaining Committee members shall appoint one from amongst themselves.

The Committee may invite related department managers of the Company and its subsidiaries, external consultants or other personnel to attend the meeting and provide them with relevant information.

Article 7 (Attendance and Resolution)

The agenda for the Committee meeting shall be formulated by the convener. The meeting agenda shall be provided to Committee members prior to the meeting.

Attendance logs shall be provided during Committee meetings and signed by Committee members for future reference.

Committee members shall personally attend Committee meetings. If this is impossible, a member who is unable to attend shall commission another member to attend as an agent. An agent may only attend on behalf of one other Committee member. Committee members who participate in meetings via video or telephone conferencing shall be deemed to have personally attended the meeting.

When a member of this Committee commissions another member to attend a Committee meeting as an agent, the Committee member shall issue a power of attorney that lists the scope of the agent's authority with regard to the reasons for convening the meeting.

Unless otherwise regulated by the law, the Company's articles of incorporation or other rules and regulations, at least two thirds of Committee members shall be in attendance and over half shall approve for the Committee to make a resolution.

Article 8 (Meeting Minutes)

The official business that transpired in the Committee meeting shall be entered into the official meeting minutes, including the following items:

- I. The session, time, and place of the meeting.
- II. The name of the chairperson.
- III. Members' attendance, including the number and names of attendees, absentees, and those who are on leave of absence.
- IV. The names and titles of the attendees.
- V. Name of the minute taker.
- VI. Matters that were reported.
- VII. Discussions: The resolution methods and results of each motion and the objections or reserved opinions of the Committee members.
- VIII. Special motion: The name of the Committee member that made the motion, the contents of the motion, and the resolution methods, results, objections or reserved opinions of each motion.

IX. Other matters that shall be recorded.

The Committee member attendance sign-in book shall be regarded as part of the meeting minutes.

The meeting minutes shall be signed or sealed by the chairperson of the meeting and the recorder, shall be issued to Committee members within 20 days after the meeting, and shall be incorporated into the Company's critical files and be properly preserved as long as the Company exists. In the event of a lawsuit arising from Committee affairs, the meeting minutes shall be kept until the lawsuit is concluded. Preparation and distribution of meeting minutes can be made in electronic form.

Article 9 (Resources Provided by the Company for the Committee to Exercise its Duties)

The Committee may resolve to engage lawyers, accountants, or other professionals to provide consultations so as to assist the Committee in performing its duties. The Company shall bear all costs incurred in this regard.

Article 10 (Implementation Related Tasks)

Matters that have passed resolution by this Committee and other related implementation operations shall subsequently be handled by the authorized convener or members of the Committee. Written or verbal reports shall be issued to this Committee during the implementation period, and the matter shall be submitted in the next Committee meeting for ratification or report if necessary.

Article 11 (Procedural Unit)

The procedural unit of the Committee is the Administrative Division, which is responsible for providing assistance in agenda planning, convening, notices, meeting execution, meeting minutes, and other related matters of the Committee meeting.

Article 12 (Others)

This Organizational Rule shall be implemented after it has been approved by the Board of Directors. The same procedures shall apply for all future changes or amendments.