

Cathay Financial Holdings Corporation Procedure for the Election of Directors

Responsible Unit: Administration Division

Established on June 3, 2004

First amended on June 9, 2006

Second amended on June 15, 2007

Third amended on June 14, 2013

Fourth amended on June 12, 2015

- Article 1 The Company's directors shall be elected in accordance with the Procedure, unless otherwise provided for by law or the Company's Articles of Incorporation.
- Article 2 Starting from the board of directors of the sixth session, the Company's directors shall be elected by means of the candidate nomination system. The shareholders' meeting shall elect the directors from among the nominees listed in the slate of director candidates.
- The Company's directors shall be duly elected by means of the registered form accumulated balloting system. Each share is entitled to electing power equivalent to the number of directors to be elected. Such electing power may be used in concentration to elect one candidate or be allocated to elect several candidates. The candidates who win ballots that represent greater election powers are elected directors.
- Article 3 Where the Company establishes independent directors in accordance with its Articles of Incorporation, the independent directors and non-independent directors shall be elected at the same time, and the elected independent directors and non-independent directors shall be respectively calculated. The independent directors shall meet the qualifications, and be duly elected in accordance with the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies" and the laws and ordinances concerned.
- Article 4 The Company's directors shall be elected under the nomination system defined in Article 192-1 of the Company Act. In order to review the

qualifications, academic background and work experience of the candidates for directors, and whether the circumstances referred to in Article 30 of the Company Act are met or not, no requirement for additional qualification documents shall be added arbitrarily, and the review result shall be submitted to shareholders for reference to help elect competent directors.

When a director is dismissed for any reason, resulting in there being less than 5 directors, the Company shall reelect the directors at the most recent shareholder's meeting, provided that where the vacancies of directors attain one-third of the directors to be appointed, the Company shall call a special shareholder's meeting to reelect the directors within 60 days, counting from the date of occurrence of the event.

Where the number of independent directors is less than the statutory number, the directors shall be reelected at the most recent shareholder's meeting. Where all independent directors are discharged, a special shareholders' meeting shall be called within 60 days to reelect the independent directors, counting from the date of occurrence of the event.

Article 5 For the Company's directors, the number of the elected independent directors and non-independent directors shall be calculated separately. The ones who win more votes shall be elected to be the independent and non-independent directors. Where the ballots won by two persons or more represent the same voting rights and the quorum is exceeded, those elected shall be determined after the persons winning the same ballots cast lots. Where the persons are absent, the chairperson shall cast the lot on behalf of them.

Article 6 When the election commences, the chairperson shall designate several scrutineers who are shareholders, and several ballot recorders dedicated to performing the various tasks. The ballot box for the election shall be prepared by the Board of Directors and inspected by the scrutineers publicly prior to the voting.

Article 7 The ballots shall be produced by the Board of Directors and shall specify the number of each shareholder's voting right, and be assigned to the shareholders present at the shareholder's meeting. The names of

the candidates may be replaced by the shareholder's attendance certificate number printed on the ballots.

Article 8 Electors shall specify the candidate's account name and shareholder's account number in the box of "candidate", if the candidate is a shareholder, and shall denote the candidate's name and ID No., if the candidate is not a shareholder.

Where the candidate referred to in the preceding paragraph is a government or corporate shareholder, it is also necessary to specify the government's or corporate shareholder's name. Where the candidate is the representative of a government or corporate shareholder, it is necessary to denote both the name of the government or corporate shareholder and the representative. Where there are multiple representatives, it is necessary to denote the name of the government or corporate shareholder and also the representatives separately.

Article 9 In the event of any of the following circumstances, ballots shall become invalid:

1. Where the ballots are not those produced by the Board of Directors.
2. Where the total of voting rights assigned for the candidates exceeds the total voting rights for the ballots.
3. Where there are other words written on the ballots in addition to the candidate's name (including account name), account number or ID No. and assigned voting rights.
4. Where the writing is too illegible to be recognizable, or is altered.
5. Where the account name or shareholder account number of the candidate who is a shareholder does not match the roster of shareholders; the name and ID No./uniform invoice No. of the candidate who is not a shareholder are found inconsistent upon verification.
6. Where ballots cast into the ballot box remain blank.
7. Where there are violations of other laws, regulations and requirements.

Article 10 The ballots shall be counted and announced upon the completion of the voting. The ballot counting result shall be announced by the chairperson on the spot, including the name list of elected directors and votes won by them.

The ballots referred to to the preceding paragraph shall be sealed and signed by the scrutineers, and then maintained with care for at least one year, provided that where any shareholder initiates a legal action according to Article 189 of the Company Act, the ballots shall be maintained until the conclusion of the legal action.

Article 11 The Board of Directors will send the notice to each director elected.

Article 12 The Procedure shall be enforced upon resolution of the shareholders' meeting. The same shall apply where the Procedure is amended.