

King's Town Bank Co., Ltd. 2021 Annual Shareholders' Meeting

Meeting Minutes

Time: 9:00 a.m., Tuesday, May 18, 2021

Place: 14th Floor Grand Auditorium, King's Town Bank Headquarters (No. 506, Sec. 1, Ximen Rd., West Central Dist., Tainan City)

Attendance: The total number of shares in attendance in person and by proxy was 813,553,257 shares, representing 72.55% of the Company's total number of issued shares of 1,121,234,265 shares, which surpassed the statutory requirement of the minimum number of shares for holding an annual shareholders' meeting.

Chairman of the Meeting: Chen-Chih Tai, Chairman of the Board Minute Taker: Han-Bo Yeh

Attendees: Chiung-Ting Tsai, Vice Chairman of the Board; Jih-Cheng Chang, President; Hung-Liang Chiang, Independent Director (Convener of the Audit Committee); Chuan-Fu Hou, Independent Director, Chien-Chih Liu, Attorney-at-Law; Shih-Chieh Huang, CPA (Ernst & Young)

Call the Meeting to Order: The total number of shares in attendance in person and by proxy surpassed the statutory requirement of the minimum number of shares, and this annual shareholders' meeting is thus effective pursuant to the laws. The Chairman then called the meeting to order.

Chairman's Remarks: (Omitted)

I. Report Items:

- (I) 2020 Business Report (See attachment for details)
- (II) Audit Committee's Review Report on the 2020 Financial Statements (See attachment for details)
- (III) Report on the Distribution of Remuneration for Employees and Directors of 2020 (See #page2# of the Meeting Handbook)
- (IV) Acquisition of Wan Tai Securities Corporation (See #page2# of the Meeting Handbook)
- (V) Amendments to the "Code of Ethical Conduct" (See #page8# to #page12# of the Meeting Handbook)
- (VI) Amendment to the "Regulations Governing Transfer of Repurchased Shares to Employees" (See #page13# of the Meeting Handbook)

II. Proposals for Ratification:

Item No. 1

Proposed unit: Board of Directors

Proposal : Adoption of 2020 Financial Statements

Explanatory notes:

The Company's 2020 Financial Statements and Consolidated Financial Statements have been audited by Ernst & Young. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, by which a Review Report is presented. (See

attachment for details)

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 811,752,770 voting rights; approval 779,638,320 voting rights, accounting for 96.04% of all voting rights; dissent 208,123 voting rights, accounting for 0.02% of all voting rights; void, forfeit and abstained 31,906,327 voting rights, accounting for 3.93% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus adopted.

Item No. 2

Proposed unit: Board of Directors

Proposal : Adoption of 2020 Earnings Distribution

Explanatory notes:

(I) The Company's net profit after tax for the year for 2020 amounted to NT\$5,490,966,371. After allocating NT\$1,637,705,369 as the 30% legal reserve stipulated in accordance with Bank Act and Letter No.10802432410 issued by the Ministry of Economic Affairs on January 9, 2020, as well as NT\$4,719,550 as the special reserve stipulated in accordance with Order No. 10310006310 issued by Financial Supervisory Commission, the unappropriated earnings are NT\$15,962,726,076. The proposed cash dividends to shareholders is NT\$1.8 per common share, based on the total number of outstanding common shares. It is proposed that the Chairman of the Board of Directors shall be authorized to resolve the record date and ex-dividend date.

(II) If the number of outstanding shares is affected by any situations leading to change in shareholder's distribution ratios, the Chairman of the Board of Directors will be authorized to make relevant adjustments.

(III) Earnings Distribution Statement is as follows:

Unit: NT\$

Item	Amount	Amount
Initial unappropriated earnings		12,322,583,969
Less: Write-off cost for treasury shares		(176,450,872)
Less: Gains and losses from disposal of equity instruments recognized as retained earnings		(29,394,955)
Less: Actuarial gains and losses recognized as retained earnings		(2,553,518)
Add: After-tax net income for the current year		5,490,966,371
Less: Legal reserve (30%) (Note 4)		(1,637,705,369)
Less: Special reserve (Note 5)		(4,719,550)
Earnings available for distribution		15,962,726,076
Distribution items:		
Shareholder dividends - cash (NT\$1.8 per share) (Note 2, 3)	(2,018,221,677)	(2,018,221,677)
Un-appropriated earnings balance		13,944,504,399

Notes:

1. Earnings in 2020 are distributed first.
2. The number of outstanding shares of the Company is 1,121,234,265 shares.
3. In accordance with paragraph 1 of Article 50 of the Banking Act of The Republic of China, where “unless and until the accumulated legal reserve equals the Bank’s paid-in capital, the maximum cash profits which may be distributed shall not exceed fifteen percent (15%) of the Bank’s paid-in capital,” and “in the event that the accumulated legal reserve equals or exceeds a Bank’s paid-in capital or the Bank is sound in both its finance and business operations and have set aside legal reserve in compliance with the Company Act, the restrictions stipulated in the preceding paragraph shall not apply.” As of December 31, 2020, the Company’s legal reserve equals the paid-in capital, restrictions stipulated on paragraph 1 of Article 50 of the Banking Act is not applicable to earnings distribution.
4. According to the Letter No. 10802432410 issued by Ministry of Economic Affairs on January 9, 2020, in response to changes in domestic accounting standards, when the Company makes a provision for the legal reserve in accordance with Article 237 of the Company Act, the provision shall be based on “after-tax net income for the current period.” The legal reserve shall be provisioned based on “after-tax net income for the current period plus items other than after-tax net income for the current period recognized in the amount of undistributed earnings for the current period.
5. According to the Order No. 10310006310 issued by Financial Supervisory Commission on December 30, 2014, in order to maintain a soundness and stability of the financial structure, an equivalent amount as the increase in retained earnings of financial holding companies, public issuing banks and public issuing bills financing companies arising from the recognition of a bargain purchase gain by themselves or their subsidiaries as a result of the merger and acquisition shall be provisioned as special reserve and the amount shall not be reversed within one year.

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 811,752,770 voting rights; approval 779,638,406 voting rights, accounting for 96.04% of all voting rights; dissent 1,199,993 voting rights, accounting for 0.14% of all voting rights; void, forfeit and abstained 30,914,371 voting rights, accounting for 3.80% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus adopted.

III. Proposals for Discussion :

Item No. 1

Proposed unit: Board of Directors

Proposal : Amendment to the “Rules of Procedure for Shareholders’ Meetings”

Explanatory notes:

- (I) In accordance with Letter No. 10900094681 dated June 3, 2020 and Letter No. 11000014461 dated January 28, 2021 issued by TWSE, the Company’s “Rules of Procedure for Shareholders’ Meetings” have been amended.
- (II) Please refer to #page33# and #page34# for the comparison table of amendments of the Company's "Rules of Procedure for Shareholders' Meetings."

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 811,752,770 voting rights; approval 780,346,519 voting rights, accounting for 96.13% of all voting rights; dissent 257,453 voting rights, accounting for

0.03% of all voting rights; void, forfeit and abstained 31,148,798 voting rights, accounting for 3.83% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus adopted

Item No. 2

Proposed unit: Board of Directors

Proposal : Amendments to the “Procedures for Election of Directors”

Explanatory notes:

- (I) In accordance with Letter No. 10900094681 dated June 3, 2020 issued by TWSE and with reference to the relevant regulations on corporate governance principles for TWSE/TPEX Listed Companies, the Company’s “Procedures for Election of Directors” have been amended.
- (II) Please refer to #page35# to #page38# for the comparison table of amendments of the Company's “Procedures for Election of Directors.”

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 811,752,770 voting rights; approval 780,293,014 voting rights, accounting for 96.12% of all voting rights; dissent 260,065 voting rights, accounting for 0.03% of all voting rights; void, forfeit and abstained 31,199,691 voting rights, accounting for 3.84% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus adopted.

IV. Extempore Motion: None.

V. Adjournment: At 9:24 a.m.

(The meeting minutes only record the main agenda items of the meeting. The live video/audio recordings of the meeting shall be the basis of its detailed content.)

Chairman of the Meeting: Chen-Chih Tai

Minute Taker: Han-Bo Yeh

2020 Business Report

The world has been ravaged by COVID-19 pandemic in 2020. Following the outbreak in the beginning of the year, countries around the world announced various isolation policies ranging from home quarantines, domestic lock-downs to border shutdowns, thus leading to near-stagnation of economies. Over time, people have accustomed to the “new normal” and adjusted routines to continue living and working amid the pandemic, preventing more severe economic impact. Coupled with various bail-out packages and policies such as offering financing options for affected industries, subsidizing domestic consumption, injecting liquidity into the market, etc. rolled out by local governments and central banks, pressure on the global economy was relieved. However, the battle against COVID-19 is far from over. In the medium and long term, the impact of economic slump will continue to pose as a challenge for all walks of life. Whether the benefits of the policies will gradually subside and whether more policies will be progressively introduced to stimulate the economic development remains to be seen.

With the support of customers and shareholders and the efforts of our employees, the Bank will stay on the course of improving its financial structure and providing more diverse and innovative product service offerings in the face of challenges. The Bank’s business results in 2020 and the business plan for 2021 are illustrated as follows:

I. 2020 business plan implementation and results

i. Business strategy implementation and results

1. Profitability: The Bank’s after-tax net income in 2020 was NT\$5.5 billion with the after-tax return on assets of 1.81%.
2. Asset quality: Under prudent risk management and credit policy, the Bank’s asset quality has maintained a certain level. As of the end of 2020, the non-performing loan rate was 0.01%, and the bad debt coverage rate was 11,760.49%, way better than the average of the other banks.
3. Capital level: As of the end of 2020, the capital adequacy ratio was 16.23% and Category I capital ratio was 14.46%.
4. Awards: Ranked as top 5% of listed companies in the 5th Corporate Governance Evaluation of 2019.

ii. Implementation of operating income and expenditure budget and profitability analysis

1. Total deposit balance: NT\$226.9 billion
2. Total loan balance: NT\$187.8 billion
3. Net interest income: NT\$5,245,953 thousand
4. Net income other than interest: NT\$3,660,967 thousand

5. Bad debt expense: NT\$744,664 thousand
6. Operating expenses: NT\$1,899,734 thousand
7. Net income before tax of continuing business units: NT\$6,262,522 thousand
8. After-tax net income: NT\$5,490,971 thousand
9. Earnings per share: NT\$4.90

II. Business plan for 2021

i. Business strategies and important management policies

1. Train local management talents.
2. Improve quality and emphasis on risk control.
3. Create business opportunities through digital finance.
4. Realign structure and strengthen profitability.
5. Improve information defense capabilities.

ii. Expected business goals

The Bank's expected business goals in 2021 are as follows:

1. Annual average value of total deposits in NTD and foreign currency: NT\$222.3 billion
2. Annual average value of total loans in NTD and foreign currency: NT\$186.9 billion
3. Non-performing loan rate (NPL): 0.01%

III. Conclusion

In 2020, the COVID-19 pandemic disrupted everyone's lives and severely affected the global economy and trade, leading to negative growth in the economies, decline in global trade volume and spikes in unemployment rate, etc. Thanks to the support from loyal customers and shareholders, as well as the efforts of all employees, the Bank's profits did not decline due to the pandemic; on the opposite, it actually bucked the trend and achieved substantial growth. The trust and support of our customers is the driving force for the Bank to continuously strive to self-transform. Moving forward, the bank also endeavors to uphold the spirit of being customer-centric, provide the best products and services, generate greatest benefits for shareholders, and create a differentiated bank.

Chairman:
Chen-Chih Tai

President:
Jih-Cheng Chang

Accounting Supervisor:
Yu-Hsuan Chen

King's Town Bank Co., Ltd.

Audit Committee's Review Report

The Company's 2020 individual and consolidated financial statements have been completely audited by Ernst & Young. The business report, financial statements and profit allocation proposal have been reviewed and determined to be correct and accurate by the undersigned, the Audit Committee members of King's Town Bank Co. Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

King's Town Bank Co., Ltd. 2021 Annual Shareholders' Meeting

Audit Committee convener: Hung-Liang Chiang

February 22, 2021

2020 Financial Statements

Independent Auditors' Report

King's Town Bank Co., Ltd.

Audit opinion

We have audited the accompanying individual balance sheets of King's Town Bank Co., Ltd. as of December 31, 2020 and 2019, and the individual statements of comprehensive income, individual statements of changes in equity, individual statements of cash flows, and notes to the individual financial statements (including a summary of significant accounting policies) from January 1 to December 31, 2020 and 2019.

In our opinion, the individual financial statements referred to above present fairly in all significant aspects of the financial position of King's Town Bank Co., Ltd. as of December 31, 2020 and 2019, and the results of its financial performance and cash flows for the year ended on December 31, 2020 and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for opinion

We have audited the accompanying financial reports in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," Jin-Guan-Yin-Fa-Zi No. 10802731571 Letter and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the individual financial statements section. We are independent of King's Town Bank Co., Ltd. in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of King's Town Bank Co., Ltd., and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed 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 matter that, in our professional judgment, were of most significant in our audit of the individual financial statements of King's Town Bank Co., Ltd. in 2020. These matters were addressed in the context of our audit of the individual financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Financial instrument evaluation

King's Town Bank Co., Ltd. invests in different types of financial assets. As of December 31, 2020, the total financial assets measured at fair value were NT\$ 93,438,937 thousand, accounting for about 29% of total assets. Of which, for the investments classified in the Class II fair value hierarchy, including the derivative financial instruments of bonds and FX Swap contracts, there was a book value of NT\$ 42,130,155 thousand, accounting for 45% of the financial assets measured at fair value. Since the Class II investment evaluation is based on an internal evaluation model, the key input values are the yield rate and exchange rate, which have a significant impact on the estimation of fair value. Therefore, we consider it to be a "Key Audit Matter."

Our audit procedures include (but are not limited to) evaluating and testing the effectiveness of internal controls related to financial instrument evaluation, including the evaluation models and their assumptions managed and approved by the management. We have used the sampling basis to understand and evaluate the rationality of the key assumptions, perform an independent evaluation calculation, and adopt the assistance of internal evaluation experts to compare the differences against the evaluations made by the management in order to see whether they are within the tolerance range.

Please refer to Notes V, VI, VIII, and XIV of the financial statements for the disclosures of financial assets of King's Town Bank Co., Ltd.

Appropriated allowance for bad debt from loans

As of December 31, 2020, the book value of the loans of King's Town Bank Co., Ltd. was NT\$ 184,901,230 thousand, accounting for 58% of the total assets, which was significant for the financial statements and was subject to the assessment of expected credit losses as stipulated in IFRS 9 "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans." The assumptions adopted by the management in estimating the expected credit losses include the conditions for determining whether the credit risk is significantly increased, whether credit impairment has occurred, the selection and evaluation of the forward-looking factors, the probability of default (PD), the loss given default (LGD) parameters, etc., and involve a high degree of professional judgment. Therefore, we consider them to be "Key Audit Matters."

Our audit procedures include (but are not limited to) evaluating and testing internal controls related to the calculation of expected credit losses, examining whether the expected credit loss assessment model has been approved by the management, assessing the source of expected credit losses, and having internal experts review the reasonableness of the expected credit loss model, the appropriateness and rationality of the input parameters of the expected credit loss model in the sampling test, including the probability of default (PD) and the loss given default (LGD). In addition, we also examine whether the management complies with the requirements of the relevant authority's written order to confirm that the loan classification and allowance for bad debts are in compliance with the statutory requirements.

Please refer to Notes V, VI, and XIV of the financial statements for the disclosure of the allowance for bad debt of King's Town Bank Co., Ltd.

Other Matters - Mentioning of the Audit Result of Other Certified Public Accountants (CPAs)

We did not audit the financial statements of certain investees furnished to the individual financial statements. The financial statements of these investees were audited by other independent accountants. Therefore, our opinions regarding to the amounts listed in such investee financial reports from the individual financial statements mentioned above are based on the audit report from other CPAs. The investments in the aforementioned investees under equity method as of December 31, 2020 were NT\$329,223 thousand, accounting for 0.1% of the total assets. The Company's share of profit of associates under equity method for the fiscal year 2020 was NT\$946 thousand accounting for 0.02% of the net income before tax. The Company's share of other comprehensive income of associates under equity method was NT\$5 thousand accounting for 0% of the net other comprehensive income.

Responsibilities of Management and Those in Charge with Governance of the Individual Financial Statements

The Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks," "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and for such internal control as the management determines is necessary to enable the preparation of the individual financial statements to be free from significant misstatement whether due to fraud or error.

In preparing the individual financial statements, the management is responsible for assessing the ability of King's Town Bank Co., Ltd. as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate King's Town Bank Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

The governance unit of King's Town Bank Co., Ltd. (including the Audit Committee or supervisors) is responsible for supervising the financial reporting process.

Independent Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards in the Republic of China will always detect a significant misstatement when it exists. Misstatement may arise from frauds or errors. If fraud or errors are considered significant, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the individual 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 significant 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 internal control effective in King's Town Bank Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and based on the audit evidence obtained, whether a significant uncertainty exists related to events or conditions that may cast significant doubt on King's Town Bank Co., Ltd. and its ability to continue as a going concern. If we conclude that a significant uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the individual financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause King's Town Bank Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall expression, structure, and content of the individual financial statements (including related notes) and whether the individual financial statements include the relevant transactions and events expressed adequately.
6. Obtain sufficient and appropriate audit evidence for the individual financial information of the Group to express an opinion on the individual financial statements. We are responsible for guiding, supervising, and implementing the audit of the Group. We remain solely responsible for our opinion.

We communicate the following events with the governance unit, including the planned scope and audit time, as well as major audit findings (including significant deficiencies of internal control identified during the audit process).

We also provide a statement to the governance unit that the personnel of the CPA Firm who are subject to the regulation of independence are indeed complying with the independence requirements in accordance with the Code of Professional Ethics. Also, they communicate to the governance unit all relationships and matters (including related protective measures) that may be considered as affecting our independence.

We use the matters communicated with the governance unit to decide the Key Audit Matters for the audit of the 2020 individual financial statements of King's Town Bank Co., Ltd. We describe these matters in our auditor's 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 communications.

Ernst & Young Global Limited
The Securities and Futures Bureau of the Financial
Supervisory Commission approved the financial report of
the public offering company
Auditing and Certification No.:
Jin-Guan-Cheng-6-Zi No. 0950104133
Jin-Guan-Cheng-Shen-Zi No. 1030025503

Shih-Chieh Huang

CPA

Cheng-Tao Chang

February 22, 2021

King's Town Bank Co., Ltd.
Individual Balance Sheets
December 31, 2020 and 2019

Unit: NTD thousand

Assets			December 31, 2020		December 31, 2019	
Code	Item	Note	Amount	%	Amount	%
10000	Assets					
11000	Cash and cash equivalents	IV/VI. 1	\$3,819,429	1	\$3,505,067	1
11500	Due from the central bank and call loans to banks	IV/VI. 2	12,542,608	4	11,162,682	4
12000	Financial assets measured at FVTPL	IV/VI. 3/VIII	44,721,848	14	34,733,596	13
12100	Financial assets measured at FVTOCI	IV/VI. 4, 26/VIII	48,717,089	15	50,810,145	18
12200	Debt instrument investments measured at amortized cost	IV/VI. 5, 26	18,897,382	6	17,698,135	6
12500	Securities purchased under agreements to resell	IV/VI. 6	200,248	-	150,022	-
13000	Receivables, net	IV/VI. 7	891,330	-	1,270,450	1
13500	Discounts and loans, net	IV/V/VI. 8	184,901,230	58	155,350,678	56
15000	Investments under the equity method, net	IV/VI. 9	1,167,990	-	699,890	-
15500	Other financial assets, net	IV/VI. 10	363	-	4,396	-
18500	Property, plant, and equipment, net	IV/VI. 11	3,373,133	1	2,706,831	1
18600	Right-of-use assets, net	III/IV/VI. 27	217,504	-	215,683	-
19300	Deferred income tax assets	IV/VI. 30	180,966	-	142,041	-
19500	Other assets, net	VI. 12	1,204,398	1	956,932	-
	Total assets		<u>\$320,835,518</u>	<u>100</u>	<u>\$279,406,548</u>	<u>100</u>

(Please refer to the Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd.
Individual Balance Sheets (continued)
December 31, 2020 and 2019

Unit: NTD thousand

Liabilities and Equity			December 31, 2020		December 31, 2019	
Code	Item	Note	Amount	%	Amount	%
20000	Liabilities					
21000	Deposits from the Central Bank and other banks	IV/VI. 13	\$21,117,468	7	\$14,533,849	5
21500	Due to the Central Bank and banks	VI. 14	907,650	-	1,655,830	1
22000	Financial liabilities measured at FVTPL	IV/VI. 15	13,062	-	6,002	-
22500	Securities sold under agreements to repurchase	IV/VI. 16	21,990,934	7	28,218,020	10
23000	Payables	VI. 17	1,432,333	-	1,223,956	-
23200	Current income tax liabilities	IV/VI. 30	566,736	-	71,953	-
23500	Deposits and remittances	VI. 18	227,147,197	71	191,812,314	69
25600	Provisions	IV/VI. 19, 20, 26	394,957	-	383,414	-
26000	Lease liabilities	III/IV/VI. 27	219,898	-	217,256	-
29300	Deferred income tax liabilities	IV/VI. 30	299,314	-	135,832	-
29500	Other liabilities	VI. 21	164,512	-	216,613	-
	Total liabilities		274,254,061	85	238,475,039	85
31000	Equity	VI. 22				
31100	Share capital		11,212,343	3	11,312,343	4
31500	Capital surplus		55,622	-	56,095	-
32000	Retained earnings					
32001	Legal reserve		11,438,543	4	10,418,637	4
32003	Special reserve		115,319	-	538,481	-
32011	Unappropriated retained earnings		17,605,151	6	14,596,680	5
32500	Other equity interest	IV	6,252,901	2	4,107,695	2
32600	Treasury stock	IV	(98,422)	-	(98,422)	-
	Total equity		46,581,457	15	40,931,509	15
	Total liabilities and equity		\$320,835,518	100	\$279,406,548	100

(Please refer to the Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd.
Individual Statements of Comprehensive Income
From January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Code	Item	Note	2020		2019	
			Amount	%	Amount	%
41000	Interest revenue	IV	\$6,233,702	72	\$6,649,901	80
51000	Less: Interest expenses	IV	(1,217,287)	(14)	(2,046,344)	(25)
	Net interest income	VI. 23	5,016,415	58	4,603,557	55
	Non-interest net income					
49100	Net service fee income	IV/VI. 24	1,857,694	21	1,647,842	20
49200	Gain on financial assets and financial liabilities measured at FVTPL	IV/VI. 25	2,009,215	23	1,456,344	18
49310	Realized gain or loss on financial assets at FVTOCI	IV	306,334	4	128,683	2
49600	Net exchange (loss) gain	IV	(134,144)	(2)	181,050	2
47003	Profit in the subsidiary, affiliated company and joint ventures recognized under the equity method	IV	135,706	2	214,445	3
49700	Impairment loss on assets	IV/VI. 26	(512,890)	(6)	(27,311)	-
49800	Other non-interest net income	IV	30,515	-	75,647	-
	Net income		8,708,845	100	8,280,257	100
58200	Allowances for bad-debts, commitments and guarantees	IV/VI. 7, 8, 26	(636,327)	(7)	(2,553,305)	(31)
58400	Operating expenses					
58500	Employee benefits expenses	VI. 20, 28	(1,008,083)	(12)	(990,007)	(12)
59000	Depreciation and amortization expenses	IV/VI. 11, 28	(130,886)	(2)	(124,825)	(2)
59500	Other business and administrative expenses	IV	(702,348)	(8)	(766,569)	(9)
61000	Net income before taxes from continuing operations		6,231,201	71	3,845,551	46
61003	Income tax (expense)	IV/VI. 30	(740,235)	(8)	(445,864)	(5)
64000	Net income after tax		5,490,966	63	3,399,687	41
65000	Other comprehensive income (loss)					
65200	Items that will not be reclassified to profit or loss	IV/VI. 29, 30				
65201	Remeasurements of the defined benefit plan		(2,903)	-	6,589	-
65204	Gain or loss on evaluation of equity instruments at FVTOCI		375,313	4	423,680	5
65207	The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint ventures accounted for under the equity method – not reclassified as profit and loss		4,122	-	6,815	-
65220	Income tax expenses related to items that will not be reclassified subsequently to profit or loss		349	-	(19,752)	-
65300	Items that may be reclassified subsequently to profit or loss	IV/VI. 29, 30				
65301	Exchange differences on translation of foreign financial statements		(3,825)	-	(85,655)	(1)
65308	Gain or loss from debt instrument investment at FVTOCI		1,739,742	20	4,124,894	50
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		459	-	13,122	-
	Other comprehensive income (after tax)		2,113,257	24	4,469,693	54
66000	Total comprehensive income (after tax)		\$7,604,223	87	\$7,869,380	95
	Earnings per share (NTD)	VI. 31				
67500	Basic earnings per share		\$4.90		\$2.99	
67700	Diluted earnings per share		\$4.90		\$2.99	

(Please refer to the Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd.
Individual Statements of Changes in Equity
From January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Items	Share capital	Capital surplus	Retained earnings			Other equity items		Treasury stock	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized (loss) profit of financial assets in other comprehensive income measured at FVTPL		
Balance on January 1, 2019	\$11,512,343	\$99,585	\$9,555,297	\$100,930	\$14,699,482	\$28,431	\$(497,142)	\$(314,865)	\$35,184,061
The 2018 appropriation and distribution of earnings									
Appropriation of legal reserve			863,340		(863,340)				-
Appropriation of special reserve				437,551	(437,551)				-
Common stock cash dividends					(1,711,852)				(1,711,852)
Net income for the year ended December 31, 2019	-	-	-	-	3,399,687	-	-	-	3,399,687
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(13,163)	(72,533)	4,555,389	-	4,469,693
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	3,386,524	(72,533)	4,555,389	-	7,869,380
Buyback of treasury stocks								(410,080)	(410,080)
Disposal of treasury stocks	(200,000)	(43,490)			(383,033)			626,523	-
Disposal of equity instruments measured at FVTOCI					(93,550)		93,550		-
Balance on December 31, 2019	11,312,343	56,095	10,418,637	538,481	14,596,680	(44,102)	4,151,797	(98,422)	40,931,509
The 2019 appropriation and distribution of earnings									
Appropriation of legal reserve			1,019,906		(1,019,906)				-
Reversal of special reserve				(423,162)	423,162				-
Common stock cash dividends					(1,677,351)				(1,677,351)
Net income for the year ended December 31, 2020	-	-	-	-	5,490,966	-	-	-	5,490,966
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(2,554)	(3,366)	2,119,177	-	2,113,257
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	5,488,412	(3,366)	2,119,177	-	7,604,223
Buyback of treasury stocks								(276,924)	(276,924)
Disposal of treasury stocks	(100,000)	(473)			(176,451)			276,924	-
Disposal of equity instruments measured at FVTOCI					(29,395)		29,395		-
Balance on December. 31, 2020	<u>\$11,212,343</u>	<u>\$55,622</u>	<u>\$11,438,543</u>	<u>\$115,319</u>	<u>\$17,605,151</u>	<u>\$(47,468)</u>	<u>\$6,300,369</u>	<u>\$(98,422)</u>	<u>\$46,581,457</u>

(Please refer to the Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd.
Individual Statements of Cash Flows
From January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Items	2020	2019	Items	2020	2019
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Profit before tax for the period	\$6,231,201	\$3,845,551	Acquisition of property and equipment	(720,753)	(390,919)
Adjustments:			Proceeds from disposal of property and equipment	-	41,921
Non-cash income and expense items			Acquisition of investment under equity method	(320,611)	-
Expected credit impairment loss/bad debt expense	636,327	2,553,305	Cash inflow due to merger	-	212,281
Impairment loss on assets	512,890	27,311	Net cash (outflow) from investing activities	(1,041,364)	(136,717)
Depreciation and amortization expenses	130,886	124,825			
Net interest income	(5,016,415)	(4,603,557)	Cash flows from financing activities:		
(Profit) in the subsidiary recognized under the equity method	(135,706)	(214,445)	Due to the Central Bank and banks (decrease)	(748,180)	(802,810)
Compensation cost of share-based payments	-	-	Securities sold under agreements to repurchase (decrease)	(6,227,086)	(1,098,476)
Loss (gain) on disposal and retirement of property, plant and equipment	137	(19,291)	Cash dividend paid	(1,677,351)	(1,711,852)
(Gains) on disposal of other assets	(88)	(1)	Cost of treasury stock repurchase	(276,924)	(410,080)
(Gain) on bargain purchase	(7,661)	-	Repayment of the principal amount of lease liabilities	(78,924)	(78,122)
Changes in operating assets and liabilities			Net cash (outflow) from financing activities	(9,008,465)	(4,101,340)
Due from the central bank and call loans to banks (increase)	(655,248)	(172,399)			
Financial assets measured at FVTPL (increase)	(9,988,252)	(3,142,934)	Effect of exchange rate changes on cash and cash equivalents	(3,825)	(85,655)
Receivables decrease (increase)	325,680	(298,052)			
Discount and loan (increase)	(30,116,447)	(5,679,720)	Current cash and cash equivalents increase (decrease)	1,089,266	(4,142,623)
Financial assets measured at FVTOCI decrease	3,695,974	7,123,745	Cash and cash equivalents at beginning of year	9,330,776	13,473,399
Debt instrument investments measured at amortized cost (increase)	(1,200,000)	(100,000)	Cash and cash equivalents at end of the year	<u>\$10,420,042</u>	<u>\$9,330,776</u>
Other assets decrease (increase)	4,033	(917)			
Other assets (increase)	(247,466)	(83,382)	Composition of cash and cash equivalents		
Deposits from the Central Bank and banks increase (decrease)	6,583,619	(5,403,402)	Cash and cash equivalents recorded on the balance sheet	\$3,819,429	\$3,505,067
Financial liabilities measured at FVTPL increase (decrease)	7,060	(19,782)	Due from the Central Bank and call loans to banks meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	6,400,365	5,675,687
Payables increase (decrease)	257,744	(1,063,044)	Investments in bills and bonds under resale agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	200,248	150,022
Deposits and remittances increase	35,334,883	3,135,014			
Liability reserve (decrease)	(70,303)	(37,660)	Cash and cash equivalents at end of the year	<u>\$10,420,042</u>	<u>\$9,330,776</u>
Other liabilities (decrease)	(52,101)	(70,269)			
Interest received	6,295,653	6,770,514			
Dividend received	-	143,002			
Interest paid	(1,263,393)	(2,055,794)			
Income tax paid	(120,087)	(577,529)			
Net cash inflow from operating activities	<u>11,142,920</u>	<u>181,089</u>			

(Please refer to the Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen

Independent Auditors' Report

King's Town Bank Co., Ltd.

Audit opinion

We have audited the accompanying consolidated balance sheets of King's Town Bank Co., Ltd. and Subsidiaries as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including a summary of significant accounting policies) from January 1 to December 31, 2020 and 2019.

In our opinion, the financial statements referred to above present fairly in all significant aspects of the consolidated financial position of King's Town Bank Co., Ltd. and its subsidiaries as of December 31, 2020 and 2019 and the results of its operations and cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks," "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis for opinion

We have audited the accompanying consolidated financial reports in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant," Jin-Guan-Yin-Fa-Zi No. 10802731571 Letter and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements section. We are independent of King's Town Bank Co., Ltd. and its subsidiaries in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the consolidated financial statements of King's Town Bank Co., Ltd., and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed 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 matter that, in our professional judgment, were of most significant in our audit of the consolidated financial statements of King's Town Bank Co., Ltd. in 2020. 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.

Financial instrument evaluation

King's Town Bank Co., Ltd. and its subsidiaries invest in different types of financial assets. As of December 31, 2020, the total financial assets measured at fair value were NT\$ 93,851,385 thousand, accounting for about 29% of total assets. Of which, for the investments classified in the Class II fair value hierarchy, including the derivative financial instruments of bonds and FX Swap contracts, there was a book value of NT\$ 42,130,155 thousand, accounting for 45% of the financial assets measured at fair value. Since the Class II investment evaluation is based on an internal evaluation model, the key input values are the yield rate and exchange rate, which have a significant impact on the estimation of fair value. Therefore, we consider it to be a "Key Audit Matter."

Our audit procedures include (but are not limited to) evaluating and testing the effectiveness of internal controls related to financial instrument evaluation, including the evaluation models and their assumptions managed and approved by the management. We have used the sampling basis to understand and evaluate the rationality of the key assumptions, perform an independent evaluation calculation, and adopt the assistance of internal evaluation experts to compare the differences against the evaluations made by the management in order to see whether they are within the tolerance range.

Please refer to Notes V, VI, XIII, and XIV of the financial statements for the disclosures of financial assets of King's Town Bank Co., Ltd., and its subsidiaries.

Appropriated allowance for bad debt from loans

As of December 31, 2020, the book value of the loans of King's Town Bank Co., Ltd. and its subsidiaries was NT\$ 184,901,230 thousand, accounting for 57% of the total assets, which was significant for the financial statements and was subject to the assessment of expected credit losses as stipulated in IFRS 9 "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans." The assumptions adopted by the management in estimating the expected credit losses include the conditions for determining whether the credit risk is significantly increased, whether credit impairment has occurred, the selection and evaluation of the forward-looking factors, the probability of default (PD), the loss given default (LGD) parameters, etc., and involve a high degree of professional judgment. Therefore, we consider them to be "Key Audit Matters."

Our audit procedures include (but are not limited to) evaluating and testing internal controls related to the calculation of expected credit losses, examining whether the expected credit loss assessment model has been approved by the management, assessing the source of expected credit losses, and having internal experts review the reasonableness of the expected credit loss model, the appropriateness and rationality of the input parameters of the expected credit loss model in the sampling test, including the probability of default (PD) and the loss given default (LGD). In addition, we also examine whether the management complies with the requirements of the relevant authority's written order to confirm that the loan classification and allowance for bad debts are in compliance with the statutory requirements.

Please refer to Notes V, VI, XIII, and XIV of the financial statements for the disclosure of the allowance for bad debt of King's Town Bank Co., Ltd., and its subsidiaries.

Other Matters - Mentioning of the Audit Result of Other Certified Public Accountants (CPAs)

We did not audit the financial statements of certain subsidiaries furnished to the consolidated financial statements. The financial statements of these subsidiaries were audited by other independent accountants. Therefore, the opinions issued by this CPA regarding to the amounts listed in such subsidiary financial reports from the consolidated financial statements mentioned above are based on the audit report from other CPAs. The assets of the aforementioned subsidiaries as of December 31, 2020 were NT\$480,477 thousand, accounting for 0.15% of the total consolidated assets; the net income for the fiscal year 2020 was NT\$5,327 thousand accounting for 0.06% of the net consolidated income.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks," "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and IFRS, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from significant misstatement whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of King's Town Bank Co., Ltd. and its subsidiaries as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate King's Town Bank Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

The governance unit of King's Town Bank Co., Ltd., and its subsidiaries (including the Audit Committee or supervisors) is responsible for supervising the financial reporting process.

Independent Auditor's 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 auditor's 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 generally accepted auditing standards in the Republic of China will always detect a significant misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered significant, 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

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 evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a significant 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 internal control effective in King's Town Bank Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and based on the audit evidence obtained, whether a significant uncertainty exists related to events or conditions that may cast significant doubt on King's Town Bank Co., Ltd. and its subsidiaries and its ability to continue as a going concern. If we conclude that a significant uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause King's Town Bank Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall expression, structure, and content of the consolidated financial statements (including related notes) and whether the consolidated financial statements include the relevant transactions and events expressed adequately.
6. Obtain sufficient and appropriate audit evidence for the consolidated financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and implementing the audit of the Group. We remain solely responsible for our opinion.

We communicate the following events with the governance unit, including the planned scope and audit time, as well as major audit findings (including significant deficiencies of internal control identified during the audit process).

We also provide a statement to the governance unit that the personnel of the CPA Firm who are subject to the regulation of independence are indeed complying with the independence requirements in accordance with the Code of Professional Ethics. Also, they communicate to the governance unit all relationships and matters (including related protective measures) that may be considered as affecting our independence.

We use the matters communicated with the governance unit to decide the Key Audit Matters for the audit of the 2020 consolidated financial statements of King's Town Bank Co., Ltd., and its subsidiaries. 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.

Others

King's Town Bank Co., Ltd. has prepared 2020 and 2019 parent company only financial reports, and the audit report issued by us with an unqualified opinion and notes included is filed for future reference.

Ernst & Young Global Limited
The competent authorities approved the financial report of
the public offering company
Auditing and Certification No.:
Jin-Guan-Cheng-6-Zi No. 0950104133
Jin-Guan-Cheng-Shen-Zi No. 1030025503

Shih-Chieh Huang

CPA

Cheng-Tao Chang

February 22, 2021

King's Town Bank Co., Ltd. and its subsidiaries
Consolidated Balance Sheets
December 31, 2020 and 2019

Unit: NTD thousand

Assets			December 31, 2020		December 31, 2019	
Code	Item	Note	Amount	%	Amount	%
10000	Assets					
11000	Cash and cash equivalents	IV/VI.1	\$3,982,321	1	\$3,548,667	1
11500	Due from the central bank and call loans to banks	IV/VI.2	12,542,608	4	11,162,682	4
12000	Financial assets measured at FVTPL	IV/VI.3/VIII	45,032,063	14	34,979,793	13
12100	Financial assets measured at FVTOCI	IV/VI.4, 27/VIII	48,819,322	15	50,891,550	18
12200	Debt instrument investments measured at amortized cost	IV/VI.5, 27	18,897,382	6	17,698,135	6
12500	Securities purchased under agreements to resell	IV/VI.6	200,248	-	150,022	-
13000	Receivables, net	IV/VI.7	5,933,698	2	4,907,384	2
13500	Discounts and loans, net	IV/V/VI.8	184,901,230	57	155,350,678	55
15500	Other financial assets, net	IV/VI.9	363	-	4,396	-
18500	Property, plant, and equipment, net	IV/VI.10, 27	3,376,707	1	2,713,818	1
18600	Right-of-use assets	III/IV/VI.28	217,504	-	215,683	-
18700	Investment property	VI.11	115,036	-	-	-
19300	Deferred income tax assets	IV/VI.31	185,987	-	145,188	-
19500	Other assets, net	VI.12	1,253,470	-	974,912	-
	Total assets		<u>\$325,457,939</u>	<u>100</u>	<u>\$282,742,908</u>	<u>100</u>

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd. and its subsidiaries
Consolidated Balance Sheets (continued)
December 31, 2020 and 2019

Unit: NTD thousand

Liabilities and Equity			December 31, 2020		December 31, 2019	
Code	Item	Note	Amount	%	Amount	%
20000	Liabilities					
21000	Deposits from Central Bank and other banks	IV/VI.13	\$21,117,468	7	\$14,533,849	5
21500	Due to the Central Bank and banks	VI.14	4,597,650	1	4,395,830	2
22000	Financial liabilities measured at FVTPL	IV/VI.15	13,062	-	6,002	-
22500	Securities sold under agreements to repurchase	IV/VI.16	21,990,934	7	28,218,020	10
23000	Payables	VI.17	1,601,260	1	1,252,826	1
23200	Current income tax liabilities	IV/VI.31	573,272	-	78,459	-
23500	Deposits and remittances	VI.18	226,932,674	70	191,798,662	68
25500	Other financial liabilities	VI.18	890,000	-	500,000	-
25600	Provisions	IV/VI.20, 21, 27	394,957	-	383,414	-
26000	Lease liabilities	III/IV/VI.28	219,898	-	217,256	-
29300	Deferred income tax liabilities	IV/VI.31	299,314	-	135,832	-
29500	Other liabilities	VI.22	244,360	-	291,249	-
	Total liabilities		278,874,849	86	241,811,399	86
31000	Equity attributable to shareholders of the parent	VI.23				
31100	Share capital		11,212,343	3	11,312,343	4
31500	Capital surplus		55,622	-	56,095	-
32000	Retained earnings					
32001	Legal reserve		11,438,543	4	10,418,637	4
32003	Special reserve		115,319	-	538,481	-
32011	Unappropriated retained earnings		17,605,151	5	14,596,680	5
32500	Other equity interest	IV	6,252,901	2	4,107,695	1
32600	Treasury stock	IV	(98,422)	-	(98,422)	-
	Total equity attributable to shareholders of the parent		46,581,457	14	40,931,509	14
38000	Non-controlling interest		1,633	-	-	-
	Total equity		46,583,090	14	40,931,509	14
	Total liabilities and equity		\$325,457,939	100	\$282,742,908	100

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd. and its subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Code	Item	Note	2020		2019	
			Amount	%	Amount	%
41000	Interest revenue	IV	\$6,513,084	73	\$6,833,454	80
51000	Less: Interest expenses	IV	(1,267,131)	(14)	(2,078,065)	(24)
	Net interest income	VI.24	5,245,953	59	4,755,389	56
	Non-interest net income					
49100	Net service fee income	IV/VI.25	1,909,280	21	1,840,557	22
49200	Gain on financial assets and financial liabilities measured at FVTPL	IV/VI.26	2,028,072	23	1,461,468	17
49310	Realized gain or loss on financial assets at FVTOCI	IV	306,334	3	128,683	1
49600	Net exchange (loss) gain	IV	(134,144)	(1)	181,050	2
49700	Impairment loss on assets	IV/VI.27	(512,890)	(6)	(27,311)	-
49800	Other non-interest net income	IV	64,315	1	153,148	2
	Net income		8,906,920	100	8,492,984	100
58200	Allowances for bad-debts, commitments and guarantees	IV/VI.7, 8, 27	(744,664)	(8)	(2,655,404)	(32)
58400	Operating expenses					
58500	Employee benefits expenses	VI.21, 29	(1,052,771)	(12)	(1,024,169)	(12)
59000	Depreciation and amortization expenses	IV/VI.10, 11, 28, 29	(132,118)	(1)	(125,212)	(1)
59500	Other business and administrative expenses	IV	(714,845)	(8)	(784,318)	(9)
61000	Net income before taxes from continuing operations		6,262,522	71	3,903,881	46
61003	Income tax (expense)	IV/VI.31	(771,551)	(9)	(504,194)	(6)
64000	Net income after tax		5,490,971	62	3,399,687	40
65000	Other comprehensive income (loss)					
65200	Items that will not be reclassified to profit or loss	IV/VI.30, 31				
65201	Remeasurements of the defined benefit plans		(2,903)	-	6,589	-
65204	Gain or loss on evaluation of equity instruments at FVTOCI		379,435	4	430,495	5
65220	Income tax expenses related to items that will not be reclassified subsequently to profit or loss		349	-	(19,752)	-
65300	Items that may be reclassified subsequently to profit or loss	IV/VI.30, 31				
65301	Exchange differences from the translation of financial statement		(3,825)	-	(85,655)	(1)
65308	Gain or loss from debt instrument investment measured at FVTOCI		1,739,742	20	4,124,894	49
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		459	-	13,122	-
	Other comprehensive income (after tax)		2,113,257	24	4,469,693	53
66000	Total comprehensive income (after tax)		\$7,604,228	86	\$7,869,380	93
67100	Current period after tax net profit and loss attributable to					
67101	Owners of the parent company		\$5,490,966		\$3,399,687	
67111	Non-controlling interest		\$5		\$ -	
67300	Current period after tax comprehensive profit and loss attributable to					
67301	Owners of the parent company		\$7,604,223		7,869,380	
67311	Non-controlling interest		\$5		\$ -	
	Earnings per share (NTD)	VI. 32				
67500	Basic earnings per share		\$4.90		\$2.99	
67700	Diluted earnings per share		\$4.90		\$2.99	

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd. and its subsidiaries
Consolidated Statement of Changes in Equity
From January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Items	Share capital	Capital surplus	Retained Earnings			Other equity items		Treasury stock	Total	Non-controlling interest	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from the translation of financial statement	Unrealized (loss) profit of financial assets in other comprehensive income measured at fair value through profit and loss				
Balance on January 1, 2019	\$11,512,343	\$99,585	\$9,555,297	\$100,930	\$14,699,482	\$28,431	\$(497,142)	\$(314,865)	\$35,184,061	\$ -	\$35,184,061
The 2018 appropriation and distribution of earnings											
Appropriation of legal reserve			863,340		(863,340)				-		-
Appropriation of special reserve				437,551	(437,551)				-		-
Common stock cash dividends					(1,711,852)				(1,711,852)		(1,711,852)
Net income for the year ended December 31, 2019	-	-	-	-	3,399,687	-	-	-	3,399,687	-	3,399,687
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(13,163)	(72,533)	4,555,389	-	4,469,693	-	4,469,693
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	3,386,524	(72,533)	4,555,389	-	7,869,380	-	7,869,380
Cost of treasury stock repurchase								(410,080)	(410,080)		(410,080)
Disposal of treasury stocks	(200,000)	(43,490)			(383,033)			626,523	-		-
Disposal of equity instruments at FVTOCI					(93,550)		93,550		-		-
Balance on December 31, 2019	11,312,343	56,095	10,418,637	538,481	14,596,680	(44,102)	4,151,797	(98,422)	40,931,509	-	40,931,509
The 2019 appropriation and distribution of earnings											
Appropriation of legal reserve			1,019,906		(1,019,906)				-		-
Reversal of special reserve				(423,162)	423,162				-		-
Common stock cash dividends					(1,677,351)				(1,677,351)		(1,677,351)
Net income for the year ended December 31, 2020	-	-	-	-	5,490,966	-	-	-	5,490,966	5	5,490,971
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(2,554)	(3,366)	2,119,177	-	2,113,257	-	2,113,257
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	5,488,412	(3,366)	2,119,177	-	7,604,223	5	7,604,228
Cost of treasury stock repurchase								(276,924)	(276,924)		(276,924)
Disposal of treasury stocks	(100,000)	(473)			(176,451)			276,924	-		-
Disposal of equity instruments at FVTOCI					(29,395)		29,395		-		-
Change in non-controlling interest										1,628	1,628
Balance on December. 31, 2020	<u>\$11,212,343</u>	<u>\$55,622</u>	<u>\$11,438,543</u>	<u>\$115,319</u>	<u>\$17,605,151</u>	<u>\$(47,468)</u>	<u>\$6,300,369</u>	<u>\$(98,422)</u>	<u>\$46,581,457</u>	<u>\$1,633</u>	<u>\$46,583,090</u>

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd. and its subsidiaries
Consolidated Statement of Cash Flows
From January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Items	2020	2019	Items	2020	2019
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Profit before tax for the period	\$6,262,522	\$3,903,881	Acquisition of property and equipment	(721,055)	(396,868)
Adjustments:			Proceeds from disposal of property and equipment	6,027	41,921
Non-cash income and expense items			Acquisition of investment property	(115,488)	-
Expected credit impairment loss/bad debt expense	744,664	2,655,404	Acquisition of subsidiaries (less the cash received)	(142,895)	-
Impairment loss on assets	512,890	27,311	Net cash (outflow) from investing activities	(973,411)	(354,947)
Depreciation and amortization expenses	132,118	125,212	Cash flows from financing activities:		
Net interest income	(5,245,953)	(4,755,389)	Due to the Central Bank and banks increase	201,820	957,190
(Gains) on disposal and retirement of property, plant and equipment	(106)	(19,291)	Securities sold under agreements to repurchase (decrease)	(6,227,086)	(1,098,476)
(Gains) on disposal of other assets	(88)	(1)	Cash dividend paid	(1,677,351)	(1,711,852)
(Gain) on bargain purchase	(7,661)	-	Repayment of the principal amount of lease liabilities	(79,264)	(78,122)
Changes in operating assets and liabilities			Cost of treasury stock repurchase	(276,924)	(410,080)
Due from the Central Bank and call loans to banks (increase)	(655,248)	(172,399)	Net cash inflow (outflow) from financing activities	(8,058,805)	(2,341,340)
Financial assets measured at FVTPL (increase)	(10,037,748)	(3,192,996)	Effect of exchange rate changes on cash and cash equivalents	(3,825)	(85,655)
Receivables (increase)	(1,124,378)	(1,473,729)	Current cash and cash equivalents increase (decrease)	1,208,558	(4,122,294)
Discount and loan (increase)	(30,116,447)	(5,679,720)	Cash and cash equivalents at beginning of year	9,374,376	13,496,670
Financial assets measured at FVTOCI decrease	3,696,285	7,123,745	Cash and cash equivalents at end of the year	<u>\$10,582,934</u>	<u>\$9,374,376</u>
Debt instrument investments measured at amortized cost (increase)	(1,200,000)	(100,000)			
Other assets decrease (increase)	4,033	(917)	Composition of cash and cash equivalents		
Other assets (increase)	(157,029)	(96,331)	Cash and cash equivalents recorded on the consolidated balance sheets	\$3,982,321	\$3,548,667
Deposits from the Central Bank and banks increase (decrease)	6,583,619	(5,403,402)	Due from the Central Bank and call loans to banks meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	6,400,365	5,675,687
Financial liabilities measured at FVTPL increase (decrease)	7,060	(19,782)	Investments in bills and bonds under resale agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	200,248	150,022
Payables increase (decrease)	332,682	(1,045,778)	Cash and cash equivalents at end of the year	<u>\$10,582,934</u>	<u>\$9,374,376</u>
Deposits and remittances increase	35,134,012	3,365,738			
Other financial liabilities increase (decrease)	390,000	(730,000)			
Liability reserve (decrease)	(70,303)	(37,660)			
Other liabilities (decrease)	(47,124)	(41,270)			
Interest received	6,575,035	6,954,067			
Interest paid	(1,313,272)	(2,087,515)			
Income tax paid	(154,964)	(639,530)			
Net cash inflow (outflow) from operating activities	<u>10,244,599</u>	<u>(1,340,352)</u>			

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Jih-Cheng Chang

Accounting Supervisor: Yu-Hsuan Chen