

Stock code: 2809

King's Town Bank Co., Ltd.

2022 Annual Shareholders' Meeting

# Meeting Handbook

Time: 9:00 a.m. May 9, 2022

Place: 14F., No.506, Sec. 1, Ximen Rd., West Central Dist., Tainan City

Means of Meeting Convention: Physical, assisted with visual communication

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# King's Town Bank Co., Ltd.

## Agenda of 2022 Annual Shareholders' Meeting

Time: 9:00 a.m. on Monday, May 9, 2022

Place: King's Town Bank Co., Ltd.'s headquarters, 14F., No.506, Sec. 1, Ximen Rd., West Central Dist., Tainan City

Means of Meeting Convention: Physical, assisted with visual communication

Visual communication platform used at the meeting: The visual communication platform provided by the Taiwan Depository & Clearing Corporation

[<https://www.stockvote.com.tw>]

- I. Call the Meeting to Order (Number of shares reported on attendance, and handling in events of connection disruptions)
- II. Chairman's Remarks
- III. Reporting Items:
  1. 2021 Business Report.
  2. Audit Committee's Review Report on the 2021 Financial Statements
  3. Report on the Distribution of 2021 Remuneration to Employees and Directors
  4. Report on the collection of 2021 Remuneration to the Directors
  5. Report on the amendments to the "Code of Practice on Corporate Social Responsibility"
  6. Report on the advocacy of the regulations and measures regrading Articles 25 and 25-1 of The Banking Act of The Republic of China.
- IV. Proposals for Ratification:
  1. Adoption of 2021 Financial Statements
  2. Adoption of 2021 Earnings Distribution
- V. Proposals for Discussion:
  1. Amendment to the Articles of Incorporation
  2. Amendment to the "Rules of Procedure for Shareholders' Meetings"
  3. Amendment to the "Procedures for the Acquisition and Disposal of Assets"
- VI. Election Matters: By-election of One Independent Director
- VII. Extempore Motion
- VIII. Adjournment

## Reporting Items:

1. 2021 Business Report. (Please refer to Attachment 1 on page 9-11 of this Handbook)
2. Audit Committee's Review Report on the 2021 Financial Statements (Please refer to Attachment 2 on page 12 of this Handbook)
3. Report on the Distribution of 2021 Remuneration to Employees and Directors

### Explanation:

On February 21, 2022, the Board of Directors of the Company approved the total amount and distribution of 2021 remuneration for employees and Directors to be paid in cash, as listed in the following table.

Item	Amount (Unit: NT\$)	Ratio to the Revenue (%)
Employees' Remuneration	650,000	0.01%
Directors' Remuneration	0	0%

4. Report on the collection of 2021 Remuneration to the Directors.

### Explanation:

- (I) Policies, standards, and packages, procedure for determining remuneration to Directors and Independent Directors, and linkage thereof to operating performance and future risk exposure:

#### 1. Director

According to Article 33 of the Articles of Association of the Company, not more than 2% of the earnings, if any, shall be allocated as remuneration to directors. However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss. No remuneration has been paid to the directors in the last two years. In addition, according to Article 25-1 of the Articles of Association of the Company: "The remuneration of directors shall be determined by the board of directors with reference to the standards of the relevant industry and the listed companies." The Company determines the remuneration to Directors based on the evaluations on remuneration level of the peer companies, individual performances, Company's operating performance, and Board performance.

#### 2. Independent Director

The procedures for determining the remuneration of Independent Directors of the Bank are enacted in accordance with Article 25-1 of the Articles of Incorporation of the Company. The Board of Directors has agreed with reference to the standards of relevant industries and listed companies to pay a fixed monthly remuneration and a business practice fee same as the payment standards for Directors. Independent directors will receive a fixed monthly remuneration, but will not receive the director remuneration that is paid in accordance with the Company's Articles of Incorporation. In addition, according to Article 5 of the "Rules Governing

the Scope of Powers of Independent Directors" of the Company, a reasonable level of remuneration different from that of the Directors is resolved.

- (II) Collection of 2021 Remuneration to the Directors (Please refer to Attachment 3 on page 13 of this Handbook)

5. Report on the amendments to the "Code of Practice on Corporate Social Responsibility"

Explanation:

- (I) Pursuant to Tai-Zheng-Zhi-Li-Zi Letter No. 11000241731 dated December 7, 2021 issued by the TWSE, and in view of the global development trend and sustainable development, the Company altered the name of "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" and amended the contents accordingly.
- (II) The Company proposes to amend the title of the aforementioned principles to "King's Town Bank Co., Ltd. Sustainable Development Best-Practice Principles" and relative articles, also incorporates "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and procedures regarding the preparation of sustainable reports and validation process thereinto and includes the regulations regarding internal control.
- (III) A comparison table of amendments is attached. (Please refer to Attachment 4 on page 14-21 of this Handbook)

6. Report on the advocacy of the regulations and measures regrading Articles 25 and 25-1 of The Banking Act of The Republic of China.

Explanation:

- (I) Relevant matters are handled in accordance with Jin-Guan-Yin-Kong-Zi Letter No. 10060005191 dated January 31, 2012, issued by the Financial Supervisory Commission.
- (II) Article 25, Paragraph 2 of The Banking Act of The Republic of China stipulates that: The same person or the same related party who singly, jointly, or collectively holds more than 5% of the same Bank's outstanding voting shares shall file a report with the competent authority within 10 days of acquisition. The same shall apply for each cumulative increase or decrease of shareholding by 1%.
- (III) Article 25, Paragraph 3 of The Banking Act of The Republic of China stipulates that: The same person or the same related party who intends to singly, jointly, or collectively hold more than 10%, 25%, or 50% of the same Bank's outstanding voting shares shall file a report with the competent authority prior to the acquisition.
- (IV) Article 25, Paragraph 4 of The Banking Act of The Republic of China stipulates that: The shares held by a third party on behalf of the same person, or the same related party in trust, by mandate, or through other contracts, agreements, authorizations shall be included in the shareholding of the same related party.
- (V) Article 25, Paragraph 5 of The Banking Act of The Republic of China

stipulates that: The same person, or the same related party who singly, jointly or collectively holds more than 5%, but less than 50% of the same Bank's outstanding voting shares before the revision of the Act on December 9, 2008, shall report to the competent authority within 6 months of acquisition. Those who file a report with the authority within the said period may maintain their shareholding at the time of reporting. However, those who hold originally more than 10% of shareholding shall file a report with the competent authority prior to their share acquisition for the first time thereafter.

- (VI) Article 25-1, Paragraph 1 of The Banking Act of The Republic of China stipulates that:

The aforementioned "the same person" refers to the same natural person or the same juristic person.

- (VII) Article 25-1, Paragraph 2 of The Banking Act of The Republic of China stipulates that:

The aforementioned term "the same related party" refers to the related party of the same natural person or the same juristic person, including:

1. The related party of the same natural person:
  - (1) The same natural person and his/her spouse and relatives by blood within the second degree of kinship.
  - (2) Enterprise in which the person mentioned in the preceding item holds more than one-third of its outstanding voting shares or capital.
  - (3) The enterprise or foundation in which the person mentioned in item 1 acts as the chairperson or president, or represents the majority of directors.
2. The related party of the same juristic person:
  - (1) The same juristic person and its chairperson, and president, and the spouse and relatives by blood within the second degree of kinship of the its chairperson, and president.
  - (2) Enterprise in which the same juristic person or the natural person mentioned in the preceding item holds more than one-third of its outstanding voting shares or capital, or in which they act as the chairperson or president, or represents the majority of directors.
  - (3) The affiliates of the same juristic person. The term "affiliates" refers to the enterprises subject to Articles 369-1 to 369-3, 369-9, and 369-11 of the Company Act.

- (VIII) In violation of Article 25 Paragraphs 2, 3, or 5 by failing to file a report with or obtain approval from the competent authority with respect to the shareholding, the Financial Supervisory Commission (FSC) may impose a fine of no less than NT\$2 million and no more than NT\$10 million in accordance with Article 128 Paragraph 3 of The Banking Act of The Republic of China. The part of the shareholding exceeding the approved amount shall bare no voting rights. In the event that violator is elected the Bank's Director, Supervisor, or the responsible person thereafter, FSC may, based on the severity of the violation, consider the violation as dishonest or improper activities pursuant to Article 3 Paragraph 13 of the "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks," and deem the violator

unfit to serve as a responsible person. In the event of failure to file a report pursuant to Article 25 Paragraph 8 of The Banking Act of The Republic of China, FSC will impose a fine of no less than NT\$500 thousand and no more than NT\$10 million in accordance with Article 131 Paragraph 1 Subparagraph 1 of The Banking Act of The Republic of China.

- (IX) The Company has made advocacy of such matters on the Shareholder Section of the company website. For relevant application forms, please refer to <https://customer.ktb.com.tw/new/about/fe41606e>

## **Proposals for Ratification:**

1. Adoption of 2021 Financial Statements (Proposed by the Board of Directors)

Explanation:

- (I) The Company's 2021 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.
- (II) Attachments:
1. Business Report (Please refer to Attachment 1 on page 9-11 of this Handbook)
  2. Independent Auditors' Report and Financial Statements (including Consolidated Financial Statements) (Please refer to Attachment 5 on page 22-39 of this Handbook)

Resolution:

2. Adoption of 2021 Earnings Distribution (Proposed by the Board of Directors)

Explanation:

- (I) The Company's net profit after tax for the year 2021 amounted to NT\$5,630,303,211. After allocating NT\$1,755,271,465 as the 30% legal reserve stipulated in accordance with The Banking Act of The Republic of China and Letter No.10802432410 issued by the Ministry of Economic Affairs on January 9, 2020, the unappropriated earnings were NT\$18,040,137,816 (including undistributed earnings from previous years). The proposed cash dividends to shareholders are NT\$2.1 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) 2021 Earnings Distribution. (Please refer to Attachment 6 on page 40 of this Handbook)

Resolution:

## Proposals for Discussion:

### 1. Amendment to the Articles of Incorporation (Proposed by the Board of Directors)

#### Explanation:

- (I) In order to allow more flexibility to the ways of the convening of shareholders' meetings, the Company proposes, in accordance with Article 172-2 Paragraph 1 of the Company Act, to amend Article 12 of the Company's Articles of Incorporation, stipulating that shareholders' meetings may be convened in means of visual communication or other methods announced by the central competent authority.
- (II) A comparison table of amendments is attached. Please refer to Attachment 7 on page 41-42 of this Handbook for resolution.

#### Resolution:

### 2. Amendment to the "Rules of Procedure for Shareholders' Meetings" (Proposed by the Board of Directors)

#### Explanation:

- (I) Regulations regarding the convening of shareholders' meetings via visual communication are added pursuant to Tai-Zheng-Shang-Yi-Zi Letter No. 1100025782 dated December 17, 2021, issued by TWSE transferred thereafter to FSC for the partial amendment to "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies," and the relevant articles in the "Regulations Governing the Administration of Shareholder Services of Public Companies" revised and published by the FSC on March 4, 2022, stipulating that public companies may convene shareholders' meetings via visual communication pursuant to the amended Article 172-2 of the Company Act. Furthermore, the Company amended the corresponding articles in its "Rules of Procedure for Shareholders' Meetings" with reference to the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" published by the TWSE on March 8, 2022.
- (II) A comparison table of amendments is attached. Please refer to Attachment 8 on page 43-64 of this Handbook for resolution.

#### Resolution:

### 3. Amendment to the "Procedures for the Acquisition and Disposal of Assets" (Proposed by the Board of Directors)

#### Explanation:

- (I) It is proposed to amend Articles 5, 8, 9, 10, 13, and 26 of the Company's "Procedures for Acquisition and Disposal of Assets" in accordance with Jin-Guan-Zheng-Fa-Zi Order Number 1110380465 dated January 28, 2022, issued by the FSC, and the amended "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."
- (II) In addition, as specified in Paragraph 2 Item 2 of the "Regulations



Governing the Acquisition and Disposal of Assets by Public Companies”: “When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter II, Section IV herein.” The Company has already formulated its “Regulations for Engaging in Derivatives Trading” and all its trading related to derivatives is handled in accordance with the aforementioned regulations. Thus, the content of Article 7 of the Company's “Procedures for Acquisition and Disposal of Assets” is amended.

- (III) A comparison table of amendments is attached. Please refer to Attachment 9 on page 65-83 of this Handbook for resolution.

Resolution:

## **Election Matters:**

By-election of One Independent Director (Proposed by the Board of Directors)

Explanation:

- (I) The Company's Independent Director, Mr. Hung-Liang Chiang resigned on February 24, 2022. In accordance with Article 20-1 of the "Articles of Incorporation," Article 4 of the "Charter of Audit Committee," a by-election for an Independent Director will be held on March 7, 2022.
- (II) The list of candidates of independent director by-election was approved at the Board Meeting on March 21, 2022. Please refer to Attachment 10 on page 84 of this Handbook for resolution.
- (III) The office term of the newly elected independent director will be from May 9, 2022, to May 11, 2023.
- (IV) For "Procedures for the Election of Directors," please refer to Appendix 3 on page 100~102 of this Handbook)

Election Result:

**Extempore Motion:**

**Adjournment:**

## 2021 Business Report

2021 is a year of uncertainty and hope. Life returns to its usual pace with the global mass production of vaccines, the increasing popularity of vaccinations, and the gradual relaxation of domestic controls and border policies. In conjunction with monetary and fiscal stimulus measures, the economy has also rebounded significantly. The global economic growth rate in 2021 continues to be positive, even surpassing the performance before the pandemic, amidst the overshadowing of the recovery due to the emergence of the mutated virus. The threat from the virus continues to linger in 2022, but our ability to respond to outbreaks has improved dramatically. However, considering the high inflation, hawkish signals from the FED, high base period of economic growth, and the withdrawal of stimulus policies, the interest rate environment, corporate profits, and consumer confidence have become the key focus of attention in the new year.

The Bank will continue to strive for a sound financial structure and offer more diversified and innovative businesses in the face of many challenges, with the support of our customers and shareholders, and the concerted efforts of all our staff. The Bank's 2021 business performance and 2022 business plans are described as follows:

### I. 2021 Business performance

#### (I) Operational strategy performance

1. Profitability: The Bank's net income after tax for 2021 is NT\$5.63 billion and its return on assets after tax is 1.68%.
2. Asset quality: The Bank continues to maintain a certain standard of asset quality under a prudent risk management and credit policy. As of the end of 2021, the non-performing loans ratio was 0.02%, and the bad debt coverage ratio was 8,277.51%, which was better than the average among our industry.
3. Asset level: As of the end of 2021, the capital adequacy ratio was 16.62% and the tier 1 capital ratio was 15.15%.
4. Awards: The Bank was ranked as top 5% among the listed companies in the 2020 (7th Round) Corporate Governance Evaluation.

#### (II) Operating budget execution and profitability analysis

1. Total deposit balance of NT\$251 billion
2. Total loan balance of NT\$209.5 billion
3. Net interest revenue: 5,593,227 thousand

4. Net non-interest revenue: 4,668,731 thousand
5. Credit loss expenses: 1,732,076 thousand
6. Operating expenses: 2,024,864 thousand
7. Income before tax from continuing operations 6,505,018 thousand
8. Current income after tax: 5,630,303 thousand
9. Earnings per share: NT\$5.02

## II. 2021 Summary of the business plan

### (I) Operating strategies and important operating policies

1. Restructuring to enhance profitability.
2. Attaching importance to talents to inherit and inspire the future.
3. Enforcing legal compliance and strengthening internal control.
4. Expanding Fin-tech optimization services.
5. Enhancing information security and protecting the customers.

### (II) Anticipated operating targets

The Bank's anticipated operating targets for 2022 are as follows:

1. Annual average value of total deposits in NTD and foreign currencies: NT\$260 billion.
2. Annual average value of total loans in NTD and foreign currencies: NT\$218.3 billion.
3. Non-performing loans ratio: 0.02%.

## III. Conclusion

Looking back at 2021, the Bank has delivered a good operating result with the support of our shareholders and customers despite the overall environment being affected by the epidemic. Looking ahead to 2022, the overall economy is expected to show a steady recovery despite epidemic disruptions and hidden inflationary concerns. With the efforts of all employees, the Bank will continue to provide the best financial services to all customers, create maximum benefits for shareholders, and transform itself into a different kind of bank in the future by upholding the concept of sustainable management (ESG) and the belief of "constantly breaking through and surpassing ourselves".

Chairman:  
Cheng-Chih Tai

Managerial Personnel:  
Jih-Cheng Chang

Accounting Supervisor:  
Yu-Hsuan Chen

King's Town Bank Co., Ltd.  
Audit Committee's Review Report

The Company's 2021 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. 2022 Annual Shareholders' Meeting

Audit Committee convener: Hung-Liang Chiang

February 21, 2022

## King's Town Bank Co., Ltd. Collection of 2021 Remuneration to the Directors

Unit: NT\$

Title	Name	Remuneration								Total amount of A, B, C and D to after-tax net income ratio		Relevant remuneration received by directors who are also employees								Total amount of A, B, C, D, E, F and G to after-tax net income ratio		Compensation from any invested company other than the company's subsidiary
		Base compensation (A)		Pension (B)		Compensation (C)		Business expense allowances (D)				Salary, bonuses, and allowances (E)		Severance pay and pension (F)		Remuneration to employees (G)						
		The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank	All companies mentioned in the financial statements	The Bank		All companies mentioned in the financial statements		The Bank	All companies mentioned in the financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Chen-Chih Tai	6,976,000	6,976,000	0	0	0	0	240,000	240,000	0.13%	0.13%	0	0	0	0	0	0	0	0	0.13%	0.13%	None
Vice Chairman	Chiung-Ting Tsai	5,216,000	5,216,000	0	0	0	0	240,000	240,000	0.10%	0.10%	0	0	0	0	0	0	0	0	0.10%	0.10%	None
Director	Ching-Shun Ou	480,000	480,000	0	0	0	0	290,000	290,000	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	None
Director	Chung-Chang Tsai	480,000	480,000	0	0	0	0	284,000	284,000	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	None
Independent Director	Chao-Long Chen	960,000	960,000	0	0	0	0	286,000	286,000	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	None
Independent Director	Hung-Liang Chiang	960,000	960,000	0	0	0	0	290,000	290,000	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	None
Independent Director	Chuan-Fu Hou	960,000	960,000	0	0	0	0	290,000	290,000	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	None

Note: The table discloses the remuneration during their term of office in the year 2021.

- Please describe the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their responsibilities, risks, and invested time  
Independent Director remuneration policy: the remuneration of Independent Directors of the Bank shall be set out in the Articles of Association and may be subject to a reasonable remuneration different from that of the ordinary directors. Responsibilities of Independent Directors: At least one Independent Director shall attend in person any meeting of the Board. With respect to the following matters that must be approved by resolution at a Board meeting, all Independent Directors shall attend the meeting in person or appoint another Independent Director to attend the meeting as a proxy. Any objection or reservation made by an Independent Director shall be set forth in the minutes of the Board meeting; if an Independent Director is unable to attend the Board meeting in person to express his objections or reservations, he shall, unless he has valid reasons, give a written opinion in advance and set it out in the minutes of the Board meeting: I. The Bank's operating plan; II. Annual and semi-annual financial reports; III. Formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchanges Act, and evaluate the effectiveness of the system; IV. The adoption of amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading; V. Matters bearing on the personal interest of a directors; VI. Material assets or derivatives trading; VII. Offering, issuance or private placement of any equity-based securities; VIII. Appointment, discharge or compensation of CPAs; IX. Appointment or discharge of a finance officer, accounting officer or chief auditor; X. Donations to related parties or material donations to non-related parties provided that a donation for charity or disaster relief for a material natural disaster may be submitted to the following Board of Directors meeting for ratification; XI. Other matters that shall be decided by the Shareholders' Meetings or submitted to the Board of Directors or major matters specified by the competent authority in accordance with the law or the articles of association. In addition to the duties and responsibilities of the Board of Directors, all of the Bank's Independent Directors serve as members of the Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee, which are functional committees with different responsibilities and time commitments from those of the ordinary directors. Therefore, they are entitled to a different level of remuneration than ordinary directors.
- Except as otherwise disclosed herein, the directors of the Bank have not received other remunerations for providing services (in a non-employee capacity, such as an advisor) to any of the companies in the consolidated financial statements within the current fiscal year.

**Comparison Table for the Amendments to King's Town Bank Co., Ltd. Sustainable Development Best-Practice Principles**

Amended Articles	Original Articles	Notes
King's Town Bank Co., Ltd. <u>Sustainable Development</u> Best-Practice Principles	King's Town Bank Co., Ltd. <u>Corporate Social</u> <u>Responsibility</u> Best-Practice Principles	The title is amended in accordance with the amendment of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.

Amended Articles	Original Articles	Notes
Article 2 The Principles apply to the Company including the entire operations of the Company and its business group. It is advisable that the Company actively fulfill its <u>sustainable development</u> in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community, and society by acting as responsible corporate citizens, and to enhance competitive edges built on <u>sustainable development</u> .	Article 2 The Principles apply to the Company including the entire operations of the Company and its business group. It is advisable that the Company actively fulfill its <u>corporate social responsibility</u> in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community, and society by acting as responsible corporate citizens, and to enhance competitive edges built on <u>corporate social responsibility</u> .	The article is amended in accordance with the amendment of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.
Article 3 The Company fulfills its <u>sustainable development</u> and pays attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company values topics pertaining to the environment, society, and corporate governance and incorporates them into its management approaches and operating activities. (Omitted)	Article 3 The Company fulfills its <u>corporate social responsibility</u> and pays attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company values topics pertaining to the environment, society, and corporate governance and incorporates them into its management approaches and operating activities. (Omitted)	The article is amended in accordance with the amendment of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.



Amended Articles	Original Articles	Notes
<p>Article 4</p> <p>To implement <u>sustainable development</u>, it is advisable that the Company conforms to the following principles:</p> <p>I. Corporate governance implementation.</p> <p>II. Sustainable environment development.</p> <p>III. Public welfare maintenance.</p> <p>IV. <u>Sustainable development</u> information disclosure enhancement</p>	<p>Article 4</p> <p>To implement <u>corporate social responsibility</u>, it is advisable that the Company conforms to the following principles:</p> <p>I. Corporate governance implementation.</p> <p>II. Sustainable environment development.</p> <p>III. Public welfare maintenance.</p> <p>IV. <u>Corporate social responsibility</u> information disclosure enhancement.</p>	<p>The article is amended in accordance with the amendment of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.</p>
<p>Article 5</p> <p>The Company shall take into consideration the correlation among the development of domestic and international <u>sustainable development</u> principles, the Company’s core business operations, and the effect of the operation of the Company and of its Group as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotional plans for <u>sustainable development</u> programs, which shall be approved by the Board of Directors and then reported to the Shareholders' Meeting. When a shareholder proposes a motion involving <u>sustainable development</u>, the Company's Board of Directors is advised to review and consider including it in the Shareholders' Meeting agenda.</p>	<p>Article 5</p> <p>The Company shall take into consideration the correlation among the development of domestic and international <u>corporate social responsibility</u> principles, the Company’s core business operations, and the effect of the operation of the Company and of its Group as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotional plans for <u>corporate social responsibility</u> programs, which shall be approved by the Board of Directors and then reported to the Shareholders' Meeting. When a shareholder proposes a motion involving <u>corporate social responsibility</u>, the Company's Board of Directors is advised to review and consider including it in the Shareholders' Meeting agenda.</p>	<p>The article is amended in accordance with the amendment of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.</p>
<p>Article 7</p> <p>The Company’s directors shall exercise the due care of good administrators to urge the Company to implement <u>sustainable development</u>, review the results of the preventive measures at all times, and continually make adjustments so as to ensure</p>	<p>Article 7</p> <p>The Company’s directors shall exercise the due care of good administrators to urge the Company to implement <u>corporate social responsibility</u>, review the results of the preventive measures at all times, and continually make adjustments so as to ensure</p>	<p>The article is amended in accordance with the amendment of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.</p>

Amended Articles	Original Articles	Notes
<p>thorough implementation of its <u>sustainable development</u> policies. The Company's Board of Directors shall give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of its <u>sustainable development</u>:</p> <p>I. Identifying the Company's <u>sustainable development</u> mission or vision, and formulating its <u>sustainable development</u> policy, systems, or relevant management guidelines.</p> <p>II. Making <u>sustainable development</u> the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for <u>sustainable development</u>.</p> <p>III. Enhancing the timeliness and accuracy of the disclosure of <u>sustainable development</u> information. (Omitted)</p>	<p>thorough implementation of its <u>corporate social responsibility</u> policies. The Company's Board of Directors shall give full consideration to the interests of stakeholders, including the following matters, in the Company's performance of its <u>corporate social responsibility</u>:</p> <p>I. Identifying the Company's <u>corporate social responsibility</u> mission or vision, and formulating its <u>corporate social responsibility</u> policy, systems, or relevant management guidelines.</p> <p>II. Making <u>corporate social responsibility</u> the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for <u>corporate social responsibility</u>.</p> <p>III. Enhancing the timeliness and accuracy of the disclosure of <u>corporate social responsibility</u> information. (Omitted)</p>	
<p>Article 8 The Company is advised to, on a regular basis, organize education and training on the implementation of <u>sustainable development</u>, including promotion of the matters prescribed in Paragraph 2 of the preceding Article.</p>	<p>Article 8 The Company is advised to, on a regular basis, organize education and training on the implementation of <u>corporate social responsibility</u>, including promotion of the matters prescribed in Paragraph 2 of the preceding Article.</p>	<p>The article is amended in accordance with the amendment of the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" by the Taiwan Stock Exchange Corporation on December 7, 2021.</p>
<p>Article 9 To ensure proper management of <u>sustainable development</u>, the Company shall establish a governance framework for <u>sustainable development</u>, and set up an exclusively (or concurrently) dedicated unit in charge of proposing and</p>	<p>Article 9 To ensure proper management of <u>corporate social responsibility</u>, the Company shall set up an exclusively (or concurrently) dedicated unit in charge of proposing and executing the <u>corporate social responsibility</u> policies, systems</p>	<p>The article is amended in accordance with the amendment of the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" by the Taiwan Stock Exchange Corporation on December 7, 2021.</p>

Amended Articles	Original Articles	Notes
executing the <u>sustainable development</u> policies, systems or relevant management guidelines, and concrete promotional plans, and to report its progress to the Board of Directors on a regular basis. It is advisable that the Company formulate reasonable remuneration policies, to ensure that remuneration plans can be in line with the organizational strategic goals and stakeholders' interests. It is advisable that the employee performance assessment system is integrated with its <u>sustainable development</u> , and that the Company establishes an effective reward and disciplinary system.	or relevant management guidelines, and concrete promotional plans, and to report its progress to the Board of Directors on a regular basis. It is advisable that the Company formulate reasonable remuneration policies, to ensure that remuneration plans can be in line with the organizational strategic goals and stakeholders' interests. It is advisable that the employee performance assessment system is integrated with its <u>corporate social responsibility</u> , and that the Company establishes an effective reward and disciplinary system.	
Article 10 Based on respect for the rights and interests of stakeholders, the Company shall identify the stakeholders of the Company and establish a designated section for the stakeholders on the company website. Through proper communication with the stakeholders, the Company, therefore, understands the reasonable expectations and demands of stakeholders, and adequately responds to the important <u>sustainable development</u> issues which they are concerned about.	Article 10 Based on respect for the rights and interests of stakeholders, the Company shall identify the stakeholders of the Company and establish a designated section for the stakeholders on the company website. Through proper communication with the stakeholders, the Company, therefore, understands the reasonable expectations and demands of stakeholders, and adequately responds to the important <u>corporate social responsibility</u> issues which they are concerned about.	The article is amended in accordance with the amendment of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.
Article 12 It is advisable that the Bank commits to improving the <u>utilization efficiency of energy</u> and to the use of renewable materials with low environmental impact, <u>so as</u> to promote the sustainability of natural resources.	Article 12 It is advisable that the Bank commits to improving <u>resource efficiency</u> and to the use of renewable materials with low environmental impact, <u>so as</u> to promote the sustainability of natural resources.	The article is amended in accordance with the amendment of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.
Article 17 It is advisable that the Company evaluates current and future climate change potential	Article 17 It is advisable that the Company evaluates current and future climate change potential	The article is amended in accordance with the amendment of the “Corporate Social Responsibility Best

Amended Articles	Original Articles	Notes
<p>risks and opportunities and takes <u>relative measures</u>.</p> <p>It is advisable that the Company adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <p>I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.</p> <p>II. Indirect greenhouse gas emissions: emissions resulting from the generation of <u>the input</u> electricity, heating, or steam.</p> <p>III. <u>Other indirect emissions: All emissions generated by the Company are not indirect energy emissions, but from emission sources owned or controlled by other companies.</u></p> <p>(Omitted)</p>	<p>risks and opportunities and takes measures related to <u>climate-related topics</u>.</p> <p>It is advisable that the Company adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <p>I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.</p> <p>II. Indirect greenhouse gas emissions: emissions resulting from the generation of <u>externally purchased</u> or acquired electricity, heating, or steam.</p> <p>(Omitted)</p>	<p>Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.</p>

Chapter name after amendment	Chapter name before amendment	Notes
<p>Chapter 5</p> <p><u>Sustainable development</u></p> <p>information disclosure enhancement</p>	<p>Chapter 5</p> <p><u>Corporate social responsibility</u></p> <p>information disclosure enhancement</p>	<p>The name of the chapter is amended in accordance with the amendment of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.</p>

Amended Articles	Original Articles	Notes
<p>Article 28</p> <p>The Company shall disclose information according to relevant laws and regulations and the Bank’s Corporate</p>	<p>Article 28</p> <p>The Company shall disclose information according to relevant laws and regulations and the Bank’s Corporate</p>	<p>The article is amended in accordance with the amendment of the “Corporate Social Responsibility Best</p>

Amended Articles	Original Articles	Notes
<p>Governance Best-Practice Principles, and shall fully disclose relevant and reliable information relating to its <u>sustainable development</u> to improve information transparency.</p> <p>This Company shall disclose the following <u>sustainable development-related</u> information:</p> <p>I. The policy, systems or relevant management guidelines, and concrete promotional plans for <u>sustainable development</u>, as resolved by the board of directors.</p> <p>II. The risks and the impacts on the corporate operations and financial condition arising from implementing corporate governance, developing a sustainable environment, and maintaining public welfare.</p> <p>III. Goals and measures for <u>promoting the sustainable development</u> established by the Company, and performance in implementation.</p> <p>IV. Major stakeholders and the issues concerning them.</p> <p>V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.</p> <p>VI. Other information relating to <u>sustainable development</u>.</p>	<p>Governance Best-Practice Principles, and shall fully disclose relevant and reliable information relating to its <u>corporate social responsibility</u> to improve information transparency.</p> <p>This Company shall disclose the following <u>corporate social responsibility</u> related information:</p> <p>I. The policy, systems or relevant management guidelines, and concrete promotional plans for <u>corporate social responsibility</u>, as resolved by the board of directors.</p> <p>II. The risks and the impacts on the corporate operations and financial condition arising from implementing corporate governance, developing a sustainable environment, and maintaining public welfare.</p> <p>III. Goals and measures for <u>realizing the corporate social responsibility</u> established by the Company, and performance in implementation.</p> <p>IV. Major stakeholders and the issues concerning them.</p> <p>V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.</p> <p>VI. Other information relating to <u>corporate social responsibility</u>.</p>	<p>Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.</p>
<p>Article 29</p> <p>The Company shall adopt widely recognized international standards or guidelines when producing a <u>sustainable development</u> report to disclose the status of its implementation of the <u>sustainable development</u></p>	<p>Article 29</p> <p>The Company shall adopt widely recognized international standards or guidelines when producing a <u>corporate social responsibility</u> report to disclose the status of its implementation of the corporate social</p>	<p>The article is amended in accordance with the amendments of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.” and “Rules</p>

Amended Articles	Original Articles	Notes
<p>policy. It shall also obtain a third-party assurance or verification of the report to enhance the reliability of the information in the report. The reports are advised to include:</p> <p>I. The policy, systems or relevant management guidelines, and concrete promotional plans for <u>sustainable development</u> that are implemented.</p> <p>II. Major stakeholders and the issues concerning them.</p> <p>III. Results and a review of the corporate governance implementation, sustainable environment development, public welfare maintenance, and economic development promotion.</p> <p>IV. Future improvements and goals.</p> <p>V. <u>Information security, inclusive financing, management policies of business operation related to major topics in financial education and sustainable finance, disclosure items, and the reporting requirements.</u></p> <p>VI. <u>An accountant's opinion regarding the aforementioned items shall be made in accordance with the guidelines announced by the Accounting Research And Development Foundation and be obtained.</u></p>	<p>responsibility policy. It shall also obtain a third-party assurance or verification of the report to enhance the reliability of the information in the report. The reports are advised to include:</p> <p>I. The policy, systems or relevant management guidelines, and concrete promotional plans for <u>corporate social responsibility</u> that are implemented.</p> <p>II. Major stakeholders and the issues concerning them.</p> <p>III. Results and a review of the corporate governance implementation, sustainable environment development, public welfare maintenance, and economic development promotion.</p> <p>IV. Future improvements and goals.</p>	<p>Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies” by the Taiwan Stock Exchange Corporation on December 7, 2021.</p>
<p>Article 30</p> <p>The Company shall continuously monitor the development of the <u>sustainable development</u> standards at home and abroad and the changes in the business environment to examine and improve the <u>sustainable development</u></p>	<p>Article 30</p> <p>The Company shall continuously monitor the development of the <u>corporate social responsibility</u> standards at home and abroad and the changes in the business environment to examine and improve the <u>corporate social responsibility</u> framework it has</p>	<p>The article is amended in accordance with the amendments of the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” by the Taiwan Stock Exchange</p>

Amended Articles	Original Articles	Notes
framework it has established, so as to obtain better results from the <u>promotion of the sustainable development</u> policy.	established, so as to obtain better results from the <u>implementation of the corporate social responsibility</u> policy.	Corporation on December 7, 2021.

## 2021 Financial Statements

### Independent Auditors' Report

To 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, 2021 and 2020, 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, 2021 and 2020.

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, 2021 and 2020, and the results of its financial performance and cash flows for the year ended on December 31, 2021 and 2020 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 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 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 2021. 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, 2021, the total financial assets measured at fair value were NT\$85,865,019 thousand, accounting for about 26% 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\$41,526,002 thousand, accounting for 48% 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.

#### Appropriated allowance for bad debt from loans

As of December 31, 2021, the book value of the loans of King's Town Bank Co., Ltd. was NT\$206,356,935 thousand, accounting for 61% 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, 2021 were NT\$1,029,354 thousand, accounting for 0.3% of the total assets. The Company's share of profit (loss) of associates under equity method for the fiscal year 2021 was (NT\$1,724) thousand accounting for (0.03%) of the net income before tax. The Company's share of other comprehensive income of associates under equity method was NT\$266 thousand accounting for (0.02%) 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. 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 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 2021 individual financial statements of King's Town Bank Co., Ltd. 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.

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 21, 2022

King's Town Bank Co., Ltd.  
Individual Balance Sheets  
December 31, 2021 and 2020

Unit: NTD thousand

Assets			December 31, 2021		December 31, 2020	
Code	Account Item	Note	Amount	%	Amount	%
10000	Assets					
11000	Cash and cash equivalents	IV/VI.1	\$4,637,425	1	\$3,819,429	1
11500	Due from the Central Bank and call loans to other banks	IV/VI.2	12,724,231	4	12,542,608	4
12000	Financial assets measured at FVTPL	IV/VI.3/VIII	39,422,088	12	44,721,848	14
12100	Financial assets measured at FVTOCI	IV/VI.4, 26/VIII	46,442,931	14	48,717,089	15
12200	Debt instrument investments measured at amortized cost	IV/VI.5, 26	18,199,019	5	18,897,382	6
12500	Bills and bonds purchased under resell agreements	IV/VI.6	-	-	200,248	-
13000	Receivables, net	IV/VI.7, 26	850,565	-	891,330	-
13500	Discounts and loans, net	IV/V/VI.8, 26	206,356,935	61	184,901,230	58
15000	Investments under the equity method, net	IV/VI.9	2,429,721	1	1,167,990	-
15500	Other financial assets, net	IV/VI.10	776	-	363	-
18500	Property, plant, and equipment, net	IV/VI.11, 26	3,639,520	1	3,373,133	1
18600	Right-of-use assets, net	III/IV/VI.27	329,537	-	217,504	-
19300	Deferred income tax assets	IV/VI.30	158,494	-	180,966	-
19500	Other assets, net	VI.12	1,579,941	1	1,204,398	1
	Total assets		\$336,771,183	100	\$320,835,518	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 Balance Sheets (continued)  
December 31, 2021 and 2020

Unit: NTD thousand

Liabilities and Equity			December 31, 2021		December 31, 2020	
Code	Account Item	Note	Amount	%	Amount	%
20000	Liabilities					
21000	Deposits from the Central Bank and other banks	IV/VI.13	\$18,451,547	5	\$21,117,468	7
21500	Funds borrowed from the Central Bank and other banks	VI.14	567,450	-	907,650	-
22000	Financial liabilities measured at FVTPL	IV/VI.15	14,692	-	13,062	-
22500	Securities sold under agreements to repurchase	IV/VI.16	12,129,935	4	21,990,934	7
23000	Payables	VI.17	2,290,680	1	1,432,333	-
23200	Current income tax liabilities	IV/VI.30	598,742	-	566,736	-
23500	Deposits and remittances	VI.18	252,815,445	75	227,147,197	71
25600	Provisions	IV/VI.19, 20, 26	357,754	-	394,957	-
26000	Lease liabilities	III/IV/VI.27	333,056	-	219,898	-
29300	Deferred income tax liabilities	IV/VI.30	188,861	-	299,314	-
29500	Other liabilities	VI.21	141,993	-	164,512	-
	Total liabilities		287,890,155	85	274,254,061	85
31000	Equity	VI.22				
31100	Share capital		11,212,343	3	11,212,343	3
31500	Capital surplus		77,735	-	55,622	-
32000	Retained earnings			-		-
32001	Legal reserve		13,076,248	4	11,438,543	4
32003	Special reserve		120,039	-	115,319	-
32011	Unappropriated retained earnings		19,795,409	6	17,605,151	6
32500	Other equity interest	IV	4,599,254	2	6,252,901	2
32600	Treasury stock	IV	-	-	(98,422)	-
	Total equity		48,881,028	15	46,581,457	15
	Total liabilities and equity		\$336,771,183	100	\$320,835,518	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, 2021 and 2020

Unit: NTD thousand

Code	Account Item	Note	2021		2020	
			Amount	%	Amount	%
41000	Interest income	IV	\$6,120,160	61	\$6,233,702	72
51000	Less: Interest expenses	IV	(821,747)	(8)	(1,217,287)	(14)
	Net interest income	VI.23	5,298,413	53	5,016,415	58
	Non-interest net income					
49100	Net service fee income	IV/VI.24	2,004,921	20	1,857,694	21
49200	Gain on financial assets and financial liabilities measured at FVTPL	IV/VI.25	962,281	10	2,009,215	23
49310	Realized gain on financial assets at FVTOCI	IV	1,144,390	11	306,334	4
49600	Net exchange (loss)	IV	(217,619)	(2)	(134,144)	(2)
47003	Profit in the subsidiary, affiliated company and joint ventures recognized under the equity method	IV	153,127	2	135,706	2
49700	Impairment (loss) reversal gain on assets	IV/VI.26	593,641	6	(512,890)	(6)
49800	Other non-interest net income	IV	26,011	-	30,515	-
	Net income		9,965,165	100	8,708,845	100
58200	Allowances for bad-debts, commitments and guarantees	IV/VI.7, 8, 19, 26	(1,594,999)	(16)	(636,327)	(7)
58400	Operating expenses					
58500	Employee benefits expenses	VI.20, 28	(1,048,693)	(11)	(1,008,083)	(12)
59000	Depreciation and amortization expenses	IV/VI.11, 27, 28	(125,388)	(1)	(130,886)	(2)
59500	Other business and administrative expenses	IV	(731,188)	(7)	(702,348)	(8)
61000	Net income before taxes from continuing operations		6,464,897	65	6,231,201	71
61003	Income tax expenses	IV/VI.30	(834,594)	(8)	(740,235)	(8)
64000	Net income after tax		5,630,303	57	5,490,966	63
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		(4,719)	-	(2,903)	-
65204	Gain on evaluation of equity instruments at FVTOCI		1,193,888	12	375,313	4
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		6,972	-	4,122	-
65220	Income tax expenses related to items that will not be reclassified subsequently to profit or loss		566	-	349	-
65300	Items that may be reclassified subsequently to profit or loss	IV/VI.29, 30				
65301	Exchange differences from the translation of financial statements of foreign operations		27,617	-	(3,825)	-
65308	Gain or (loss) from debt instrument investment measured at FVTOCI		(2,654,055)	(26)	1,739,742	20
65320	Income tax related to components of other comprehensive income that may be reclassified to profit or loss		(3,314)	-	459	-
	Other comprehensive income (after tax)		(1,433,045)	(14)	2,113,257	24
66000	Total comprehensive income (after tax)		\$4,197,258	43	\$7,604,223	87
	Earnings per share (NTD)	VI.31				
67500	Basic Earnings Per Share		\$5.02		\$4.90	
67700	Diluted earnings per share		\$5.02		\$4.90	

(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, 2021 and 2020

Unit: NTD thousand

Item	Share capital	Capital surplus	Retained earnings			Other equity items		Treasury stock	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized (loss) profit of financial assets measured at FVTOCI		
Balance on January 1, 2020	\$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
Cost of treasury stock repurchase								(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	11,212,343	55,622	11,438,543	115,319	17,605,151	(47,468)	6,300,369	(98,422)	46,581,457
The 2020 appropriation and distribution of earnings									
Appropriation of legal reserve			1,637,705		(1,637,705)				-
Appropriation of special reserve				4,720	(4,720)				-
Common stock cash dividends					(2,018,222)				(2,018,222)
Net income for the year ended December 31, 2021	-	-	-	-	5,630,303	-	-	-	5,630,303
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(4,153)	24,303	(1,453,195)	-	(1,433,045)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	5,626,150	24,303	(1,453,195)	-	4,197,258
Other capital surplus changes									-
Share-based payment transaction		22,070						98,422	120,492
Disposal of equity instruments measured at FVTOCI					224,755		(224,755)		-
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition		43							43
Balance on December 31, 2021	<u>\$11,212,343</u>	<u>\$77,735</u>	<u>\$13,076,248</u>	<u>\$120,039</u>	<u>\$19,795,409</u>	<u>\$(23,165)</u>	<u>\$4,622,419</u>	<u>\$ -</u>	<u>\$48,881,028</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, 2021 and 2020

Unit: NTD thousand

Item	2021	2020	Item	2021	2020
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Profit before tax for the period	\$6,464,897	\$6,231,201	Acquisition of property and equipment	(232,682)	(720,753)
Adjustments:			Acquisition of investment under equity method	(1,101,589)	(320,611)
Non-cash income and expense items			Net cash flow (outflow) from investing activities	(1,334,271)	(1,041,364)
Expected credit impairment loss/bad debt expenses	1,594,999	636,327			
Impairment loss (reversal gain) on assets	(593,641)	512,890	Cash flows from financing activities:		
Depreciation and amortization expenses	125,388	130,886	Due to the Central Bank and other banks (decrease)	(340,200)	(748,180)
Net interest income	(5,298,413)	(5,016,415)	Securities sold under agreements to repurchase (decrease)	(9,860,999)	(6,227,086)
(Profit) in the subsidiary recognized under the equity method	(153,127)	(135,706)	Cash dividend paid	(2,018,222)	(1,677,351)
Compensation cost of share-based payments	22,070	-	Cost of treasury stocks repurchase	-	(276,924)
Loss on disposal and retirement of property, plant and equipment	148	137	Repayment of the principal amount of lease liabilities	(79,036)	(78,924)
Gains on disposal of other assets	-	(88)	Treasury shares transferred to employees	98,422	-
(Gain) on bargain purchase	-	(7,661)	Net cash flow (outflow) from financing activities	(12,200,035)	(9,008,465)
Changes in operating assets and liabilities					
Due from the Central Bank and call loans to other banks (increase)	(893,925)	(655,248)	Effect of exchange rate changes on cash and cash equivalents	27,617	(3,825)
Financial assets measured at FVTPL decrease (increase)	5,299,760	(9,988,252)			
Receivables decrease (increase)	(2,361)	325,680	Current cash and cash equivalents (decrease) increase	(94,554)	1,089,266
Discount and loan (increase)	(22,768,123)	(30,116,447)	Cash and cash equivalents at beginning of the period	10,420,042	9,330,776
Financial assets measured at FVTOCI decrease	1,323,195	3,695,974	Cash and cash equivalents at end of the period	\$10,325,488	\$10,420,042
Debt instrument investments measured at amortized cost decrease (increase)	700,000	(1,200,000)			
Other financial assets (increase) decrease	(318,640)	4,033	Composition of cash and cash equivalents		
Other assets (increase)	(375,543)	(247,466)	Cash and cash equivalents recorded on the balance sheet	\$4,637,425	\$3,819,429
Deposits from the Central Bank and other banks (decrease) increase	(2,665,921)	6,583,619	Cash and cash equivalents meeting the definition as stated in IAS No. 7 "Cash Flow Statements"	5,688,063	6,400,365
Financial liabilities measured at FVTPL increase	1,630	7,060	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"		
Payables increase	867,141	257,744	Cash and cash equivalents meeting the definition as stated in IAS No. 7 "Cash Flow Statements"	-	200,248
Deposits and remittances increase	25,668,248	35,334,883	Investments in bills and bonds purchased under resell agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"		
Liability reserve decrease	(36,069)	(70,303)	Cash and cash equivalents at end of the period	\$10,325,488	\$10,420,042
Other liabilities decrease	(22,519)	(52,101)			
Interest received	6,193,079	6,295,653			
Interest paid	(826,821)	(1,263,393)			
Income tax paid	(893,317)	(120,087)			
Net cash inflow from operating activities	13,412,135	11,142,920			

(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

To 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, 2021 and 2020, 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, 2021 and 2020.

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, 2021 and 2020 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 2021. 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, 2021, the total financial assets measured at fair value were NT\$86,494,157 thousand, accounting for about 26% 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\$41,526,002 thousand, accounting for 48% 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, 2021, the book value of the loans of King's Town Bank Co., Ltd. and its subsidiaries was NT\$206,356,935 thousand, accounting for 60% 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., 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, 2021 were NT\$286,278 thousand, accounting for 0.08% of the total consolidated assets; the net income for the fiscal year 2021 was NT\$48,375 thousand accounting for 0.47% 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 2021 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 2021 and 2020 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 21, 2022

King's Town Bank Co., Ltd. and its subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: NTD thousand

Assets			December 31, 2021		December 31, 2020	
Code	Account Item	Note	Amount	%	Amount	%
10000	Assets					
11000	Cash and cash equivalents	IV/VI.1	\$4,832,340	1	\$3,982,321	1
11500	Due from the Central Bank and call loans to other banks	IV/VI.2	12,724,231	4	12,542,608	4
12000	Financial assets measured at FVTPL	IV/VI.3/VIII	39,942,021	12	45,032,063	14
12100	Financial assets measured at FVTOCI	IV/VI.4, 27/VIII	46,552,136	14	48,819,322	15
12200	Debt instrument investments measured at amortized cost	IV/VI.5, 27	18,199,019	5	18,897,382	6
12500	Bills and bonds purchased under resell agreements	IV/VI.6	-	-	200,248	-
13000	Receivables, net	IV/VI.7, 27	8,598,238	3	5,933,698	2
13500	Discounts and loans, net	IV/V/VI.8, 27	206,356,935	60	184,901,230	57
15500	Other financial assets, net	IV/VI.9	776	-	363	-
18500	Property, plant, and equipment, net	IV/VI.10, 27	3,643,607	1	3,376,707	1
18600	Right-of-use assets	III/IV/VI.28	329,537	-	217,504	-
18700	Investment property	VI.11	140,964	-	115,036	-
19300	Deferred income tax assets	IV/VI.31	170,475	-	185,987	-
19500	Other assets, net	VI.12	1,659,001	-	1,253,470	-
	Total assets		<u>\$343,149,280</u>	<u>100</u>	<u>\$325,457,939</u>	<u>100</u>

(Please refer to 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, 2021 and 2020

Unit: NTD thousand

Liabilities and Equity			December 31, 2021		December 31, 2020	
Code	Account Item	Note	Amount	%	Amount	%
2000	Liabilities					
2100	Deposits from the Central Bank and other banks	IV/VI.13	\$18,451,547	5	\$21,117,468	7
2150	Funds borrowed from the Central Bank and other banks	VI.14	4,767,450	2	4,597,650	1
2200	Financial liabilities measured at FVTPL	IV/VI.15	14,692	-	13,062	-
2250	Securities sold under agreements to repurchase	IV/VI.16	12,129,935	4	21,990,934	7
2300	Payables	VI.17	2,519,489	1	1,601,260	1
2320	Current income tax liabilities	IV/VI.31	610,911	-	573,272	-
2350	Deposits and remittances	VI.18	251,036,564	73	226,932,674	70
2550	Other financial liabilities	VI.19	3,534,057	1	890,000	-
2560	Provisions	IV/VI.20, 21, 27	357,754	-	394,957	-
2600	Lease liabilities	III/IV/VI.28	333,056	-	219,898	-
2930	Deferred income tax liabilities	IV/VI.31	188,861	-	299,314	-
2950	Other liabilities	VI.22	323,936	-	244,360	-
	Total liabilities		294,268,252	86	278,874,849	86
3100	Equity attributable to shareholders of the parent	VI.23				
3110	Share capital		11,212,343	3	11,212,343	3
3150	Capital surplus		77,735	-	55,622	-
3200	Retained earnings					
3200	Legal reserve		13,076,248	4	11,438,543	4
3200	Special reserve		120,039	-	115,319	-
3201	Unappropriated retained earnings		19,795,409	6	17,605,151	5
3250	Other equity interest	IV	4,599,254	1	6,252,901	2
3260	Treasury stock	IV	-	-	(98,422)	-
	Total equity attributable to shareholders of the parent		48,881,028	14	46,581,457	14
3800	Non-controlling interest		-	-	1,633	-
	Total equity		48,881,028	14	46,583,090	14
	Total liabilities and equity		\$343,149,280	100	\$325,457,939	100

(Please refer to 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, 2021 and 2020

Unit: NTD thousand

Code	Account Item	Note	2021		2020	
			Amount	%	Amount	%
41000	Interest income	IV	\$6,464,907	63	\$6,513,084	73
51000	Less: Interest expenses	IV	(871,680)	(8)	(1,267,131)	(14)
	Net interest income	VI.24	5,593,227	55	5,245,953	59
	Non-interest net income					
49100	Net service fee income	IV/VI.25	2,131,057	21	1,909,280	21
49200	Gain on financial assets and financial liabilities measured at FVTPL	IV/VI.26	954,691	9	2,028,072	23
49310	Realized gain on financial assets at FVTOCI	IV	1,144,958	11	306,334	3
49600	Net exchange (loss)	IV	(217,619)	(2)	(134,144)	(1)
49700	Impairment (loss) reversal gain on assets	IV/VI.27	593,641	6	(512,890)	(6)
49800	Other non-interest net income	IV	62,003	-	64,315	1
	Net income		10,261,958	100	8,906,920	100
58200	Allowances for bad-debts, commitments and guarantees	IV/VI.7, 8, 20, 27	(1,732,076)	(17)	(744,664)	(8)
58400	Operating expenses					
58500	Employee benefits expenses	VI.21, 29	(1,139,093)	(11)	(1,052,771)	(12)
59000	Depreciation and amortization expenses	IV/VI.10, 11, 28, 29	(127,603)	(1)	(132,118)	(1)
59500	Other business and administrative expenses	IV	(758,168)	(7)	(714,845)	(8)
61000	Net income before taxes from continuing operations		6,505,018	64	6,262,522	71
61003	Income tax expenses	IV/VI.31	(874,715)	(9)	(771,551)	(9)
64000	Net income after tax		5,630,303	55	5,490,971	62
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 plan		(4,719)	-	(2,903)	-
65204	Gain on evaluation of equity instruments at FVTOCI		1,200,860	12	379,435	4
65220	Income tax expenses related to items that will not be reclassified subsequently to profit or loss		566	-	349	-
65300	Items that may be reclassified subsequently to profit or loss	IV/VI.30, 31				
65301	Exchange differences from the translation of financial statements of foreign operations		27,617	-	(3,825)	-
65308	Gain or (loss) from debt instrument investment measured at FVTOCI		(2,654,055)	(26)	1,739,742	20
65320	Income tax related to components of other comprehensive income that may be reclassified to profit or loss		(3,314)	-	459	-
	Other comprehensive income (after tax)		(1,433,045)	(14)	2,113,257	24
66000	Total comprehensive income (after tax)		\$4,197,258	41	\$7,604,228	86
67100	Current period after tax net profit and loss attributable to					
67101	Owners of the parent company		\$5,630,303		\$5,490,966	
67111	Non-controlling interest		\$ -		\$5	
67300	Current period after tax comprehensive profit and loss attributable to					
67301	Owners of the parent company		\$4,197,258		7,604,223	
67311	Non-controlling interest		\$ -		\$5	
	Earnings per share (NTD)	VI.32				
67500	Basic Earnings Per Share		\$5.02		\$4.90	
67700	Diluted earnings per share		\$5.02		\$4.90	

(Please refer to 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 Changes in Equity  
From January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Item	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 statements of foreign operations	Unrealized (loss) profit of financial assets measured at FVTOCI				
Balance on January 1, 2020	\$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 measured at FVTOCI	-	-	-	-	(29,395)	-	29,395	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	1,628	1,628
Balance on December 31, 2020	11,212,343	55,622	11,438,543	115,319	17,605,151	(47,468)	6,300,369	(98,422)	46,581,457	1,633	46,583,090
The 2020 appropriation and distribution of earnings	-	-	-	-	-	-	-	-	-	-	-
Appropriation of legal reserve	-	-	1,637,705	-	(1,637,705)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	4,720	(4,720)	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(2,018,222)	-	-	-	(2,018,222)	-	(2,018,222)
Net income for the year ended December 31, 2021	-	-	-	-	5,630,303	-	-	-	5,630,303	-	5,630,303
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(4,153)	24,303	(1,453,195)	-	(1,433,045)	-	(1,433,045)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	5,626,150	24,303	(1,453,195)	-	4,197,258	-	4,197,258
Other capital surplus changes											
Share-based payment transaction	-	22,070	-	-	-	-	-	98,422	120,492	-	120,492
Disposal of equity instruments measured at FVTOCI	-	-	-	-	224,755	-	(224,755)	-	-	-	-
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	43	-	-	-	-	-	-	43	-	43
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	\$(1,633)	(1,633)
Balance on December 31, 2021	\$11,212,343	\$77,735	\$13,076,248	\$120,039	\$19,795,409	\$(23,165)	\$4,622,419	\$ -	\$48,881,028	\$ -	\$48,881,028

(Please refer to 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 Cash Flows  
From January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Item	2021	2020	Item	2021	2020
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Profit before tax for the period	\$6,505,018	\$6,262,522	Acquisition of property and equipment	(234,086)	(721,055)
Adjustments:			Proceeds from disposal of property and equipment	-	6,027
Non-cash income and expense items			Proceeds from disposal of investment property and equipment	134	-
Expected credit impairment loss/bad debt expenses	1,732,076	744,664	Acquisition of investment property	(29,314)	(115,488)
Impairment loss /(reversal gain) on assets	(593,641)	512,890	Acquisition of subsidiaries (less the cash received)	(1,590)	(142,895)
Depreciation and amortization expenses	127,603	132,118	Net cash flow (outflow) from investing activities	(264,856)	(973,411)
Net interest income	(5,593,227)	(5,245,953)	Cash flows from financing activities:		
Loss (gain) on disposal and retirement of property, plant and equipment	148	(106)	Due to the Central Bank and other banks increase	169,800	201,820
Loss on disposal of investment property	1,810	-	Securities sold under agreements to repurchase (decrease)	(9,860,999)	(6,227,086)
Gains on disposal of other assets	-	(88)	Cash dividend paid	(2,018,222)	(1,677,351)
(Gain) on bargain purchase	-	(7,661)	Repayment of the principal amount of lease liabilities	(79,036)	(79,264)
Compensation cost of share-based payments	22,070	-	Treasury stock purchased by employee	98,422	-
Changes in operating assets and liabilities		-	Cost of treasury stocks repurchase	-	(276,924)
Due from the Central Bank and call loans to other banks (increase)	(893,925)	(655,248)	Net cash flow (outflow) from financing activities	(11,690,035)	(8,058,805)
Financial assets measured at FVTPL decrease (increase)	5,090,042	(10,037,748)			
Receivables (increase)	(2,844,743)	(1,124,378)	Effect of exchange rate changes on cash and cash equivalents	27,617	(3,825)
Discount and loan (increase)	(22,768,123)	(30,116,447)			
Financial assets measured at FVTOCI decrease	1,323,195	3,696,285	Current cash and cash equivalents (decrease) increase	(62,531)	1,208,558
Debt instrument investments measured at amortized cost decrease (increase)	700,000	(1,200,000)	Cash and cash equivalents at beginning of the period	10,582,934	9,374,376
Other financial assets (increase) decrease	(318,640)	4,033	Cash and cash equivalents at end of the period	\$10,520,403	\$10,582,934
Other assets (increase)	(405,531)	(157,029)			
Deposits from the Central Bank and other banks (decrease) increase	(2,665,921)	6,583,619	Composition of cash and cash equivalents		
Financial liabilities measured at FVTPL increase	1,630	7,060	Cash and cash equivalents recorded on the consolidated balance sheets	\$4,832,340	\$3,982,321
Payables increase	927,235	332,682	Cash and cash equivalents meeting the definition as stated in IAS No. 7 "Cash Flow Statements"	5,688,063	6,400,365
Deposits and remittances increase	24,103,890	35,134,012	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"		
Increase in other financial liabilities	2,644,057	390,000	Cash and cash equivalents meeting the definition as stated in IAS No. 7 "Cash Flow Statements"	-	200,248
Liability reserve decrease	(36,069)	(70,303)	Investments in bills and bonds purchased under resell agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"		
Other liabilities increase (decrease)	79,576	(47,124)			
Interest received	6,537,826	6,575,035			
Interest paid	(876,848)	(1,313,272)	Cash and cash equivalents at end of the period	\$10,520,403	\$10,582,934
Income tax paid	(934,765)	(154,964)			
Net cash inflow from operating activities	11,864,743	10,244,599			

(Please refer to 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.

## Earnings Distribution

2021

Unit: NT\$

Item	Amount	Amount
Initial unappropriated earnings		13,944,504,399
Add: Gains and losses from disposal of equity instruments recognized as retained earnings		224,755,506
Less: Actuarial gains and losses recognized as retained earnings		(4,153,835)
Add: After-tax net income for the current year		5,630,303,211
Less: Legal reserve (30%) (Note 4)		(1,755,271,465)
Earnings available for distribution		18,040,137,816
Distribution items:		
Shareholder dividends - cash (NT\$2.1 per share) (Note 2, 3)	(2,354,591,957)	(2,354,591,957)
Un-appropriated earnings balance		15,685,545,859

## Notes:

- Earnings in 2021 are distributed first.
- The number of outstanding shares of the Company is 1,121,234,265 shares.
- 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, 2021, 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.
- 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."

**Comparison Table for the Amendments to King's Town Bank Co., Ltd.  
Articles of Incorporation**

Amended Articles	Original Articles	Notes
<p>Article 12</p> <p>Shareholders' meetings include both regular shareholders' meetings and special shareholders' meetings. Regular shareholders' meetings are to be held at least once a year and convened by the board of directors within 6 months after the end of the fiscal year. Special shareholders' meetings are to be held when necessary in accordance with the law. <u>When the Company holds a shareholders' meeting, the meeting may be held by means of visual communication network, or other methods announced by the central competent authorities.</u> The shareholders' meetings shall be held in accordance with the Rules of Procedure for Shareholders' Meetings.</p>	<p>Article 12</p> <p>Shareholders' meetings include both regular shareholders' meetings and special shareholders' meetings. Regular shareholders' meetings are to be held at least once a year and convened by the board of directors within 6 months after the end of the fiscal year. Special shareholders' meetings are to be held when necessary in accordance with the law. The shareholders' meetings shall be held in accordance with the Rules of Procedure for Shareholders' Meetings.</p>	<p>I. This article is amended.</p> <p>II. The amendment to Article 172-2 of the Company Act has been announced on December 31, 2021, allowing the public companies to hold meetings by means of visual communication network. Pursuant to Paragraph 1 of the Article, the Articles of Incorporation shall specify that the meetings be held by means of visual communication network or in accordance with the announcements of a central competent authority, the Ministry of Economic Affairs. To be in line with the competent authority's promotion of shareholders' meetings via means of visual communication network, and to respond to the needs of digitalization for providing shareholders with convenient means for participating shareholder's meetings, the Company holds shareholders' meetings by means of visual communication network or by other means as announced by the central competent authority according to the regulations.</p>
<p>Article 37</p> <p>The Articles of Incorporation were enacted on November</p>	<p>Article 37</p> <p>The Articles of Incorporation were enacted on November</p>	<p>The number and date of this amendment are updated.</p>

<p>26, 1977, and amended in accordance with the 16th amendment to the Articles of Incorporation of Tainan Mutual Loan and Savings Co., Ltd. (omitted). The 39th amendment was made on May 12, 2020. The 40th amendment was made on May 9, 2022.</p>	<p>26, 1977, and amended in accordance with the 16th amendment to the Articles of Incorporation of Tainan Mutual Loan and Savings Co., Ltd. (omitted). The 39th amendment was made on May 12, 2020.</p>	
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**Comparison Table for the Amendments to King's Town Bank Co., Ltd.  
Rules of Procedure for Shareholders' Meetings**

Amended Articles	Original Articles	Notes
<p>Article 3 (Convening shareholders meetings and shareholders' meeting notices)</p> <p>Paragraph 1 is omitted.</p> <p><u>Any change in the method of holding a shareholders' meeting shall be resolved by the Board of Directors and shall be made at the latest before mailing the notice of the shareholders' meeting.</u></p> <p>The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the <u>reporting website specified by the Financial Supervisory Commission</u> 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to <u>the reporting website specified by the Financial Supervisory Commission</u> 30 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders' meeting. In addition, 15 days before the date of the shareholders' meeting, the</p>	<p>Article 3 (Convening shareholders meetings and shareholders' meeting notices)</p> <p>Paragraph 1 is omitted.</p> <p>The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the <u>Market Observation Post System (MOPS)</u> 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the <u>MOPS</u> 21 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders' meeting. In addition, 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting</p>	<p>I. Paragraph 1, and the original paragraphs 3 to 10 are not amended.</p> <p>II. Paragraph 2 is added in order to enable shareholders to be aware of the change in the method in which shareholders' meetings are held. Any change in the method of holding a shareholders' meeting shall be resolved by the Board of Directors and shall be made at the latest before mailing the notice of the shareholders' meeting.</p> <p>III. In order to amend the wording used in the reporting website specified by the Financial Supervisory Commission and allow the investors to obtain the content of the shareholders' meeting agenda of TWSE/TPEX-listed companies, the competent authority has taken a gradual approach to move up the schedule for disclosure and reporting of TWSE/TPEX-listed companies' shareholders' meeting handbook. TWSE/TPEX-listed companies with paid-in capital exceeding NT\$10 billion as of the end of the most recent fiscal year, or companies with a total of more than 30% of shareholding held by foreign funds or China-</p>

<p>Company shall also have prepared the shareholders' meeting agenda, and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.</p> <p><u>The shareholders' meeting agenda, and supplemental meeting materials referred to in the preceding paragraph shall be provided for the shareholders to review on the day of the shareholders' meeting by the following methods:</u></p> <p>I. <u>The materials shall be distributed on-site at the meeting place when holding physical shareholders' meetings.</u></p> <p>II. <u>The materials shall be distributed on-site at the meeting place as well as uploaded as electronic files to the video conference platform when holding shareholders' meetings with assistance of video conferencing.</u></p> <p>III. <u>The materials shall be uploaded as electronic files to the video conference platform when holding shareholders' meetings through video conferencing.</u></p> <p>Omitted.</p>	<p>materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby <del>as well as being distributed on-site at the meeting place.</del></p> <p>Omitted.</p>	<p>funded investors as recorded on the shareholder roster, shall upload the shareholders' meeting agenda and supplemental meeting materials to the reporting website specified by the Financial Supervisory Commission 30 days before the date of the regular shareholders' meeting.</p> <p>IV. In response to the permission for public companies to hold shareholders' meeting through video conferencing, the Company may hold physical shareholders' meetings as well as shareholders' meetings through video conferencing. Paragraph 2 is amended and Paragraph 4 is added in order to allow shareholders attended a physical shareholders' meeting or through video conferencing to review shareholders' meeting agenda and supplemental meeting materials on the day of the shareholders' meeting.</p>
<p>Article 4 (Attending shareholders' meetings by proxy and scope of authorization)</p>	<p>Article 4 (Attending shareholders' meetings by proxy and scope of authorization)</p>	

<p>Paragraphs 1, 2, and 3 are omitted.</p> <p><u>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting through video conferencing, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>	<p>Paragraphs 1, 2, and 3 are omitted.</p>	<p>I. Paragraphs 1, 2, and 3 are not amended.</p> <p>II. Paragraph 4 is added to specify that, “in case of a shareholder appointing a proxy to attend a shareholders’ meeting, after a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting through video conferencing, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date”.</p>
<p>Article 5 (Principles determining the time and place of a shareholders’ meeting)</p> <p>The venue for a shareholders’ meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders’ meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p> <p><u>When holding a shareholders’ meeting through video conferencing, the Company shall not be subject to the aforementioned restrictions on the venue for shareholders’ meeting.</u></p>	<p>Article 5 (Principles determining the time and place of a shareholders’ meeting)</p> <p>The venue for a shareholders’ meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders’ meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</p>	<p>I. This article has been moved to Paragraph 1 without amendment to its content.</p> <p>II. Paragraph 2 is added to specify that, “when holding a shareholders’ meeting through video conferencing, the Company shall not be subject to the aforementioned restrictions on the venue for shareholders’ meeting.”.</p>

<p>Article 6 (Preparation of <u>attendance book and other documents</u>)</p> <p>The Company shall specify in its shareholders' meeting notices for <u>shareholders, solicitors, and proxies (hereinafter collectively referred to as "shareholders")</u> regarding the time during which shareholder attendance registration will be accepted, the place to register for attendance and other matters for attention.</p> <p>The time during which shareholder attendance registration will be accepted, as stated in the preceding Paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registration is accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registration. <u>When the Company holds a shareholders' meeting through video conferencing, attendance registration shall be accepted at the video conferencing platform of the shareholders' meeting at least 30 minutes prior to the time the meeting commences. A shareholder whose attendance registration is accepted will be deemed to have attended the meeting in person.</u></p> <p><u>Shareholders</u> shall attend shareholders' meetings based on attendance cards, sign-in cards or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by</p>	<p>Article 6 (Preparation of agenda handbooks and other documents)</p> <p>The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registration will be accepted, the place to register for attendance and other matters for attention.</p> <p>The time during which shareholder attendance registration will be accepted, as stated in the preceding Paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registration is accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registration.</p> <p>Shareholders and their proxies (hereinafter collectively referred to as "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards or other certificates of attendance. The Company may not arbitrarily add requirements</p>	<p>I. The name of the article is amended.</p> <p>II. Paragraphs 4, 5, and 6 are not amended.</p> <p>III. Paragraph 2 is amended to specify the time and procedure for the shareholders to register for attendance to the meeting.</p>
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<p>shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>Paragraphs 4, 5, and 6 are omitted.</p> <p><u>When the Company holds a shareholders' meeting through video conferencing, shareholders intend to attend the shareholders' meeting through video conferencing shall register with the Company at least 2 days before the date of the shareholders' meeting.</u></p> <p><u>When holding a shareholders' meeting through video conferencing, the Company shall upload the shareholders' meeting agenda, the annual report, and other relevant meeting materials to the video conferencing platform for the shareholders' meeting at least 30 minutes prior to the time the meeting commences and continue to disclosure such materials until the time the meeting ends.</u></p> <p><u>Article 6-1</u>  <u>(Convening shareholders' meetings through video conferencing and the particulars required to be specified in the shareholders' meeting notices)</u></p>	<p>for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>Paragraphs 4, 5, and 6 are omitted.</p>	<p>IV. The collectively referred name for "shareholders" is established in Paragraph 1, and hence, Paragraph 3 is amended accordingly.</p> <p>V. Paragraph 7 is added to specify that, "when the Company holds a shareholders' meeting through video conferencing, shareholders intend to attend the shareholders' meeting through video conferencing shall register with the Company at least 2 days before the date of the shareholders' meeting".</p> <p>VI. Paragraph 8 is added for the Company to upload the shareholders' meeting agenda, the annual report, and other relevant meeting materials to the video conferencing platform for the shareholders' meeting, allowing the shareholders attending the shareholders' meeting through video conferencing to review such materials.</p>
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When holding a shareholders' meeting through video conferencing, the Company shall specify the following particulars required to be specified in the shareholders' meeting notices:

I. The method of shareholders attending the shareholders meeting through video conferencing and exercising rights.

II. The handling methods for the situations preventing the attendance on the video conferencing platform or through video conferencing due to natural disaster, unexpected events, or other force majeure events shall include at least the following:

(I) The time when the meeting has to be postponed or adjourned due to the continued failure to remove the preexisting obstacles, and the date when the meeting has to be postponed or adjourned.

(II) Shareholders who did not register to attend the original shareholders' meeting by video conferencing may not attend the postponed or reconvened meeting.

(III) When the Company holds the shareholders' meeting with assistance of video conferencing, in the event that the meeting cannot be reconvened by video conferencing, after

I. This article is added.

II. In order to inform shareholders of their rights and restrictions of attendance before the meeting, it is hereby stipulated that the shareholders' meeting notice shall include the methods for shareholders to participate in the video conference and exercise their relevant rights, handling methods for the situations preventing the attendance on the video conferencing platform or through video conferencing due to natural disaster, unexpected events, or other force majeure events, which shall include at least the date when the meeting must be adjourned or reconvened and how long shall the disconnect lasts before the meeting shall be considered to be postponed or reconvened, provisions in Article 44-20, Paragraph 1, 2, 4, and 5 of Regulations Governing the Administration of Shareholder Services of Public Companies, the announced results of all proposals, handling methods for failure to make an extraordinary motions, and the provisions of adequate alternative measures for the shareholders having difficulties attending the shareholders' meeting through video conferencing in the case

<p><u>deducting the number of shares attended to the shareholders' meeting through video conferencing, if the total number of shares in attendance exceeds the legal amount of meeting participants, the shareholders' meeting shall continue. For the shareholders attended by video conferencing, their number of shares in attendance shall be counted towards the total number of shares in attendance; however, they have waived his/her rights with respect to the all proposals of that meeting.</u></p> <p><u>(IV) The handling methods in case that the resolutions of all proposals have been announced but no provisional motion has been made.</u></p> <p><u>III. When holding a shareholders' meeting through video conferencing, the Company shall specify the provisions of adequate alternative measures to shareholders having difficulties attending the shareholders' meeting through video conferencing.</u></p>		<p>when holding a shareholders' meeting through video conferencing.</p>
<p>Article 8 (Documentation of a shareholders meeting by audio or video)</p> <p>Paragraphs 1, and 2 are omitted.</p> <p><u>When holding the shareholders' meeting through video conferencing, the Company shall keep records of</u></p>	<p>Article 8 (Documentation of a shareholders meeting by audio or video)</p> <p>Paragraphs 1, and 2 are omitted.</p>	<p>I. Paragraphs 1, and 2 are not amended.</p> <p>II. Paragraph 3 and 4 are added to specify that, "with reference to Article</p>

<p><u>shareholders' registration,</u>  <u>registration for participation,</u>  <u>attendance registration,</u>  <u>questions asked, vote casting</u>  <u>and the results of vote</u>  <u>counting, and make an</u>  <u>uninterrupted audio and video</u>  <u>recording of the proceedings of</u>  <u>the shareholders meeting</u>  <u>through video conferencing.</u></p> <p><u>The Company shall</u>  <u>safeguard the preceding</u>  <u>materials and audio and video</u>  <u>recording during its existence</u>  <u>and provide for the video</u>  <u>conferencing provider to keep</u>  <u>the materials.</u></p> <p><u>If the shareholders'</u>  <u>meeting is held by video</u>  <u>conference, the Company is</u>  <u>advised to record the operation</u>  <u>interface of the backstage of</u>  <u>the video conference platform.</u></p>		<p>183 of the Company Act and Article 18 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, it is stipulated that the Company shall keep records of shareholders' registration, registration for participation, attendance registration, questions asked, vote casting and the results of vote counting, make an uninterrupted audio and video recording of the proceedings of the shareholders meeting through video conferencing, safeguard the materials during the Company's existence and provide for the video conferencing provider to keep the materials”.</p> <p>III. Paragraph 5 is added to specify that, “in order to preserve the information related to the video conference as much as possible, in addition to Paragraph 3, the Company shall continuously and uninterruptedly record the entire video conference; and it is also appropriate to record the operation interface of the backstage of the video conference. Since the simultaneous recording of the screen requires a certain degree of computer hardware and software equipment and information security, the Company may, subject to the feasibility of the conditions of the equipment, expressly set forth in the Rules of</p>
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		Procedure for Shareholders Meetings”.
<p>Article 9 (Calculation of the number of shares representing by the shareholders present at the shareholders meeting)</p> <p>Attendance at shareholders’ meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in <u>and the number of shares registered at the video conferencing platform</u> plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>Paragraph 2 is omitted.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned. <u>When holding the shareholders' meeting through video conferencing, the Company shall also declare the meeting adjourned on the video conferencing platform for the shareholders' meeting.</u></p> <p>If the quorum is not met after two postponements as referred to in the preceding</p>	<p>Article 9 (Calculation of the number of shares representing by the shareholders present at the shareholders meeting)</p> <p>Attendance at shareholders’ meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>Paragraph 2 is omitted.</p> <p>However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned.</p> <p>If the quorum is not met after two postponements as referred to in the preceding</p>	<p>I. Paragraphs 2, and 5 are not amended.</p> <p>II. Paragraph 1 is amended to specify that “when the Company holds a shareholders’ meeting through video conferencing, the calculation for total number of shares in attendance shall be added with the number of shares from the shareholders whose attendance registration through video conferencing are accepted”.</p> <p>III. Paragraph 3 is amended to specify that, “when the Company holds a shareholders’ meeting through video conferencing, in the event that the Chairman announces the adjournment of the meeting, the Company shall separately announce the adjournment on the video conferencing platform for the shareholders' meeting so as to inform the shareholders immediately.”</p> <p>IV. Paragraph 4 is amended to specify that, “if the Company made a tentative resolution to convene a separate shareholders’</p>

<p>Paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month_</p> <p><u>When the Company holds a shareholders' meeting through video conferencing, shareholders intending to attend the meeting through video conferencing shall re-register with the Company in accordance with Article 6.</u></p> <p>Paragraph 5 is omitted.</p>	<p>Paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.</p> <p>Paragraph 5 is omitted.</p>	<p>meeting, shareholders intend to attend by video conferencing shall register with the Company”.</p>
<p>Article 11 (Shareholder speech)</p> <p>Paragraphs 1 to 6 are omitted.</p> <p><u>When the Company holds a shareholders' meeting through video conferencing, the shareholders attended through video conferencing may ask questions by text on the video conferencing platform for the shareholders' meeting from the time the meeting is commenced by the chair until the meeting is adjourned, subject to a limit of two questions per motion of 200 words each; provided that the provisions in Paragraph 1 to 5 do not apply.</u></p> <p><u>If the aforementioned question does not violate the regulations or is within the scope of the motion, it is appropriate to disclose the question on the video conferencing platform of the shareholders' meeting for public information.</u></p>	<p>Article 11 (Shareholder speech)</p> <p>Paragraphs 1 to 6 are omitted.</p>	<p>I. Paragraphs 1 to 6 are not amended.</p> <p>II. Paragraph 7 is added for the purpose of specifying the methods, procedures and limitations of questions asked by shareholders attending the shareholders' meetings through video conferencing.</p> <p>III. Paragraph 8 is added to specify that, “in order to help other shareholders understand the content of the questions asked by the shareholders, the Company may filtered out the questions that are not related to the topics of the shareholders' meeting, the rest of the questions asked by the shareholders should be disclosed on the video conferencing platform”.</p>

Article 13 (Proposal voting, scrutiny, and counting of votes)	Article 13 (Proposal voting, scrutiny, and counting of votes)	
<p>Paragraphs 1, 2, and 3 are omitted.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person <u>or through video conferencing</u>, a written declaration of intent to retract the voting rights already exercised under the preceding Paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p>	<p>Paragraphs 1, 2, and 3 are omitted.</p> <p>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding Paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</p>	<p>I. Paragraphs 1, 2, 3, 6, 7, and 8 are note amended.</p> <p>II. Paragraph 4 is amended to specify that, "after a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting through video conferencing, a declaration of intent to retract the voting rights shall be exercised by the same method".</p> <p>III. Paragraph 5 is amended in accordance with the wording of the reporting website specified by the Financial Supervisory Commission.</p> <p>IV. Paragraph 9 and 10 are added to specify that, "when holding the shareholders' meeting through video conferencing, in order to provide the shareholders attended through video conferencing with sufficient time to vote, voting on each original motion may be conducted from the time the meeting is commenced by the chair until the time that the end of voting is announced, and the counting operation must be a one-time count to match the voting time of shareholders attended through video conferencing".</p>
<p>Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the</p>	<p>Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the</p>	

conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into <u>the reporting website specified by the Financial Supervisory Commission.</u>	conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the <u>MOPS.</u>	<p>V. Paragraph 11 is added to specify that, “if a shareholder who registered to attend the video-assisted shareholders’ meeting through video conferencing intends to attend a physical shareholders’ meeting, he or she shall exercise a declaration of intent to retract the registration with the same method as the registration was made 2 days prior to the day of the shareholders’ meeting; if the declaration of intent to retract was made overdue, then he or she may only attend the shareholders’ meeting by video conferencing”.</p> <p>VI. According to the Letter Jing-Shang-Zi No. 10102404740 dated Feb. 24, 2012 from Ministry of Economic Affairs and the Letter Jing-Shang-Zi No. 10102414350 dated May 3, of the same year, the shareholders who exercise their voting rights electronically and who have not made declaration of intent to retract may not propose amendments to the original motion and may not exercise their voting rights again. However, on the day of the meeting, the shareholder may still attend the meeting and may make a provisional motion on site and may exercise his or her voting rights. In addition, considering that both written and electronic</p>
<p>Paragraphs 6, 7, and 8 are omitted.</p> <p><u>When the Company holds a shareholders’ meeting through video conferencing, shareholders attended by video conferencing should vote on each motion and election motion through the video conferencing platform from the time the meeting is commenced by the chair and should complete the voting before the end of the voting is announced by the chair; if the vote was made overdue, then it shall be deemed as they waived their rights.</u></p> <p><u>When the Company holds a shareholders’ meeting through video conferencing, the counting operation must be a one-time count after the end of voting is announced by the chair, and then the chair shall announce the results of voting and election.</u></p> <p><u>If a shareholder who registered to attend the video-assisted shareholders’ meeting through video conferencing in accordance with the provisions in Article 6 intends to attend a physical shareholders’ meeting, he or she shall exercise a declaration of intent to retract the registration with the same method as the registration was made 2 days prior to the day of the shareholders’ meeting; if the declaration of intent to retract was made overdue, then</u></p>	Paragraphs 6, 7, and 8 are omitted.	



<p><u>he or she may only attend the shareholders' meeting by video conferencing.</u></p> <p><u>If a person exercises his or her voting rights by correspondence or electronically and does not retract his or her intent and attends the shareholders' meeting by video conferencing, he or she may not exercise his or her voting rights on the original motion or propose amendments to the original motion or exercise his or her voting rights on amendments to the original motion, except for a temporary motion.</u></p>		<p>voting are the ways to exercise shareholders' rights, and based on the principle of fair treatment, written voting should also follow the spirit of the regulation of electronic voting in order to protect shareholders' rights and interests, it is hereby stipulated in Article 12 that shareholders who exercise their voting rights by correspondence or electronically may still register to attend the shareholders' meetings by video conferencing without retracting their intent, but they may not vote on the original motion or the amendment to the original motion, and may not propose an amendment to the original motion, except for provisional motions for which they may propose and exercise their voting rights.</p>
<p>Article 15 (Meeting minutes and signatures) Paragraph 1 is omitted.</p> <p>The Company may distribute the meeting minutes mentioned in the preceding paragraph by means of a public announcement made through the reporting website specified by the Financial Supervisory Commission.</p> <p>Paragraph 3 is omitted.</p> <p><u>When holding the shareholders' meeting through video conferencing, the starting and ending time of the meeting, the method of holding the meeting, the names of the chair and the person recording the meeting minutes, and the</u></p>	<p>Article 15 (Meeting minutes and signatures) Paragraph 1 is omitted.</p> <p>The Company may distribute the meeting minutes mentioned in the preceding paragraph by means of a public announcement made through the <u>MOPS</u>.</p> <p>Paragraph 3 is omitted.</p>	<p>I. Paragraphs 1, and 3 are not amended.</p> <p>II. Paragraph 2 is amended in accordance with the wording of the reporting website specified by the Financial Supervisory Commission.</p> <p>III. Paragraph 4 is added to specify that, "to facilitate shareholders' understanding of the resolutions of the shareholders' meeting through video conferencing, alternative</p>

handling methods for and actions taken on the situations preventing the attendance on the video conference platform or through video conferencing due to natural disasters, unexpected events or other force majeure events shall be recorded in the meeting minutes, in addition to the matters that should be recorded in accordance with the provisions of Paragraph 3.

When holding a shareholders' meeting through video conferencing, the Company shall handle relevant matters in accordance with the preceding provision, and specify in the meeting minutes the provisions of the alternative measures to shareholders having difficulties attending the shareholders' meeting through video conferencing.

measures for shareholders with digital divide, and the handling of network disconnection, the Company is required, when preparing the minutes of the shareholders' meeting, to record the starting and ending time of the meeting, the method of holding the meeting, the names of the chair and the person recording the meeting minutes, and the handling methods for and actions taken on the situations preventing the attendance on the video conference platform or through video conferencing due to natural disasters, unexpected events or other force majeure events, in addition to the matters that should be recorded in accordance with the provisions of Paragraph 3”.

IV. When holding a shareholders' meeting through video conferencing, the Company shall specify in the meeting notices the provision of adequate alternative measures to shareholders having difficulties attending the shareholders' meeting through video conferencing. Paragraph 5 is added to establish that, “the Company shall specify in the meeting minutes the provision of the alternative measures to such shareholders having digital divide”.

<p>Article 16 (Public disclosure)</p> <p>On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by the proxies, <u>and the number of shares attended by correspondence or electronically</u>, and make an express disclosure of the same at the place of the shareholders meeting; <u>when holding a shareholders' meeting through video conferencing, the Company shall upload the aforementioned information to the video conferencing platform for the shareholders' meeting at least 30 minutes prior to the time the meeting commences and continue to disclose it until the meeting ends.</u></p> <p><u>When holding a shareholders' meeting through video conferencing, the Company shall disclose the total number of shares in attendance on the video conferencing platform from the time the meeting is commenced by the chair. The same applies to the statistics on the total number of shares in attendance and number of votes during the meeting.</u></p> <p>If matters put to a resolution at a shareholders' meeting constitute material information identified by the laws and regulations, and Taiwan Stock Exchange Corporation, the Company shall upload the content of such resolution to <u>the reporting website specified by the Financial Supervisory</u></p>	<p>Article 16 (Public disclosure)</p> <p>On the day of a shareholders' meeting, the Company shall compile in the prescribed format of a statistical statement the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.</p> <p>If matters put to a resolution at a shareholders' meeting constitute material information identified by the laws and regulations, and Taiwan Stock Exchange Corporation, the Company shall upload the content of such resolution to the <u>MOPS</u> within the prescribed time period.</p>	<p>I. The Company shall make an express disclosure of the number of shares obtained by solicitors through solicitation, the number of shares represented by the proxies, and number of shares attended by correspondence or electronically at the place of the shareholders meeting for the shareholders to know. Paragraph 1 is amended to specify that, "when holding the shareholders' meeting through video conferencing, such statistical statement shall be uploaded to the video conferencing platform for the shareholders' meeting".</p> <p>II. Paragraph 2 is added to specify that "in order to enable shareholders attending the shareholders' meeting through video conferencing to know simultaneously whether the number of shareholders' attendance has reached the threshold of the shareholders' meeting, it is specified that the Company shall disclose the total number of shares in attendance on the video conferencing platform from the time the meeting is commenced by the chair, and subsequently disclose the total number of shares in attendance, and the number of votes on the video conference platform</p>
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<u>Commission</u> within the prescribed time period.		if there are any further statistical statement.”.  III. The original Paragraph 2 is amended in accordance with the wording of the reporting website specified by the Financial Supervisory Commission and the numbering of the paragraphs are adjusted.
Article 19 <u>(Disclosure of the information during the video conference)</u> <u>When holding the shareholders’ meeting through video conferencing, the Company shall disclose the results of voting for each proposal and the election immediately after voting ends in accordance with the provisions and continue to disclose such information for at least 15 minutes after the meeting is adjourned by the chair.</u>		I. This article is added.  II. This article is added to specify the sufficient information disclosure time for the shareholders attending the shareholders’ meeting through video conferencing to know the voting status of each proposal and the election results immediately.
Article 20 <u>(The location of the shareholders’ meeting chair and the person recording the meeting minutes)</u> <u>When the Company holds a shareholders’ meeting through video conferencing, the chair and the person recording the meeting minutes shall be in the same domestic location. The chair shall announce the address of such location at the meeting.</u>		I. This article is added.  II. The provision is added to specify that, “when holding the shareholders’ meeting through video conferencing without physical meeting place, the chair and the person recording the meeting minutes shall be in the same domestic location; the chair shall also announce the address of their location at the meeting for the shareholders to know the location of the chair.”
Article 21 <u>(Handling network disconnection)</u> <u>When holding the shareholders’ meeting through video conferencing, the</u>		I. This article is added.  II. Paragraph 1 is added to reduce the connection problems of video

Company may provide connection test before the meeting, and provide relevant services immediately before and during the meeting to help dealing with the technical communication problems.

When the Company holds a shareholders' meeting through video conferencing, the chair shall announce meeting commenced and that other than the circumstances stipulated in accordance with the provisions in Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies that do not require postponing or reconvening the meeting, in the event of a natural disaster, unforeseen event or any other force majeure that prevents attendance on the video conferencing platform through video conferencing for at least 30 minutes before the meeting is adjourned by the chair, the Company shall convene the meeting within 5 days, or to decide on the date to reconvene the meeting, and the provision in Article 182 of the Company Act does not apply.

In the event that the meeting shall be postponed or reconvened as circumstances described in the preceding paragraph occurred, shareholders who did not register to attend the original shareholders' meeting by video conferencing may not attend the postponed or reconvened meeting.

In the event that the Company shall postpone or reconvene the meeting in accordance with Paragraph 2, for shareholders who registered

conference. The Company may provide connection test before the meeting, and provide relevant services immediately before and during the meeting to help dealing with the technical communication problems, taking into account overseas practice.

III. Paragraph 2 is added to specify that, "when the Company holds a shareholders' meeting through video conferencing, the chair shall announce at the meeting that, in the event of a natural disaster, unforeseen event or any other force majeure that prevents attendance on the video conferencing platform through video conferencing for at least 30 minutes, the provisions in Article 182 of the Company Act shall not apply where a resolution by shareholders' meeting is required to convene the meeting within 5 days, or to decide on the date to reconvene the meeting." This article does not apply to the case where the prevention of the Company, the video conferencing platform, the shareholders, the solicitors, or proxies from convening or attending the shareholders' meeting through video conferencing, either intentionally, or through negligence.

IV. Paragraph 3 is added to specify that, "in the event

to attend the original shareholders' meeting by video conferencing and whose attendance registration was accepted but did not attend the postponed or reconvened meeting, their number of shares in attendance, exercised votes and number of votes they received shall be counted towards the total number of shares in attendance, exercised votes and number of votes at the postponed or reconvened meeting.

In the event that the Company postponed or reconvened the meeting in accordance with the provisions in Paragraph 2, the Company does not need to re-discuss or re-resolve the proposals with completed votes casting and counting and announced results of the voting, or elected list of directors and supervisors.

When the Company holds the shareholders' meeting with assistance of video conferencing, in the event that the meeting cannot be reconvened as circumstances described in Paragraph 2 occurred, after deducting the number of shares attended to the shareholders' meeting through video conferencing, if the total number of shares in attendance exceeds the legal amount of meeting participants, the shareholders' meeting shall continue without the need to postpone or reconvene the meeting in accordance with Paragraph 2.

In the event that the meeting shall be continued as circumstances described in the preceding paragraph occurred, for shareholders attending the shareholders' meeting by video

that the Company shall postpone or reconvene the meeting as circumstances described in Paragraph 2 occurred, shareholders (including solicitors and proxies) who did not register to attend the original shareholders' meeting by video conferencing may not attend the postponed or reconvened meeting in accordance with the provisions in Article 44-20, Paragraph 2 of the Regulations Governing the Administration of Shareholder Services of Public Companies". It is also described in the paragraph that, "in the case of holding a shareholders' meeting with assistance of video conferencing, the shareholders originally attended the physical shareholders' meeting may continue to attend the postponed or reconvened physical meeting".

- V. Paragraph 4 is added to specify that, "in the event that the Company shall postpone or reconvene the meeting in accordance with Paragraph 2, for shareholders (including solicitors and proxies) who registered to attend the original shareholders' meeting by video conferencing and whose attendance registration was accepted but did not attend the postponed or reconvened meeting, their number of shares in attendance, exercised

conferencing, their number of shares in attendance shall be counted towards the total number of shares in attendance; however, they have waived his/her rights with respect to the all proposals of that meeting.

In the event that the Company postponed or reconvened the meeting in accordance with the provisions in Paragraph 2, in accordance with the provisions in Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall hold shareholders' meeting at the original date and handle the relevant predecessor activities according to the provisions in such article.

The Company shall hold the postponed or reconvened shareholders' meeting in accordance with the provisions in Paragraph 2 at the dates within the period specified in the later paragraph of Article 12 and Article 13, Paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of Regulations Governing the Administration of Shareholder Services of Public Companies.

votes and number of votes they received shall be counted towards the total number of shares in attendance, exercised votes and number of votes at the postponed or reconvened meeting in accordance with the provisions in Article 44-20, Paragraph 3 of the Regulations Governing the Administration of Shareholder Services of Public Companies”.

VI. Paragraph 5 is established to specify that, “in the event that the meeting cannot be continued due to network connection and required to be postponed or reconvened, the completed vote casting and counting in the previous meeting with the announcement of results of voting or the elected list of directors (independent directors), these proposals may be deemed as complete resolution, which does not require re-discussion or another resolution to reduce the meeting time and cost of the reconvened meeting”.

VII. Paragraph 6 is established to specify that, “considering that both physical meeting and video conferencing meeting are held in a shareholders' meeting with assistance of video conferencing, in the event of force majeure preventing the attendance on the video conferencing platform or through video

		<p>conferencing, since a physical shareholders' meeting has been held, after deducting the number of shares attended to the shareholders' meeting through video conferencing, if the total number of shares in attendance exceeds the legal amount of meeting participants, the shareholders' meeting shall continue without the need to postpone or reconvene the meeting in accordance with Paragraph 2".</p> <p>VIII.Paragraph 7 is added to specify that, "in the event that the Company shall continue the meeting without postponing or reconvening the meeting as circumstances described in Paragraph 2 occurred, in accordance with the provisions in Article 44-20, Paragraph 5 of the Regulations Governing the Administration of Shareholder Services of Public Companies, for shareholders (including solicitors and proxies) attending the shareholders' meeting by video conferencing, their number of shares in attendance shall be counted towards the total number of shares in attendance; however, they have waived his/her rights with respect to the all proposals of that meeting".</p> <p>IX. Paragraph 8 is established to specify that</p>
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		<p>“considering the same nature of the postponed or reconvened meeting due to network disconnection as the original shareholders’ meeting, it is not required to handle relevant predecessor activities for the shareholders’ meeting in accordance with the provisions in Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies for the date of the postponed or reconvened meeting”.</p> <p>X. Paragraph 9 is established to specify that “considering the shareholders’ meeting held through video conferencing has been postponed, the matters to be disclosed in the announcement on the day of the shareholders’ meeting in the later paragraph of Article 12 and Article 13, Paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of Regulations Governing the Administration of Shareholder Services of Public Companies shall be disclosed again on the day of the postponed or reconvened meeting for the shareholders to know”.</p>
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<p>Article 22 (<u>Handling digital divide</u>)  <u>When holding a shareholders' meeting through video conferencing, the Company shall provide adequate alternative measures for shareholders having difficulties attending the shareholders' meeting through video conferencing.</u></p>		<p>I. This article is added.</p> <p>II. When holding a shareholders' meeting through video conferencing, the Company shall provide shareholders with adequate alternative measures, such as exercising their voting rights by correspondence or lending the necessary equipment to shareholders for meeting attendance, considering the digital divide with shareholders attending the shareholders' meeting through video conferencing.</p>
<p>Article 23  These Rules and any amendments hereto shall be implemented after being resolved in the shareholders' meetings.</p>	<p>Article 19  These Rules and any amendments hereto shall be implemented after being resolved in the shareholders' meetings.</p>	<p>Article numbers are adjusted in accordance with the addition of new articles.</p>
<p>Article 24  These Rules were enacted in the regular shareholders meeting on March 25, 1985. The 1st to 10th amendments are omitted.  The 11th amendment was made on May 9, 2022.</p>	<p>Article 20  These Rules were enacted in the regular shareholders meeting on March 25, 1985. The 1st to 10th amendments are omitted.</p>	<p>I. Article numbers are adjusted in accordance with the addition of new articles.</p> <p>II. The number and date of this amendment are updated.</p>

**Comparison Table for the Amendments to the Procedures for the  
Acquisition and Disposal of Assets by King's Town Bank Co., Ltd.**

<b>Amended Articles</b>	<b>Original Articles</b>	<b>Notes</b>
<p>Article 5</p> <p>For the appraisal report obtained by the Bank or the opinion of an accountant, lawyer, or security underwriter, such professional appraisal service company and its appraisers, accountants, lawyers, or security underwriters shall meet the following requirements:</p> <p>I. Not subject to the declaration of more than one year imprisonment due to a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, and the Business Entity Accounting Act, or having committed an act of fraud, breach of trust, encroachment, falsification of documents, or business crimes. However, if the execution is completed, the probation period has ended, or a pardon was granted at least three years previously, they are not subject to this the requirement.</p> <p>II. Not a related party of or having a substantive</p>	<p>Article 5</p> <p>For the appraisal report obtained by the Bank or the opinion of an accountant, lawyer, or security underwriter, such professional appraisal service company and its appraisers, accountants, lawyers, or security underwriters shall meet the following requirements:</p> <p>I. Not subject to the declaration of more than one year imprisonment due to a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, and the Business Entity Accounting Act, or having committed an act of fraud, breach of trust, encroachment, falsification of documents, or business crimes. However, if the execution is completed, the probation period has ended, or a pardon was granted at least three years previously, they are not subject to this the requirement.</p>	<p>1. The preamble of Paragraph 2 is amended pursuant to the regulations of the association of the external experts regulating the services they provide, to regulate the appraisal reports or opinions issued by the professional appraisers, and their appraisers, accountants, lawyers, or securities firms that the reports or opinions shall comply with the items in Paragraph 2 and also comply with the self-discipline standards of the Company's associations.</p> <p>2. In view of the regulations applicable to external experts as mentioned, indicating that the undertaking and the issuance of appraisal reports or opinions on reasonableness are not audit work on the financial reports, the</p>

<p>relationship with the trading party.</p> <p>III. If the Company should obtain an appraisal report from two or more professional appraisers, such professional appraisal service providers or appraisers may not be related to each other or have a substantive relationship.</p> <p>When issuing an appraisal report or opinion, the personnel mentioned in the preceding paragraph shall have it handled as <u>the self-discipline standards of the Company's associations</u> and as follows:</p> <p>I. Appraisers should carefully self-assess their own professional ability, practical experience, and independence before undertaking a case.</p> <p>II. The operational procedures of the <u>execution</u> should be properly planned and implemented to form a conclusion with a report or opinion issued accordingly. The implemented procedures, data collections, and conclusions should be recorded in the worksheet in details.</p> <p>III. The <u>appropriateness</u> and reasonableness of the data source, parameters, and</p>	<p>II. Not a related party of or having a substantive relationship with the trading party.</p> <p>III. If the Company should obtain an appraisal report from two or more professional appraisers, such professional appraisal service providers or appraisers may not be related to each other or have a substantive relationship.</p> <p>When issuing an appraisal report or opinion, the personnel mentioned in the preceding paragraph shall have it handled as follows:</p> <p>I. Appraisers should carefully self-assess their own professional ability, practical experience, and independence before undertaking a case.</p> <p>II. The operational procedures of the <u>appraisal</u> should be properly planned and implemented to form a conclusion with a report or opinion issued accordingly. The implemented procedures, data collections, and conclusions should be recorded in the worksheet in details.</p> <p>III. The <u>completeness</u>, <u>correctness</u>, and</p>	<p>word “appraisal” in Paragraph 2 Item 2 is amended to “execution.”</p> <p>3. Considering the external experts’ actual use of data source, parameters, and information, and with reference to the wording regarding the appropriateness and reasonableness of data source, parameters, and information in the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the wording in Paragraph 2 Items 3 and 4 are amended to reflect the actual situation.</p>
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<p>information shall be evaluated item by item as the basis for the issuance of an appraisal report or opinion.</p> <p>IV. The statement shall include the professionalism and independence of the relevant personnel, the reasonableness <u>and appropriateness</u> of the information used for appraisal, and the compliance of the relevant laws and regulations.</p>	<p>reasonableness of the data source, parameters, and information shall be evaluated item by item as the basis for the issuance of an appraisal report or opinion.</p> <p>IV. The statement shall include the professionalism and independence of the relevant personnel, the reasonableness <u>and accurateness</u> of the information used for appraisal, and the compliance of the relevant laws and regulations.</p>	
<p>Article 8</p> <p>For the acquisition and disposal of real property and equipment or its right-of-use assets by the Bank, except for transactions with domestic government agencies, construction on proprietary land, construction on leased land, or acquisition and disposal of commercial equipment or its right-of-use assets, if the transaction amount exceeds 20% of the Company's paid-in capital or NT\$300 million, an appraisal report should be received from a professional appraiser before the date of the event in compliance with the following provisions:</p> <p>I. When the transaction price</p>	<p>Article 8</p> <p>For the acquisition and disposal of real property and equipment or its right-of-use assets by the Bank, except for transactions with domestic government agencies, construction on proprietary land, construction on leased land, or acquisition and disposal of commercial equipment or its right-of-use assets, if the transaction amount exceeds 20% of the Company's paid-in capital or NT\$300 million, an appraisal report should be received from a professional appraiser before the date of the event in compliance with the following provisions:</p> <p>I. When the transaction</p>	<p>Considering that the execution procedure of accountants' issuance of opinions has been included in the amended Article 5 which requires external experts to comply with the self-discipline standards of their associations in the issuance of an opinion, the content of "in accordance with Article 20 of the Statements of Auditing Standard that are published by the Accounting Research and Development Foundation" in Paragraph 1 Item 3 is deleted.</p>

<p>must be set by referring to the limited price, specific price, or special price for a special reason, such transaction must be resolved in the board meeting in advance. The same goes for any change in the transaction conditions subsequently.</p> <p>II. If the transaction amount exceeds NT\$1 billion, an appraisal report should be obtained from more than two professional appraisers.</p> <p>III. If the appraisal result of the professional appraiser has any of the following situations, except for when the appraisal result of the acquired assets is higher than the transaction amount or when the appraisal result of the assets disposed of is lower than the transaction amount, the accountant should be commissioned to express an opinion on the reasons for the differences and the adequacy of the transaction price:</p> <p>(I) The difference between the appraisal result and the transaction amount exceeds 20% of the transaction amount.</p> <p>(II) The difference in an</p>	<p>price must be set by referring to the limited price, specific price, or special price for a special reason, such transaction must be resolved in the board meeting in advance. The same goes for any change in the transaction conditions subsequently.</p> <p>II. If the transaction amount exceeds NT\$1 billion, an appraisal report should be obtained from more than two professional appraisers.</p> <p>III. If the appraisal result of the professional appraiser has any of the following situations, except for when the appraisal result of the acquired assets is higher than the transaction amount or when the appraisal result of the assets disposed of is lower than the transaction amount, the accountant should be commissioned to have it handled in accordance with Article 20 of the Statements of Auditing Standard that are published <u>by the Accounting Research and Development Foundation (referred to as the “Foundation” hereinafter).</u> <u>Also</u>, to express an</p>	
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<p>appraisal result between two or more professional appraisers exceeds 10% of the transaction amount.</p> <p>IV. The date of the report issued by the professional appraiser and the contract signing date shall not be separated by more than three months. However, if the present value of the same announcement period is applied and it has not exceeded six months, the original professional appraiser may issue a written opinion to correct it.</p>	<p>opinion on the reasons for the differences and the adequacy of the transaction price:</p> <p>(I) The difference between the appraisal result and the transaction amount exceeds 20% of the transaction amount.</p> <p>(II) The difference in an appraisal result between two or more professional appraisers exceeds 10% of the transaction amount.</p> <p>IV. The date of the report issued by the professional appraiser and the contract signing date shall not be separated by more than three months. However, if the present value of the same announcement period is applied and it has not exceeded six months, the original professional appraiser may issue a written opinion to correct it.</p>	
<p>Article 9</p> <p>For the acquisition and disposal of securities, the Company shall obtain the most recent financial statements of the target company that have been audited or verified by the accountant in advance for reference in appraisal. In</p>	<p>Article 9</p> <p>For the acquisition and disposal of securities, the Company shall obtain the most recent financial statements of the target company that have been audited or verified by the accountant in advance for reference in appraisal. In</p>	<p>Same amendment reason as Article 8.</p>

<p>addition, if the transaction amount accounts for more than 20% of the company's paid-up capital or NT\$300 million, the accountant should be consulted before the date of the event to express an opinion on the reasonableness of the transaction price. However, if such securities have a public offering or the Financial Supervisory Commission (referred to as the "FSC" hereinafter) has it stipulated otherwise, it is not subject to the said requirements.</p>	<p>addition, if the transaction amount accounts for more than 20% of the company's paid-up capital or NT\$300 million, the accountant should be consulted before the date of the event to express an opinion on the reasonableness of the transaction price. <u>If the accountant adopts an expert's report, it should be handled in accordance with Article 20 of the Statements of Auditing Standard published by the Accounting Research and Development Foundation.</u> However, if such securities have a public offering or the Financial Supervisory Commission (referred to as the "FSC" hereinafter) has it stipulated otherwise, it is not subject to the said requirements.</p>	
<p>Article 10 If the Bank's acquisition and disposal of intangible assets or its right-of-use assets or membership card transaction amount exceeds 20% of the company's paid-up capital or NT\$300 million, except for the transactions conducted with domestic government agencies, the accountant should be consulted before the date of the event to express an opinion on the reasonableness of the transaction price.</p>	<p>Article 10 If the Bank's acquisition and disposal of intangible assets or its right-of-use assets or membership card transaction amount exceed 20% of the company's paid-up capital or NT\$300 million, except for the transactions conducted with domestic government agencies, the accountant should be consulted before the date of the event to express an opinion on the reasonableness of the transaction price. <u>The accountant should have it</u></p>	<p>Same amendment reason as Article 8.</p>



	<u>handled in accordance with Article 20 of the Statements of Auditing Standard published by the Accounting Research and Development Foundation.</u>	
<p>Article 13</p> <p>For the acquisition and disposal of real property or its right-of-use assets with the related party, or for the acquisition and disposal of assets other than the real property or its right-of-use assets for an amount exceeding 20% of the company's paid-in capital, 10% of the total assets, or NT\$300 million, except for the trade of domestic bonds, R/P and R/S bonds, subscription or R/P of monetary funds issued by the domestic securities investment trust industry, the following information should be submitted to the Audit Committee for the approval of the majority of members and to the Board of Directors for approval before having the trade contract signed and payment made:</p> <p>I. The purpose, necessity, and expected benefits for the acquisition and disposal of assets;</p> <p>II. The reason for having the related party selected as the counterparty;</p> <p>III. The relevant information used to assess the reasonableness of the</p>	<p>Article 13</p> <p>For the acquisition and disposal of real property or its right-of-use assets with the related party, or for the acquisition and disposal of assets other than the real property or its right-of-use assets for an amount exceeding 20% of the company's paid-in capital, 10% of the total assets, or NT\$300 million, except for the trade of domestic bonds, R/P and R/S bonds, subscription or R/P of monetary funds issued by the domestic securities investment trust industry, the following information should be submitted to the Audit Committee for the approval of the majority of members and to the Board of Directors for approval before having the trade contract signed and payment made:</p> <p>I. The purpose, necessity, and expected benefits for the acquisition and disposal of assets;</p> <p>II. The reason for having the related party selected as the counterparty;</p> <p>III. The relevant information used to assess the reasonableness of the</p>	<p>1. Paragraph 3 of the original article is amended. Pursuant to the Q&amp;A of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (or "the Regulations"), the "certain amount" refers to the "amount" that the Chairman is authorized to make a discretionary decision as provided in the Procedures for the Acquisition and Disposal of Assets pursuant to Article 7 Paragraph 1 Item 3 of the Regulations, but not limited to the "certain amount" in the Regulations. In order to facilitate operation procedures, a specific amount is provided in the amended Article.</p> <p>2. Paragraphs 3 to 5 of the original article are moved to Paragraphs 2 to 4 of</p>

<p>trade conditions related to the acquisition and disposal of real property and its right-of-use assets with the related party according to the provisions of Article 14 and Article 15;</p> <p>IV. The original acquisition date and price of the related party, the counterparty, and its relationship with the company and the related party;</p> <p>V. The monthly cash receipts and payments forecast in the coming year starting from the contracting month, and assessing the necessity of the transaction and the rationality of the use of funds;</p> <p>VI. The appraisal report issued by a professional appraiser or accountant's opinion obtained in accordance with the provisions stated in the preceding paragraph;</p> <p>VII. The restrictions and other important matters of this transaction.</p> <p>For the following transactions conducted between the Bank and its subsidiaries, or the subsidiaries that directly or indirectly have 100% of the issued shares or total capital</p>	<p>trade conditions related to the acquisition and disposal of real property and its right-of-use assets with the related party according to the provisions of Article 14 and Article 15;</p> <p>IV. The original acquisition date and price of the related party, the counterparty, and its relationship with the company and the related party;</p> <p>V. The monthly cash receipts and payments forecast in the coming year starting from the contracting month, and assessing the necessity of the transaction and the rationality of the use of funds;</p> <p>VI. The appraisal report issued by a professional appraiser or accountant's opinion obtained in accordance with the provisions stated in the preceding paragraph;</p> <p>VII. The restrictions and other important matters of this transaction.</p> <p>The calculation of the transaction amount stated in the preceding paragraph should be handled in accordance with Article 26, Paragraph 2 and the so-called "within one year"</p>	<p>the amended article.</p> <p>3. Paragraph 5 is added:</p> <p>(1) In order to enhance the management of related party transactions and to secure the minority shareholders' right to express opinions on the transactions between the Company and related parties, with reference to the Regulations, it is stated clearly that when a public company or its non-public subsidiary has a transaction regarding the acquisition and disposal of assets with its related parties, and the transaction amount exceeds 10% of the total capital of the public company, the public</p>
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<p>held by the Bank, the Board of Directors may authorize the Chairman to make a discretionary decision for a <u>transaction amount under NT\$ 10 million</u> in accordance with Article 7, Paragraph 1, Subparagraph 1 and then report it in the most recent board meeting afterward for approval:</p> <p>I. Acquisition and disposal of commercial equipment or its right-of-use assets;</p> <p>II. Acquisition and disposal of commercial real property right-of-use assets.</p> <p>In the case of reporting matters to the Board of Directors in accordance with the provisions stated in Paragraph 1, the opinions of each independent director should be fully considered. If the independent directors have objections or reservations, they should be stated in the minutes of the board meeting.</p> <p>In the case of reporting matters to the Audit Committee for acceptance in accordance with the provisions in Paragraph 1, it should be approved by the majority of members of the Audit Committee and resolved in the board meeting in accordance with the relevant provisions of Article 6.</p> <p><u>When the Bank or its subsidiaries involve in a transaction mentioned in</u></p>	<p>should be retroactively calculated for one year based on the date of the event. The transactions that are <u>approved</u> by the Audit Committee <u>and the Board of Directors</u> according to the provision of the Regulations are exempted from being incorporated into the retroactive calculation.</p> <p>For the following transactions conducted between the Bank and its subsidiaries, or the subsidiaries that directly or indirectly have 100% of the issued shares or total capital held by the Bank, the Board of Directors may authorize the Chairman to make a discretionary decision for a <u>certain</u> amount in accordance with Article 7, Paragraph 1, Subparagraph 1 and then report it in the most recent board meeting afterward for approval:</p> <p>I. Acquisition and disposal of commercial equipment or its right-of-use assets;</p> <p>II. Acquisition and disposal of commercial real property right-of-use assets.</p> <p>In the case of reporting matters to the Board of Directors in accordance with the provisions stated in Paragraph 1, the opinions of each independent director should be fully considered. If the independent directors have objections or</p>	<p>company shall submit relevant information to the shareholders' meetings for approval before proceeding to the transaction; in the case of a non-public subsidiary where matters shall be submitted to shareholders' meetings for approval, such matters shall be submitted to its parent public company in a tier above the non-public subsidiary.</p> <p>(2) Considering the needs for overall business planning between the subsidiaries, and with reference to the Regulations, the transaction between the subsidiaries are</p>
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<p><u>Paragraph 1 and the transaction amount exceeds 10% of the total capital held by the Bank, the Bank shall report all information specified in Paragraph 1 to the shareholders meeting for approval, and may only proceed to the signing of contracts or payments only after approval. However, the above shall not be subject to transactions between the Bank and its subsidiaries, or between its subsidiaries.</u></p> <p>The calculation of the transaction amount stated in <u>Paragraph 1 and the preceding paragraph</u> should be handled in accordance with Article 26, Paragraph 2 and the so-called “within one year” should be retroactively calculated for one year based on the date of the event. The transactions that are <u>approved by the shareholders’ meetings, the Board of Directors, and the Audit Committee</u> according to the provision of the Regulations are exempted from being incorporated into the retroactive calculation.</p>	<p>reservations, they should be stated in the minutes of the board meeting.</p> <p>In the case of reporting matters to the Audit Committee for acceptance in accordance with the provisions in Paragraph 1, it should be approved by the majority of members of the Audit Committee and resolved in the board meeting in accordance with the relevant provisions of Article 6.</p>	<p>exempt from the approval of the shareholders’ meeting.</p> <p>(3) In addition, the shareholders’ meeting resolution regarding major related party transactions that are subject to Article 185 Paragraph 1 Items 1 to 3 of the Company Act, shall be handled in accordance with the special resolution specified in Article 185 of the Company Act, and also in accordance with the aforementioned matters and the Company Act.</p> <p>4. Paragraph 2 of the original article is moved to Paragraph 6 of the amended article. With the amendment in Paragraph 5, the</p>
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		transaction amount is amended and the approval from the shareholders' meeting is also added.
<p>Article 17</p> <p><u>The Bank shall engage in the trading business and the transaction of derivatives in accordance with the following provisions:</u></p>	<p>Article 17</p> <p><u>The Bank shall engage in the transaction of derivative products in accordance with the following provisions:</u></p> <p>I. <u>Trading principles and guidelines: This should include the types of derivative product transactions, business operation or hedging strategies, the division of powers and responsibilities, the essentials of performance evaluation, the total contract amount for engaging in derivative product transactions, and the limits for total and individual contract loss.</u></p> <p>II. <u>Risk management measures:</u></p> <p>(I) <u>The scope of risk management should include risk management, such as credit, market price, liquidity, cash flow, operations, and law.</u></p> <p>(II) <u>Traders engaged in derivative products and operators for confirmation and</u></p>	<p>As specified in Paragraph 2 Item 2 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies": "When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter II, Section IV herein." The Bank has already formulated its "Regulations for Engaging in Derivatives Trading" and all its</p>

	<p><u>settlement shall not be the same individual.</u></p> <p>(III) <u>The personnel responsible for risk measurement, supervision, and control, and the operators for confirmation and settlement shall work in different departments, and shall report to the Board of Directors or high-level supervisors who are not responsible for trade or the decision-making of the position.</u></p> <p>(IV) <u>The position of the derivative product shall be assessed at least once a day, but the risk-hedging transaction required for the business is to be assessed at least twice a month. The evaluation report shall be submitted to the senior executive authorized by the Board of Directors.</u></p> <p>(V) <u>Other important risk management measures</u></p> <p>III. <u>Internal auditing system:</u>  <u>The internal auditors of</u></p>	<p>trading related to derivatives is handled in accordance with the aforementioned regulations. Thus, the content of the Article is amended.</p>
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	<p><u>the Bank should regularly understand the adequacy of the internal control for derivative product transactions, and audit the compliance of the trade department in derivative product transactions on a monthly basis with an audit report issued. If major violations are found, the Audit Committee shall be notified in writing.</u></p> <p>IV. <u>The Board of Directors shall strictly supervise and manage the derivative product transaction according to the following principles:</u></p> <p>(I) <u>Designate senior executives to pay attention to the supervision and control of derivative product trading risks.</u></p> <p>(II) <u>Regularly assess whether the performance of the derivative product transaction is in line with the established business strategy and whether the risk assumed is tolerable to the company.</u></p> <p>V. <u>The senior executives authorized by the Board of Directors shall manage the derivative product</u></p>	
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	<p><u>transactions in accordance with the following principles:</u></p> <p>(I) <u>Regularly assess whether the currently used risk management measures are appropriate and whether they are handled in accordance with the Procedures and the company's procedures for dealing with derivative products.</u></p> <p>(II) <u>Supervise the transaction and profit and loss situation. If abnormal circumstances are found, the necessary countermeasures shall be taken, and report to the Board of Directors immediately. If independent directors are in place, the independent directors shall attend the board meeting to express their opinions.</u></p> <p>VI. <u>In the case of a derivative product transaction, a memorandum should be established with the type and amount of the derivative product</u></p>	
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	<p><u>transaction, the resolution date of the board meeting, and the respective criteria for prudent assessment detailed in the memorandum.</u></p> <p>VII. <u>The Bank when having engaged in the derivative product transactions through the authorized personnel shall report it afterward in the most recent board meeting.</u></p>	
<p>Article 26</p> <p>For the <u>acquisition</u> and disposal of assets by the Bank with any of the following situations, prepare the relevant data in the prescribed format respectively to its nature and then submit it to the website designated by the Financial Supervisory Commission for future reference within two days from the date of the event:</p> <p>I. For the acquisition and disposal of real property or its right-of-use assets with the related party, or for the acquisition and disposal of assets other than the real property or its right-of-use assets for an amount exceeding 20% of the company's paid-in capital, 10% of the total assets, or NT\$300 million; However, the trade of domestic bonds, R/P and R/S bonds, subscription or R/P of</p>	<p>Article 26</p> <p>For the acquisition and disposal of assets by the Bank with any of the following situations, prepare the relevant data in the prescribed format respectively to its nature and then submit it to the website designated by the Financial Supervisory Commission for future reference within two days from the date of the event:</p> <p>I. For the acquisition and disposal of real property or its right-of-use assets with the related party, or for the acquisition and disposal of assets other than the real property or its right-of-use assets for an amount exceeding 20% of the company's paid-in capital, 10% of the total assets, or NT\$300 million; However, the trade of domestic bonds, R/P and R/S bonds,</p>	<p>1. The reasons of amendment regarding the trade of derivatives are the same as that of Article 17.</p> <p>2. (1) With reference to the Regulations, the requirements are loosened that the purchase of foreign bonds with credit rating no less than the sovereign credit rating of Taiwan is also exempt from the requirement of submitting to the FSC for future reference.</p> <p>(2) With reference to the Regulations, the investment professionals' subscription of foreign bonds in the primary market, and subscription or redemption of</p>

<p>monetary funds issued by domestic securities investment trusts industry is not subject to this requirement.</p> <p>II. Initiating mergers, divisions, acquisitions, or share transfers.</p> <p>III. For the acquisition and disposal of commercial equipment or its right-of-use assets with a non-related party for an amount exceeding NT\$1 billion.</p> <p>IV. For the acquisition of real property from a non-related party by construction on proprietary land, construction on leased land, joint construction with unit division, joint construction with percentage division, and joint construction with land/building sale division, the company expects to invest an amount more than NT\$500 million.</p> <p>V. The asset transactions, disposition of credit, or investment in Mainland China other than those stated in the last <u>four</u> paragraphs for an amount exceeding 20% of the company's paid-in capital or NT\$300 million. However, the following situations are not subject to this requirement:</p>	<p>subscription or R/P of monetary funds issued by domestic securities investment trusts industry is not subject to this requirement.</p> <p>II. Initiating mergers, divisions, acquisitions, or share transfers.</p> <p>III. <u>The derivative product trade loss limit reached the limits defined for a master and an individual contract, respectively, according to the Procedures;</u></p> <p>IV. For the acquisition and disposal of commercial equipment or its right-of-use assets with a non-related party for an amount exceeding NT\$1 billion.</p> <p>V. For the acquisition of real property from a non-related party by construction on proprietary land, construction on leased land, joint construction with unit division, joint construction with percentage division, and joint construction with land/building sale division, the company expects to invest an amount more than NT\$500 million.</p> <p>VI. The asset transactions,</p>	<p>exchange traded notes are exempt from the requirement of submitting to the FSC for future reference.</p>
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<p>(I) Trade of domestic bonds <u>or foreign bonds with credit rating no less than the sovereign credit rating of Taiwan.</u></p> <p>(II) Investment professionals conduct security trades at TWSE or TPEX, or subscribe <u>foreign bonds</u>, offer, or issue common bonds and general financial bonds not involving equity (excluding subordinated debt) in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, <u>or subscription or redemption of exchange traded note,</u> or security firms for the needs of underwriting business serve as a consultant in the emerging company to suggest that a securities firm purchase securities in accordance with the regulations of TWSE.</p> <p>(III) Trade of R/P &amp; R/S bonds, subscription or R/P of monetary funds issued by</p>	<p>disposition of credit, or investment in Mainland China other than those stated in the last <u>five</u> paragraphs for an amount exceeding 20% of the company's paid-in capital or NT\$300 million. However, the following situations are not subject to this requirement:</p> <p>(I) Trade of domestic bonds.</p> <p>(II) Investment professionals conduct security trades at TWSE or TPEX, or subscribe, offer, or issue common bonds and general financial bonds not involving equity (excluding subordinated debt) in the primary market, or subscription to or R/P securities investment trust funds or futures trust funds, or, security firms for the needs of underwriting business serve as a consultant in the emerging company to suggest that a securities firm purchase securities in accordance with the regulations of TWSE.</p> <p>(III) Trade of R/P &amp; R/S bonds, subscription</p>	
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<p>domestic securities investment trusts;</p> <p>The transaction amount in the preceding paragraph is calculated as follows:</p> <ol style="list-style-type: none"> <li>I. The amount of each transaction;</li> <li>II. The accumulated amount of the acquisition and disposal of the same subject matter with the same counterparty within one year;</li> <li>III. The accumulated amount (the amount of acquisition and disposal is accumulated separately) of the acquisition and disposal of real property or its right-of-use assets in the same development project within one year;</li> <li>IV. The accumulated amount (the amount of acquisition and disposal is accumulated separately) of the acquisition and disposal of the same marketable securities within one year;</li> </ol> <p>The so-called “within one year” should be retroactively calculated for one year based on the date of the event. The transactions that are announced in accordance with the Regulations are exempted from being incorporated into the retroactive calculation.</p> <p>The Bank shall, on a monthly</p>	<p>or R/P of monetary funds issued by domestic securities investment trusts;</p> <p>The transaction amount in the preceding paragraph is calculated as follows:</p> <ol style="list-style-type: none"> <li>I. The amount of each transaction;</li> <li>II. The accumulated amount of the acquisition and disposal of the same subject matter with the same counterparty within one year;</li> <li>III. The accumulated amount (the amount of acquisition and disposal is accumulated separately) of the acquisition and disposal of real property or its right-of-use assets in the same development project within one year;</li> <li>IV. The accumulated amount (the amount of acquisition and disposal is accumulated separately) of the acquisition and disposal of the same marketable securities within one year;</li> </ol> <p>The so-called “within one year” should be retroactively calculated for one year based on the date of the event. The transactions that are announced in accordance with the Regulations are exempted from being incorporated into the</p>	
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<p>basis, submit the derivative product transactions of the company and its subsidiaries that are not domestic public companies as of the end of the last month in the described format to the website designated by the Financial Supervisory Commission before the 10th day of each month.</p> <p>A mandatory announcement made by the Bank found to have any errors or omissions at the time should be corrected and re-announced within two days from the day it is discovered.</p> <p>For the acquisition and disposal of assets by the Bank, the relevant contracts, meeting minutes, memorandum, appraisal reports, written opinions of the accountants, lawyers, or securities underwriters should be placed within the company for at least five years, unless otherwise stipulated by law.</p>	<p>retroactive calculation.</p> <p>The Bank shall, on a monthly basis, submit the derivative product transactions of the company and its subsidiaries that are not domestic public companies as of the end of the last month in the described format to the website designated by the Financial Supervisory Commission before the 10th day of each month.</p> <p>A mandatory announcement made by the Bank found to have any errors or omissions at the time should be corrected and re-announced within two days from the day it is discovered.</p> <p>For the acquisition and disposal of assets by the Bank, the relevant contracts, meeting minutes, memorandum, appraisal reports, written opinions of the accountants, lawyers, or securities underwriters should be placed within the company for at least five years, unless otherwise stipulated by law.</p>	
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**King's Town Bank Co., Ltd.**  
**Nominate Candidates for the Independent Directors**

Name	Education	Experience	Shareholding	Has the person served as an independent director for three consecutive terms / Reasons thereto
Bing-Song Wu	Master, Department of Finance, National Kaohsiung University of Science and Technology	Adjunct Lecturer of Department of Finance, National Kaohsiung University of Science and Technology, and independent director of Yiho International Co., Ltd. Director of Tang Eng Iron Works Co., Ltd. Manager of Bank of Taiwan Kaohsiung Branch Manager Bank of Taiwan Fengshan Branch Manager Bank of Taiwan Tainan Branch Adjunct Lecturer of Department of Finance, I-Shou University Concurrent Adjunct Lecturer of Cheng Shiu University	0 Shares	No

## **King's Town Bank Co., Ltd. Rules of Procedure for Shareholders' Meetings**

**Article 1. (References)**

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and Article 11 of the "Corporate Governance Best-Practice Principles for Banking Industry."

**Article 2. (Governing law and regulations)**

The rules of procedures for the Company's shareholders' meetings (hereinafter referred to as "the Rules"), except as otherwise provided by the laws, regulations, or the Articles of Incorporation, shall be as provided in these Rules.

**Article 3. (Convening shareholders meetings and shareholders' meeting notices)**

Unless otherwise provided by the laws and regulations, the Company's shareholders' meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders' meeting notice, proxy forms and the origins of and explanatory materials related to all proposals, including proposals for ratification, matters for deliberation or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders' meeting or 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting material and upload them to the MOPS 21 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders meeting. In addition, the Company, 15 days before the date of the shareholders meeting, shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement.

The meeting notice may be given in electronic form with the consent of the addressee.

Election or dismissal of Directors, amendments to the Articles of Incorporation, capital reduction, application for suspension of public offering, Directors' competition permission, capitalization from earnings, capitalization from additional paid-in capital, the dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1 of Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, and Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies shall be set out and detailed in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

The full re-election of directors is stated as the reason for convening the shareholders' meeting and the appointment date is indicated as well. After the re-election of director completed in the shareholders' meeting, the appointment date may not be changed in the same meeting by extraordinary motion or other means.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders' meeting. Such proposals, however, are limited to one item only and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any sub-paragraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. Shareholders may put forward proposals urging the Company to promote public interests or fulfill its social responsibilities. The procedure shall be in accordance with the relevant provisions of Article 172-1 of the Company Act, and any proposal exceeding one item shall not be included in the motion.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals by correspondence or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4. (Attending shareholders' meetings by proxy and scope of authorization)

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

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company 5 days before the date of the shareholders' meeting. When proxy forms are delivered in duplication, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration



shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6. (Preparation of agenda handbooks and other documents)

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registration will be accepted, the place to register for attendance and other matters for attention.

The time during which shareholder attendance registration will be accepted, as stated in the preceding Paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registration is accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registration.

Shareholders and their proxies (hereinafter collectively referred to as "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda handbooks, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7. (The chairman and non-voting participants of a shareholders' meeting)

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

When a director serves as chairman, as referred to in the preceding Paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chairman.

It is advisable that shareholders' meetings convened by the board of directors be chaired by the chairman of the board in person and attended by a majority of the directors, at least one audit committee member in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party with power to convene but other

than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8. (Documentation of a shareholders meeting by audio or video)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding Paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation reached.

Article 9. (Calculation of the number of shares representing by the shareholders present at the shareholders meeting)

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairman shall call the meeting to order at the appointed meeting time and relevant information such as the number of non-voting rights and the number of shares present shall be announced at the same time.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one (1) hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding Paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10. (Discussion of proposals)

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Also, the relevant proposals (including extraordinary motions and amendments to the original motions) shall be voted on, respectively. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding Paragraph apply mutatis mutandis to a shareholders'

meeting convened by a party with the power to convene that is not the board of directors.

The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two Paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion closed and call for a vote with adequate voting time arranged.

Article 11. (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor; the chairman shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

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

Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the

preceding Paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that threshold is exceeded, the voting rights in excess of that threshold shall not be included in the calculation.

Article 13. (Proposal voting, scrutiny, and counting of votes)

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.

When The Company holds a shareholders' meeting, it allows the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding Paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.

After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS. When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote; also, if one of them is passed, the other proposals will then be

deemed rejected without the need of further voting.

The chairman shall appoint the vote monitoring and counting personnel for the voting on a proposal, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14. (Election of directors)

The election of Directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and the numbers of votes with which they were elected, and the list of Directors who have been defeated and the number of votes they have obtained.

The ballots for the election referred to in the preceding Paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15. (Meeting minutes and signatures)

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in an electronic form.

The Company may distribute the meeting minutes of the preceding Paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairman's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including statistical weights). For the election of directors, if any, the number of votes received by each candidate should be disclosed. The meeting minutes shall be retained for the duration of the existence of the Company.

Article 16. (Public disclosure)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format of a statistical statement the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable law or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17. (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chairman may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word “Proctor.”

If a shareholder attempts to speak through any device other than the equipment prepared by the Company at the shareholders meeting and defies the chairman’s correction, obstructing the proceedings and refusing to heed calls to stop, the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18. (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continuing use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders’ meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders’ meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19. These Rules and any amendments hereto shall be implemented after being resolved in the shareholders’ meetings.

Article 20. These Rules were enacted in the regular shareholders meeting on March 25, 1985.

The 1st amendment was made on March 30, 1988.

The 2nd amendment was made on March 26, 1998.

The 3rd amendment was made on June 4, 2002.

The 4th amendment was made on June 15, 2007.

The 5th amendment was made on June 19, 2009.

The 6th amendment was made on June 15, 2012.

The 7th amendment was made on June 24, 2013.

The 8th amendment was made on May 12, 2015.

The 9th amendment was made on May 12, 2020.

The 10th amendment was made on May 18, 2021.

## **King's Town Bank Articles of Incorporation**

### **Chapter 1. General Provisions**

- Article 1. The Company is incorporated in accordance with the provisions of the “Limited Company” of the Company Act and the Banking Act and named “King's Town Bank Co., Ltd.” hereinafter referred to as “King's Town”).
- Article 2. The Company aims to support the government's financial internationalization and liberalization policies, provide financial services to society, accelerate economic construction and help SMEs develop businesses.
- Article 3. The headquarters of the Company is set up in Tainan City and branch offices set up at appropriate places in Taiwan and abroad as approved by the competent authorities. The establishment, cancellation, or change in the branch offices shall be submitted to the competent authority for approval and registered with the Ministry of Economic Affairs in accordance with the resolution of the Board of Directors.
- Article 4. The announcement of the Company shall be handled in accordance with Article 28 of the Company Act.

### **Chapter 2. Shares**

- Article 5. The total capital of the Company is NT\$30 billion, divided into 3 billion shares with a par value of NT\$10 for each share. The Board of Directors is authorized to issue stock shares by installments. A total of 300 million shares may be reserved for the Company's issuing of 100 million shares of stock warrants and financial bonds with attached warrants, or, 200 million shares of convertible bonds that are to be subscribed to or converted.
- Article 5-1: When the subscription price of the stock warrant issued by the Company is lower than the closing price of the Company's common stock on the issuing date, a resolution may be adopted by two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company.
- To transfer shares to employees at less than the average actual share repurchase price, the Company shall obtain the consent of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares. The provisions of Article 10-1 of the “Regulations Governing Share Repurchase by TWSE-Listed and TPEX-Listed Companies” shall be stated in the notice of reasons for that shareholders' meeting in advance.
- Article 6. The Company's shares are registered share certificates and are signed or affixed with seals by the directors representing the Company, and issued after being certified by the competent authority or its authorized issuance agency.
- The Company is exempted from printing physical certificates for the shares issued; when issuing new shares, the certificates for the total number of shares issued may be printed collectively, and such shares shall be registered with or kept in custody by a centralized securities depository institution.
- Article 7. (Deleted)
- Article 8. The Company handles stock affairs in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” published by the competent authorities and other relevant laws and regulations.

### **Chapter 3. Business Operation**

- Article 9. The Company's business code is as follows:  
H101021 Commercial banking; H601011 Personal insurance agents; H601021 Property insurance agents (limited to the business items approved by the competent

authority)

Article 10. The Company's business operation is as follows:

1. Accept check deposits.
2. Accept other deposits.
3. Issue financial bonds.
4. Provide short-term, mid-term, and long-term loans.
5. Engage in the note discount business.
6. Invest in marketable securities other than the business stock.
7. Handle domestic and foreign remittance.
8. Accept commercial drafts.
9. Issue domestic and foreign letters of credit.
10. Handle domestic and foreign guarantee business.
11. Act as a collecting and payment agent.
12. Handle warehousing, custody, and agency services related to the aforementioned businesses.
13. Handle life insurance agency business.
14. Handle property insurance agency business.
15. Other relevant businesses approved by the government.

Article 11. The Company may operate trust and securities businesses in accordance with the law.

#### **Chapter 4. Shareholders' Meeting**

Article 12. Shareholders' meetings include both regular shareholders' meetings and special shareholders' meetings. Regular shareholders' meetings are to be held at least once a year and convened by the board of directors within 6 months after the end of the fiscal year. Special shareholders' meetings are to be held when necessary in accordance with the law. The shareholders' meetings shall be held in accordance with the Rules of Procedure for Shareholders' Meetings.

Article 13. Notice shall be sent to the shareholders at least 30 days prior to a regular shareholders' meeting, and 15 days prior to a special shareholders' meeting, stating the date, venue, and reasons for convening the meetings.

Election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, application for suspension of public offerings, directors' competition permission, capitalization from earnings, capitalization from additional paid-in capital, the dissolution, merger, or demerger of the corporation, or any matter under all items in Paragraph 1, Article 185 of the Company Act, Article 43-6 of the Securities and Exchange Act, or Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, and Article 10-1 of the Regulations Governing Share Repurchase by TWSE-Listed and TPEx-Listed Companies shall be set out and detailed in the notice of the reasons for convening the shareholders' meetings. None of the above matters may be raised by an extraordinary motion.

Article 14. In the event where a shareholder is unable to attend the shareholders' meeting for any reason, a shareholder may appoint a proxy to attend the meeting by providing a signed or sealed proxy form issued by the Company, stating the scope of the proxy's authorization in accordance with Article 177 of the Company Act. For each shareholders' meeting, a shareholder may appoint only one proxy with only one proxy form. The proxy form shall be delivered to the Company 5 days prior to the shareholders' meeting. If duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy issued, which shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."

Article 15. The shareholders' meeting shall be chaired by the Chairman. When the Chairman is absent, the Vice Chairman shall act on his/her behalf. If the Vice Chairman is also



absent, the Chairman shall appoint one of the Directors to chair the shareholders' meeting. Where the Chairman does not make such a designation, the Directors shall select from among themselves one person to serve as the chair.

If a shareholders' meeting is convened by a party with power to convene other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

Article 16. The matters which shall be resolved by a shareholders' meeting and implemented accordingly are as follows:

- I. Establishment and amendment of the Company's Articles of Incorporation.
- II. Election or dismissal of Directors.
- III. Examination of the financial reports prepared by the Board and the Audit Committee's reports. In order to conduct the examination, the shareholders' meeting may select and appoint reviewers as required.
- IV. Resolutions regarding capital increase or reduction.
- V. Resolutions regarding distribution of earnings or offsetting of losses.
- VI. Other matters to be resolved by shareholders' meetings according to the Company Act.

Article 17. Unless otherwise provided by the Company Act, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

In the event that the total number of shares represented by the shareholders present at a shareholders' meeting is less than the percentage of the total shareholdings required in the preceding Paragraph, a tentative resolution may be adopted by a majority vote of the shareholders present, who represent more than one-third of the total number of voting shares. The tentative resolution shall be notified to all shareholders and another shareholders' meeting shall be convened within one month thereafter.

The tentative resolution adopted in the aforementioned shareholders' meeting by a majority vote of the shareholders present, who represent more than one-third of the total number of voting shares should be deemed as the resolution of the shareholders' meeting.

Article 18. A shareholder is entitled to one voting right per share.

Article 19. The minutes of the shareholders' meeting shall record the date and venue of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the proceedings and the resolutions of the meeting. The meeting minutes shall be affixed with the signature or seal of the chairman of the meeting. The meeting minutes shall be kept permanently by the Company. The attendance list bearing the signatures of shareholders present at the meeting (attendance registry) and the proxy forms shall be kept for a period defined in the Company Act, and the meeting minutes shall be distributed to all shareholders of the Company within 20 days after the end of the meeting.

The preparation and distribution of the minutes of shareholders' meetings mentioned in the preceding Paragraph should be conducted in accordance with the provisions of the Company Act.

### **Chapter 5. Directors and Board of Directors**

Article 20. The Company has seven to eleven directors appointed to organize the board of directors, and the directors are elected among the competent individuals in the shareholders' meetings for a 3-year term and are eligible for re-election. However, if re-election cannot be arranged before the expiration of the current term, the office term will be extended until the new directors take office. The total number of the Company's registered shares held by all directors shall not be less than a certain percentage of the total issued shares required by the competent authority. Also, the number of directors that should have the qualifications of financial professionals

shall not be less than the percentage stipulated by the competent authorities.

The Company may purchase liability insurance for Directors to protect them against potential liabilities arising from exercising their duties during their tenure.

Article 20-1: Starting the twelfth term of office, among the seats of directors as stated in the preceding paragraph, the seats of independent directors shall be no less than three people or one-fifth of the seats of directors.

The nomination system shall be adopted for the election of directors and independent directors. Independent directors and non-independent directors shall be elected concurrently and the number of elected seats should be calculated separately. The nomination and election of directors and independent directors and other matters to be complied with shall be handled in accordance with the relevant regulations of the competent authorities.

Article 21. The Chairman and Vice Chairman are elected from among the Directors. The Chairman shall internally preside the shareholders' meeting, the meeting of the Board of Directors, and externally represents the Company.

Article 21-1: (Deleted)

Article 22. The powers of the board of directors are as follows:

1. Review the Articles of Incorporation.
2. Make business decisions.
3. Review budget and final account of the Company.
4. Formulate the earnings distribution or loss compensation plan.
5. Propose capital increase or reduction.
6. Propose the issuance of new shares.
7. Command and supervise business operation.
8. Resolve matters regarding corporate bonds.
9. Resolve matters regarding the Company's share repurchase plan.
10. Review the acquisition or disposal of important assets.
11. Review and approve various important contracts.
12. Determine the appointment and dismissal of managers and auditors.
13. Review the construction, acquisition, or disposal of the Company's business bases and properties.
14. Determine the dates and agenda of the regular shareholders' meetings or the special shareholders' meetings.
15. Implement the resolutions of the shareholders' meetings.
16. Determine the appointment, dismissal, and compensation of the CPAs.
17. Set up audit committee and other functional committees.
18. Exercise other duties and obligations as granted by laws and regulations and by the shareholders' meetings.

Article 23. The board meeting should be held at least once every quarter. In the event of an emergency or a request from the majority of the directors, a special meeting may be held. Except for the first board meeting of each office term, which is to be convened by the director who receives the highest voting rights, a shareholders meeting should be convened and chaired by the Chairman. When the Chairman is absent, the Vice Chairman shall act on his/her behalf. If the Vice Chairman is also absent, the Chairman shall appoint one of the Directors to chair the shareholders' meeting. Where the Chairman does not make such a designation, the Directors shall select from among themselves one person to serve as the chair.

The reasons for convening a shareholders' meeting in the preceding paragraph shall be specified in the meeting notice. The notice should be transmitted in methods including correspondence or electronic transmission, by which the Directors are able to receive the notice on fax machines or other electronic devices.

If a board meeting is held via video conferencing, the directors who participate in the meeting by such means are deemed as present in person.

- Article 24. Unless otherwise provided in other laws and regulations, resolutions of the board meetings shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. The directors shall attend the meetings in person but may appoint another director to act on behalf of the absent director in attending the board meeting. The meeting minutes shall be signed or sealed by the Chairman and the minute taker and kept in the Company. A copy of the minutes shall be distributed to each director within 20 days after the meeting.
- Article 25. In case that the vacancies in the office of directors reach one-third of the Board, the Board of Directors shall convene a special meeting of the shareholders within 60 days to elect new directors to fill the vacancies, and hold office for the unexpired term of the director whose office was vacant.
- Article 25-1: The remuneration of directors shall be determined by the board of directors with reference to the standards of the relevant industry and the listed companies.

#### **Chapter 6. Audit Committee**

- Article 26. The Company has established an Audit Committee consisting of all independent directors, one of whom is the convener and at least one of whom has accounting or financial expertise. The Audit Committee shall exercise its powers and functions and other matters to be complied with in accordance with the provisions of relevant laws and regulations or the Company's bylaws, except as provided in these Articles of Incorporation.
- Article 27. (Deleted)
- Article 28. (Deleted)
- Article 29. (Deleted)

#### **Chapter 7. Managerial Personnel**

- Article 30. The Company has one President appointed to manage the business operation according to the instructions of the Board of Directors. The Company may appoint several Vice Presidents and senior managers to assist the President in handling the Company's business operations. Their appointment and dismissal are nominated by the Chairman and with the consent of the majority of directors.
- The Company has a chief auditor to handle auditing business in accordance with the resolutions of the board of directors and the instructions of the chairman. The appointment, dismissal, or transfer of the chief auditor shall be nominated by the Chairman and approved by more than two-thirds of all Directors, and then reported to the competent authorities for approval. The appointment, dismissal, transfer, reward, penalty, and performance evaluation of internal auditors shall be reported by the chief auditor to the Chairman for approval in advance.
- The appointment and dismissal of the managers of each department, division, and branch of the Company shall be reported by the President to the Chairman for review and then to be approved by the majority of the board of directors.

#### **Chapter 8. Accounting**

- Article 31. The Company's business is settled once a year with the clearing date scheduled on December 31. The annual final accounts should be prepared based on the settlement figures at the end of the year.
- Article 32. The Company's Board of Directors shall, after the annual settlement, prepare the following books and statements that should be audited according to the mandatory procedures and then submitted in the regular shareholders' meeting for acceptance, and examined by the competent authorities for publication.
- I. Business report.
  - II. Financial Statements.
  - III. Proposal for distribution of earnings or offsetting of losses.
- Article 33. If the Company has earnings for the year, no less than 0.01% of the earnings should be appropriated to pay employees' remuneration and no more than 2% of the earnings

should be appropriated as remuneration to directors. However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss.

The employees with stock or cash received as remuneration as stated in the preceding paragraph include employees of subsidiary companies that meet certain conditions.

Article 33-1: If there is a surplus in the Company's annual final accounts after all taxes have been paid, it should be applied to make up for the losses of previous years, and then appropriate 30% legal reserve; also, after having the special reserve appropriated according to law, for the balance amount, if any, thereafter, along with the retained earnings, the board of directors shall propose a distribution plan to the shareholders meeting for approval. For the distribution of dividends, the cash dividends must not be less than 10% of the total dividends of the current year. The aforementioned dividends distribution principles regarding the cash dividend ratio may be adjusted depending on the Company's business operation requirements and major legal amendments. However, the cash dividend ratio must not be less than 1% of the total dividend. If the distribution of cash dividends per share is for less than NT\$0.1, no dividends will be distributed.

If the Company's accumulated legal reserve equals or exceeds the Company's paid-in capital, or when it meets the sound financial standard set by the competent authority under Article 50, Paragraph 2 of the Banking Act, and the legal reserve is provided in accordance with the Company Act, the legal reserve restrictions on deposits and maximum cash surplus distribution shall not apply.

Before the accumulated legal reserve equals or exceeds the Company's paid-in capital or the ratio of equity fund to risk assets meets the requirements of the Banking Act, the maximum cash dividends distribution shall be handled in accordance with the Banking Act and the requirements of the competent authority.

### **Chapter 9. Supplemental provisions**

Article 34. The Company's charter and enforcement rules shall be formulated separately.

Article 35. Matters not specified in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act, the Banking Act, and other relevant laws and regulations.

Article 36. If the Company or responsible person has its reputation damaged by rumors or fraud, it shall promptly report to the prosecution unit in accordance with the relevant laws and regulations in order to have the problem resolved as soon as possible.

Article 37. The Articles of Incorporation were enacted on November 26, 1977, and amended in accordance with the 16th amendment to the Articles of Incorporation of Tainan Mutual Loan and Savings Co., Ltd.

The 1st amendment was made on March 5, 1978.

The 2nd amendment was made on March 17, 1979.

The 3rd amendment was made on March 15, 1980.

The 4th amendment was made on March 14, 1981.

The 5th amendment was made on February 25, 1982.

The 6th amendment was made on March 7, 1983.

The 7th amendment was made on December 15, 1983.

The 8th amendment was made on April 22, 1984.

The 9th amendment was made on March 25, 1985.

The 10th amendment was made on March 28, 1986.

The 11th amendment was made on March 27, 1987.

The 12th amendment was made on March 30, 1988.

The 13th amendment was made on March 10, 1989.

The 14th amendment was made on March 27, 1990.

The 15th amendment was made on March 26, 1991.

The 16th amendment was made on March 25, 1992.

The 17th amendment was made on March 26, 1993.  
The 18th amendment was made on March 23, 1994.  
The 19th amendment was made on March 27, 1995.  
The 20th amendment was made on March 21, 1996.  
The 21st amendment was made on March 25, 1997.  
The 22nd amendment was made on March 26, 1998.  
The 23rd amendment was made on April 27, 2000.  
The 24th amendment was made on June 4, 2002.  
The 25th amendment was made on May 27, 2003.  
The 26th amendment was made on June 23, 2005.  
The 27th amendment was made on November 29, 2005.  
The 28th amendment was made on June 15, 2007.  
The 29th amendment was made on June 13, 2008.  
The 30th amendment was made on June 19, 2009.  
The 31st amendment was made on June 4, 2010.  
The 32nd amendment was made on June 9, 2011.  
The 33rd amendment was made on June 15, 2012.  
The 34th amendment was made on June 24, 2013.  
The 35th amendment was made on June 20, 2014.  
The 36th amendment was made on May 18, 2016.  
The 37th amendment was made on May 17, 2017.  
The 38th amendment was made on May 17, 2018.  
The 39th amendment was made on May 12, 2020.

## **King's Town Bank Co., Ltd. Procedures for the Election of Directors**

Article 1. To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Article 30 of the “Corporate Governance Best-Practice Principles for Banks.”

Article 2. Except as otherwise provided by the laws and regulations or by the Company’s Articles of Incorporation, the election of directors shall be conducted in accordance with these Procedures.

Article 3. The overall composition of the board of directors shall be taken into consideration in the election of the Company’s directors. The composition of the directors shall be determined by taking diversity into consideration and formulating appropriate diversity policies based on the Company’s business operations, operating dynamics, and development needs. It is advisable that the policy shall include but not limited to the following two general standards:

- I. Basic requirements and values: Gender, age, nationality, and culture, etc.
- II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience, etc.

All board members shall have the knowledge, skill, and experience necessary to perform their duties; the abilities that the board as a whole should possess are as follows:

- 1. The ability to make judgments about operations.
- 2. Accounting and financial analysis ability.
- 3. Business management ability.
- 4. Crisis management ability.
- 5. Industry knowledge.
- 6. International market perspective.
- 7. Leadership ability.
- 8. Decision-making ability.

More than half of the directors shall be individuals who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of the Company shall consider adjusting its composition based on the results of the performance evaluation.

Article 4. The qualifications for the Independent Directors of the Company shall comply with Article 2, Article 3, and Article 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”

The qualifications for the Independent Directors of the Company shall comply with Articles 5-9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and shall be handled in accordance to Article 31 of “Corporate Governance Best-Practice Principles for the Banking Industry.”

Article 5. Elections of Company's Directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of Directors falls short by one third of the total number prescribed in the Company's Articles of Incorporation, the Company shall call a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of Independent Directors falls below that required under the proviso of Paragraph 1 of Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the Independent Directors are dismissed, a special shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6. The cumulative voting method shall be used for election of Directors of the Company. Each share will have voting rights in number equal to the Directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7. The Board of Directors shall prepare separate ballots for Directors in numbers corresponding to the Directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card number printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8. The number of Directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for Independent and Non-Independent Director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially recording to their respective numbers of votes received. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairman drawing lots on behalf of any person not in attendance.

Article 9. Before the election begins, the chairman shall appoint a number of persons to perform the respective duties of vote monitoring (with shareholder status) and counting personnel (without shareholder status). The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10. A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the convener.

2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The name is entered on the ballot and the candidate name on the nomination roster does not match after verification.
5. Other words or marks are entered in addition to the number of voting rights allotted to a shareholder.

Article 11. The voting rights shall be calculated on site immediately after the end of the polls and the results of the calculation, including the list of persons elected as Directors and the number of votes with which they were elected, shall be announced by the chairman on site.

The ballots for the election referred to in the preceding Paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year.

If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation reached.

Article 12. The Board of Directors of the Company shall issue notifications to the persons elected as Directors.

Article 13. These Procedures and any amendments hereto, shall be implemented after being approved in the shareholders' meeting.

Article 14. Enacted in the regular shareholders' meeting on June 15, 2007.

The 1st amendment was made in the regular shareholders meeting on June 9, 2011.

The 2nd amendment was made in the regular shareholders meeting on May 12, 2015.

The 3rd amendment was made in the regular shareholders meeting on May 12, 2020.

The 4th amendment was made in the regular shareholders meeting on May 18, 2021.



## Shareholdings of 15th Board of Directors

Base date: March 11, 2022

Title	Name		Current shareholding			Remarks
			Type of share	No. of shares	Shareholding ratio (%)	
Chairman	Chen-Chih Tai	Representative of Tiangang Investment Co., Ltd.	Common shares	39,399,025	3.51%	
Vice Chairman	Chiung-Ting Tsai					
Director	Chung-Chang Tsai	Representative of Fu Chiang Investment Co., Ltd.	Common shares	5,000,000	0.45%	
Director	Ching-Shun Ou					
Independent Director	Chao-Long Chen		Common shares	0	0.00%	
Independent Director	Chuan-Fu Hou		Common shares	0	0.00%	
Total				44,399,025	3.96%	

Note:

1. The total number of issued shares of the Company as of March 11, 2022 was 1,121,234,265 shares. According to the provisions of Article 2 of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," the minimum total number of shares that all Directors should hold is 32,000,000 shares. As of March 11, 2022, the total number of shares held by all Directors is 44,399,025 shares (excluding Independent Directors). It accounts for 3.96% of the total issued shares and is compliant with the provision for shares held by Directors.
2. The Company has an Audit Committee, and thus the regulation of Supervisor share ownership does not apply to the Company.