

King's Town Bank Co., Ltd. 2022 Annual Shareholders' Meeting Meeting Minutes

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

Place: 14th Floor Grand Auditorium, King's Town Bank Headquarters (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>】

Attendance: The total number of shares in attendance in person and by proxy was 765,627,409 shares, representing 68.28% of the Company's total number of issued shares of 1,121,234,265 shares, which surpassed the statutory requirement of the minimum number of shares for holding an annual shareholders' meeting.

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

Attendees: Chiung-Ting Tsai, Vice Chairman of the Board; Hung-Liang Chiang, President; Chuan-Fu Hou, Independent Director (Convener of the Audit Committee); Chung-Chang Tsai Director; Shih-Chieh Huang, CPA (Ernst & Young)

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

Chairman's Remarks: (Omitted)

I. Report Items:

- (I) 2021 Business Report (Please refer to attachment for details)
- (II) Audit Committee's Review Report on the 2021 Financial Statements (Please refer to attachment for details)
- (III) Report on the Distribution of 2021 Remuneration to Employees and Directors (Please refer to #page2# of the Meeting Handbook)
- (IV) Report on the Collection of 2021 Remuneration to the Directors (Please refer to #page2# and # page13# of the Meeting Handbook)
- (V) Report on the Amendments to the “Code of Practice on Corporate Social Responsibility” (Please refer to #page14# to #page21# of the Meeting Handbook)
- (VI) Report on the advocacy of the regulations and measures regrading Articles 25 and 25-1 of The Banking Act of The Republic of China (Please refer to #page3# to #page5# of the Meeting Handbook)

Shareholder account No. 200322, 222480, 223888, 223945 and 229228 raised the related inquiries and suggestions.

The foregoing statements raised by the shareholders were addressed in detail by Chairman and his designated personnel.

II. Proposals for Ratification:

Item No. 1

Proposed unit: Board of Directors

Proposal : Adoption of 2021 Financial Statements

Explanatory notes:

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. (Please refer to attachment for details)

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 765,326,922 voting rights; approval 737,093,643 voting rights, accounting for 96.31% of all voting rights; dissent 145,445 voting rights, accounting for 0.01% of all voting rights; void, forfeit and abstained 28,087,834 voting rights, accounting for 3.67% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus adopted.

Item No. 2

Proposed unit: Board of Directors

Proposal : Adoption of 2021 Earnings Distribution

Explanatory notes:

(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) Earnings Distribution Statement is as follows:

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:

1. Earnings in 2021 are distributed first.
2. The number of outstanding shares of the Company is 1,121,234,265 shares.
3. In accordance with paragraph 1 of Article 50 of the Banking Act of The Republic of China, where "unless and until the accumulated legal reserve equals the Bank's paid-in capital, the maximum cash profits which may be distributed shall not exceed fifteen percent (15%) of the Bank's paid-in capital," and "in the event that the accumulated legal reserve equals or exceeds a Bank's paid-in capital or the Bank is sound in both its finance and business operations and have set aside legal reserve in compliance with the Company Act, the restrictions stipulated in the preceding paragraph shall not apply." As of December 31, 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.
4. According to the Letter No. 10802432410 issued by Ministry of Economic Affairs on January 9, 2020, in response to changes in domestic accounting standards, when the Company makes a provision for the legal reserve in accordance with Article 237 of the Company Act, the provision shall be based on "after-tax net income for the current period." The legal reserve shall be provisioned based on "after-tax net income for the current period plus items other than after-tax net income for the current period recognized in the amount of undistributed earnings for the current period.

Shareholder account No. 222480, 223888 and 229228 raised the related inquiries and suggestions.

The foregoing statements raised by the shareholders were addressed in detail by Chairman and his designated personnel.

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 765,326,922 voting rights; approval 738,431,608 voting rights, accounting for 96.48% of all voting rights; dissent 339,466 voting rights, accounting for 0.04% of all voting rights; void, forfeit and abstained 26,555,848 voting rights, accounting for 3.46% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus adopted.

III. Proposals for Discussion:

Item No. 1

Proposed unit: Board of Directors

Proposal : Amendment to the Articles of Incorporation

Explanatory notes:

- (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) Please refer to #page41# and #page42# of the Meeting Handbook for the comparison table of amendments of the Company's Articles of Incorporation .

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 765,326,922 voting rights; approval 724,015,181 voting rights, accounting

for 94.60% of all voting rights; dissent 12,915,483 voting rights, accounting for 1.68% of all voting rights; void, forfeit and abstained 28,396,258 voting rights, accounting for 3.71% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus dopted.

Item No. 2

Proposed unit: Board of Directors

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

Explanatory notes:

- (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) Please refer to #page43# to #page64# of the Meeting Handbook for the comparison table of amendments of the Company's "Rules of Procedure for Shareholders' Meetings."

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 765,326,922 voting rights; approval 725,319,959 voting rights, accounting for 94.77% of all voting rights; dissent 11,609,887 voting rights, accounting for 1.51% of all voting rights; void, forfeit and abstained 28,397,076 voting rights, accounting for 3.71% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus adopted.

Item No. 3

Proposed unit: Board of Directors

Proposal : Amendment to the “Procedures for the Acquisition and Disposal of Assets”

Explanatory notes:

- (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.

- (II) Please refer to #page65# to #page83# of the Meeting Handbook for the comparison table of amendments of the Company's “Procedures for the Acquisition and Disposal of Assets.”

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 765,326,922 voting rights; approval 736,898,983 voting rights, accounting for 96.28% of all voting rights; dissent 181,612 voting rights, accounting for 0.02% of all voting rights; void, forfeit and abstained 28,246,327 voting rights, accounting for 3.69% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus adopted.

IV. Election Matters:

Proposal : By-election of One Independent Director

Proposed unit: Board of Directors

Explanatory notes:

- (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 page 84 of the Meeting Handbook .
- (III) The office term of the newly elected independent director will be from May 9, 2022, to May 11, 2023.
- (IV) Please refer to #page100# and #page102# of the Meeting Handbook for the “Procedures for the Election of Directors.”

Election Result:

Election Result of independent director is as follows :

Name	Ballots received	Notes
Bing-Sung Wu	675,915,523	Independent director

V. Extempore Motion: None.

VI. Adjournment: At 10:48 a.m.

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

Chairman of the Meeting: Chen-Chih Tai

Minute Taker: Han-Bo Yeh

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. 2022 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

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/VL.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/VL.15	14,692	-	13,062	-
2250	Securities sold under agreements to repurchase	IV/VL.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/VL.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/VL.20, 21, 27	357,754	-	394,957	-
2600	Lease liabilities	III/IV/VL.28	333,056	-	219,898	-
2930	Deferred income tax liabilities	IV/VL.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				
31100	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	-
32011	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

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