

King's Town Bank Co., Ltd. 2023 Annual Shareholders' Meeting

Meeting Minutes

Time: 9:00 a.m., on Monday, May 23 2023

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

Convening Method: Video-aided Shareholders' Meeting

Video Meeting Platform: Online Meeting Platform of Taiwan Depository & Clearing Corp.

【<https://www.stockvote.com.tw>】

Disposal method and status in case of a failure of the video conferencing platform or participation by video caused by a natural disaster, incident or other force majeure events: Please see the meeting notice for details. The video conferencing platform used for this meeting has not incurred a failure.

Attendance: The total number of shares in attendance in person and by proxy was 742,980,521 shares, representing 66.86% of the Company's total number of issued shares of 1,111,234,265 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) ; Bing-Sung Wu, Independent Director; Chung-Chang Tsai, Director; Kuo-Sen Hung, 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) 2022 Business Report. (Please refer to attachment for details)
- (II) Audit Committee's Review Report on the 2022 Financial Statements and Communication with Chief Internal Auditor. (Please refer to #page2# of the Meeting Handbook and attachment for details)
- (III) Report of the Audit Committee's Assessment on the Accountants' Renewal. (Please refer to attachment for details)
- (IV) Report on the Distribution of Remuneration for Employees and Directors of 2022. (Please refer to #page3# of the Meeting Handbook)
- (V) Report on the Remuneration Received by Directors of 2022. (Please refer to #page3# and # page13# of the Meeting Handbook)
- (VI) Implementation Report on Repurchase of the Company's Shares.(Please refer to #page4# of the Meeting Handbook)
- (VII) Amendment to the "Regulations Governing Transfer of Repurchased Shares to

Employees” .(Please refer to #page14# of the Meeting Handbook)

(VIII) Amendment to the “Sustainable Development Best Practice Principles”. (Please refer to #page15# of the Meeting Handbook)

Speech summary of the shareholder account number 143003: In terms of no remuneration paid to directors and employees’ low compensation, the Company should attach great importance to employees as they are the most important asset. Please explain whether the ESP slump from NT\$5.02 to NT\$2 is a short-term phenomenon or a future trend. The Company has purchased land many times since last year. Please explain the use of the land. Speech summary of shareholder account number 221932: Is the reason for the resignation of the former president and CFO related to lower-than-expected profitability?

Chairman replied: The directors of the Company get a fixed monthly remuneration. Apart from the salary, employees receive a year-end bonus. I thank the shareholders’ support on behalf of the employees. Last year, the EPS decreased due to the impact of the war between Russia and Ukraine, the offset of the Russian bond deficit, and the US interest surge. The Company’ land is used to build its own branches. The former president and CFO resigned for the sake of their family and health. Thank them for their contribution to King's Town Bank Co., Ltd.

II. Proposals for Ratification:

Item No. 1

Proposed unit: Board of Directors

Proposal : Adoption of 2022 Financial Statements.

Explanatory notes:

The Company's 2022 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)

Speech summary of the shareholder account number 143003: Description of the proportion of each business category in operating income, investment activities, anticipated credit loss amounts, and explanation for offsets and requests for operating expense classification. Speech summary of the shareholder account number 221932: Questions on total equity in consolidated financial statements, other investment loss, and stock investment at fair value based on other comprehensive profit and loss.

Chairman-designated CPA replied: The notes in the financial statements were prepared according to "Regulations Governing the Preparation of Financial Reports by Public Listed Banks" and "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and complied with the regulations. In addition, the statement reflected the profits and losses resulting from the exchange rate and the Russo-Ukrainian War in accordance with the assessment of IFRS 9 (International Financial Reporting Standards). According to the requests of the competent authorities and actual usage, corporate bond and other operating expenditures were divided into operating expenses and other operating expenses.

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 742,980,521 voting rights; approval 721,988,962 voting rights, accounting for 97.17% of all voting rights; dissent 510,099 voting rights, accounting for 0.06% of all voting rights; void, forfeit and abstained 20,481,460 voting rights, accounting for 2.75% of all voting rights. The number of voting rights in favor of the proposal exceeded the statutory requirement and the proposal was thus adopted.

Proposal : Adoption of 2022 Earnings Distribution .

Explanatory notes:

- (I) The Company's earnings after tax were NT\$2,210,422,076 in 2022. In addition to the special reserve of NT\$1,420,578,296 set aside in accordance with the FSC's No. 1090150022 order on March 31, 2021 the undistributed earnings (including the undistributed earnings of previous years) was NT\$16,343,192,079, which would be distributed based on the number of outstanding shares, with the proposed distribution of cash dividends of NT\$1.1 per share, and the basis date of dividend distribution and the date of payment shall be submitted to the shareholders' meeting to authorize the chairman to set.
- (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		15,685,545,859
Less: Write-off cost for treasury shares		(227,967,582)
Add: Gains and losses from disposal of equity instruments recognized as retained earnings		58,151,180
Add: Actuarial gains and losses recognized as retained earnings		37,618,842
Add: After-tax net income for the current year		2,210,422,076
Less: Special reserve (Note 4)		(1,420,578,296)
Earnings available for distribution		16,343,192,079
Distribution items:		
Shareholder dividends - cash (NT\$1.1 per share) (Note 2)	(1,222,357,692)	(1,222,357,692)
Un-appropriated earnings balance		15,120,834,387

Notes:

- Earnings in 2022 are distributed first.
- The number of outstanding shares of the Company is 1,111,234,265 shares.
- According to Article 50.1 of the Banking Act that is related to earnings distribution, "The Bank shall set aside 30% of its earnings as legal reserve when distributing the earnings after all taxes and contributions are paid;...", and Article 50.2, "When the legal reserve has reached its total capital, or when the financial operations are sound and the legal reserve has been appropriated in accordance with the Company Act, the company is not subject to the aforementioned restrictions." As of December 31, 2022, the Company's legal reserve has reached the total capital and the distribution of earnings is not restricted by Article 50.1 of the Banking Act, and the bank did not provide for legal reserve in 2022.
- According to the Jin Guan Zheng Fa Zi No. 1090150022 order issued by the Financial Supervisory Commission on March 31, 2021, "A special reserve of the same amount shall be provided for the net decrease in other equity in the current period from the current period's net income plus the amount included in the current period's undistributed earnings for items other than the current period's net income, or if the

amount is not sufficient, from the previous period's undistributed earnings.” “If the Company has set aside a special reserve in accordance with the preceding paragraph, the Company shall set aside a special reserve for the difference between the amount set aside and the amount required to be set aside as a special reserve. If other stockholders' equity deductions are reversed afterward, the reversal part and special reserve reversed may be applicable for the appropriation of earnings.” Therefore, the Bank made a special reserve for the 2022 according to the law.

Speech summary of the shareholder account number 143003: Speaking on the issue of below-net-worth share price and treasury stock cancellation. Speech summary of the shareholder account number 230443: Speaking on the matter of the share price being significantly lower than the net value.

Chairman replied: Treasury stock cancellation raised both the equity of all shareholders and the net value per share.

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 742,980,521 voting rights; approval 722,828,805 voting rights, accounting for 97.28% of all voting rights; dissent 1,003,677 voting rights, accounting for 0.13% of all voting rights; void, forfeit and abstained 19,148,039 voting rights, accounting for 2.57% 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) Article 5 of the Company's Articles of Incorporation was approved by the shareholders' meeting in 2011 to increase the capital from NT\$18 billion to NT\$30 billion to meet the needs of capital utilization and business expansion. Considering that the current paid-in capital of the Company is over NT\$11.1 billion and there is no need to increase capital substantially at this stage, and the total capital of NT\$18 billion under the Company's license and bank license is sufficient, the Company intends to amend the Article 5 of the Company's Articles of Incorporation to revise the total capital from NT\$30 billion to NT\$18 billion.
- (II) Please refer to #page36# of the Meeting Handbook for the comparison table of amendments of the Company's Articles of Incorporation .

Speech summary of the shareholder account number 143003: if the Amendment to authorized capital stipulated in the Articles of Incorporation meets the actual demand of the Company.

Chairman replied: The amendment to authorized capital stipulated in the Articles of Incorporation can preserve the Company's competitiveness in acquisition and merger. There is a space for acquisition and merger worth NT\$ 28 billion, keeping the Company's resilience in acquisition and merger.

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 742,980,521 voting rights; approval 714,539,093 voting rights, accounting for 96.17% of all voting rights; dissent 575,058 voting rights, accounting for 0.07% of all voting rights; void, forfeit and abstained 27,866,370 voting rights, accounting for 3.75% 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 : Amendment to the “Rules of Procedure for Shareholders’ Meetings”.

Explanatory notes:

- (I) According to the Tai Zheng Zhi Li Zi No. 11200041671 Letter issued by the Taiwan Stock Exchange Corporation on March 17, 2023, the Regulations of Procedure of the Shareholders' Meeting of the Company was amended, and according to the comparison table for the amendment, the Procedure of Shareholders’ Meeting of the Company is revised.
- (II) Please refer to #page37# to #page39# of the Meeting Handbook for the comparison table of amendments of the Company's "Rules of Procedure for Shareholders' Meetings".

No questions from shareholders on this proposal.

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 742,980,521 voting rights; approval 714,538,170 voting rights, accounting for 96.17% of all voting rights; dissent 575,998 voting rights, accounting for 0.07% of all voting rights; void, forfeit and abstained 27,866,353 voting rights, accounting for 3.75% 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: Resolution:

- (I) Amended according to Article 17 of the Code of Corporate Governance Practices for Listed Companies and Article 26 of the Corporate Governance Best Practice Principles. The Company has established written guidelines for financial operations with related parties, including the procedures for managing transactions such as the acquisition or disposal of assets, and the Regulations Governing the Acquisition and Disposal of Assets of the Company has been amended.
- (II) Please refer to #page40# to #page42# of the Meeting Handbook for the comparison table of amendments of the Company's “Procedures for the Acquisition and Disposal of Assets.”

No questions from shareholders on this proposal.

Resolution: Voting and results of the proposal - effective shareholders' votes at the time of vote: 742,980,521 voting rights; approval 714,487,535 voting rights, accounting for 96.16% of all voting rights; dissent 660,234 voting rights, accounting for 0.08% of all voting rights; void, forfeit and abstained 27,832,752 voting rights, accounting for 3.74% 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 : Election of the 16th Session of the Directors (including Independent Directors).

Proposed unit: Board of Directors

Explanatory notes:

- (I) The term of office of the 15th Board of Directors of the Company expired on May 11, 2023, and it is proposed to re-elect the directors at this annual Shareholders’ Meeting.
- (II) According to Article 20 and Article 20-1 as well as the resolution of the Board of

Directors on February 20, 2023, it is planned to elect 7 directors (including 3 independent directors) Independent directors and directors shall be elected based on a nominating system. The election of independent directors shall comply with the Regulations on the Establishment of Independent Directors and Matters to be Followed by Listed Companies. Independent directors and directors shall be elected at the same time, and the numbers of independent directors and directors elected shall be calculated separately.

- (III) The list of candidates for independent directors and directors have been approved by the Company's Board of Directors on April 10, 2023. For related information, please see Attachment 12 on page 43 of the handbook.
- (IV) The term of office of the new directors shall commence on May 23, 2023 and end on May 22, 2026.
- (V) Please refer to #pag65and #page67# of the Meeting Handbook for the “Procedures for the Election of Directors.”

Election Result:

Results of the election: the list of the 16th directors and the number of votes are as follows:

Name	Ballots received	Notese
Tian angInvestment Co., Ltd. Representative : Chen-Chih Tai	705,690,295	Elected director
Tian angInvestment Co., Ltd. Representative : Chiung-Ting Tsai	698,424,588	Elected director
Fu Chiang Investment Co., Ltd. Representative : Ching-Shun Ou	692,060,834	Elected director
Fu Chiang Investment Co., Ltd. Representative : I-Li Chuang	690,277,685	Elected director
Chao-Long Chen	693,076,568	Elected Independent Director
Chuan-Fu Hou	694,031,140	Elected Independent Director
Bing-Sung Wu	691,097,945	Elected Independent Director

V. Extempore Motion: None.

VI. Adjournment: At 10:51 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

2022 Business Report

Looking back at 2022, the outbreak of the Russian-Ukrainian war led to rising prices of global agricultural and industrial materials, the disruption of the COVID-19 pandemic caused supply chain bottlenecks, and major European and U.S. countries raised interest rates in order to curb the high inflation rates. The global economy has taken a sharp turn for the worse and the financial market was in turmoil. However, as the COVID-19 pandemic enters its fourth year, countries around the world have found their own ways to coexist with the virus, and private consumers and tourism activities have begun to pick back up. Mainland China is also gradually lifting their lock-down restrictions, and the negative impacts of the pandemic on economic activities is expected to gradually subside. Looking ahead to 2023, the price index is still high, and the economy is anticipated to be in recession. With the threat of geopolitical conflicts, the business environment remains challenging. However, the U.S. Federal Reserve System is expected to take a break from raising interest rates, the job market remains strong, and corporate capital spending is stable, so there is still a chance for a soft landing for the global economy. European and US central bank monetary policies, labor market indices, corporate profitability, and China's economic stimulus package will be closely observed in coming year.

The business environment in 2022 was particularly difficult in the midst of a poor domestic and international economic and financial environment. However, with the support of our customers and shareholders as well as the concerted efforts of all our employees, we still maintained a sound financial structure and good quality of assets, and will uphold the spirit of sustainable operation to provide more diversified and innovative businesses. The Bank's 2022 business performance and 2023 business plans are described as follows:

I. 2022 Business performance

(I) Operational strategy performance

1. Profitability: The Bank's net income after tax for 2022 is NT\$2.21 billion and its return on assets after tax is 0.61%.
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 2022, the non-performing loans ratio was 0.02%, and the bad debt coverage ratio was 8,870.25%, which was better than the average among our industry.

3. Asset level: As of the end of 2022, the capital adequacy ratio was 14.05% and the tier 1 capital ratio was 12.92%.
4. Awards: The TWSE announced that the Bank was ranked in the top 5% of the 2021 Annual Corporate Governance Evaluation, which was the fifth consecutive time the Bank was ranked in the top 5%.

(II) Operating budget execution and profitability analysis

1. Total deposit balance of NT\$283.5 billion
2. Total loan balance of NT\$245.9 billion
3. Net interest revenue: 6,013,261 thousand
4. Net non-interest revenue: -\$660,891 thousand
5. Bad debt expenses: 216,683 thousand
6. Operating expenses: 2,191,456 thousand
7. Income before tax from continuing operations 2,944,231 thousand
8. Current income after tax: 2,210,422 thousand
9. Earnings per share: NT\$1.98

II. 2023 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 2023 are as follows:

1. Annual average value of total deposits in NTD and foreign currencies: NT\$287.3 billion.
2. Annual average value of total loans in NTD and foreign currencies: NT\$242.6

billion.

3. Non-performing loans ratio: 0.02%.

III. Conclusion

The year 2022 was an uneventful one. The business environment was particularly difficult due to the pandemic, wars, inflation, and interest rate hikes. Looking ahead to the year 2023, the Bank will continue to uphold the concept of sustainable management and strive to improve the financial structure and quality of assets in the face of the challenging domestic and international business environment. With the belief of "constant break-through and surpassing ourselves", we will create maximum profit and value for all shareholders and continue to provide the best financial services to our customers with the spirit of "fair treatment and friendly service", with the hopes in creating a bank that stands out from the rest.

Chairman:
Cheng-Chih Tai

Managerial Personnel:
Hung-Liang Chiang

Accounting Supervisor:
Yu-Hsuan Chen

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

The Company's 2022 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. 2023 Annual Shareholders' Meeting

Audit Committee convener: Chuan-Fu Hou

April 10, 2023

King's Town Bank Co., Ltd.
Accountant's Reappointment Report

The Bank's Audit Committee evaluated the independence and competence of the CPAs with reference to the Audit Quality Indicator (AQI) information provided by Ernst & Young Associate and the CPAs' Accountability, Independence and Competence Assessment Declaration. The CPA or CPA's spouse is confirmed not to be a relative within the second degree of kinship of the employees, directors, supervisors, or manager of the Bank or its affiliates. Also, he/she does not hold the Bank's shares in excess of the standard and has no other financial interests and business relationship within the Bank; therefore, no violations of independence are found.

The CPA's used his/her professional judgment to regularly communicate with the Audit Committee on "key audit items" and results of the internal control effectiveness assessment, as well as provided timely and appropriate consultations on finances, taxes, and visas, and have been appointed for reappointment after deliberation.

To

King's Town Bank Co., Ltd. 2023 Annual Shareholders' Meeting

Audit Committee convener: Chuan-Fu Hou

February 20, 2023

2022 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, 2022 and 2021, 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, 2022 and 2021.

In our opinion, based on our audit results and the audit reports of other CPAs (please refer to the section titled "Other Matters"), the individual financial statements referred to above present fairly, in all material aspects, the financial position of King's Town Bank Co., Ltd. as of December 31, 2022 and 2021, and the results of its financial performance and cash flows for the year ended December 31, 2022 and 2021 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 individual financial statements in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", Jin-Guan-Yin-Fa-Zi No. 10802731571 Letter and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the section titled "Independent Auditor's Responsibilities for the Audit of the Individual Financial Statements". We are independent of King's Town Bank Co., Ltd. in accordance with the Code of Professional 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. Based on our audit results and the audit reports of other CPAs, 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 matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of King's Town Bank Co., Ltd. for the year ended December 31, 2022. These matters were addressed in the context of our audit of the individual 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. invests in different types of financial assets. As of December 31, 2022, the total financial assets measured at fair value were NT\$79,000,078 thousand, accounting for about 21% of total assets. Of which, for the investments classified in the Level II fair value hierarchy, including bonds and the derivative financial instruments of FX Swap contracts, there was a book value of NT\$39,146,092 thousand, accounting for 50% of the financial assets measured at fair value. Since the Level 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) assessing and testing the effectiveness of internal controls related to financial instrument evaluation, including the evaluation models and their assumptions determined 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 seek 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, 2022, the book value of the loans of King's Town Bank Co., Ltd. was NT\$242,334,911 thousand, accounting for 66% 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 and "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 evaluation 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 disclosures 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 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 the equity method as of December 31, 2022 and 2021 were NT\$1,013,424 thousand and NT\$1,029,354 thousand, accounting for 0.27% and 0.3% of the total assets respectively. The Company's shares of profit (loss) of associates and joint ventures under the equity method for the fiscal year 2022 and 2021 were NT\$(18,902) thousand and NT\$(1,724) thousand, accounting for (0.66)% and (0.3)% of the net income before tax respectively. The Company's shares of other comprehensive income of associates and joint ventures under the equity

method were NT\$2,972 thousand and NT\$266 thousand, accounting for (0.05)% and (0.02)% of the net other comprehensive income.

Responsibilities of Management and Those in Charge of Governance with Regard to 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" and the "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 material 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. to continue 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 overseeing 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 auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, 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 material 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 of King's Town Bank Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the use of the going concern basis of accounting

by the management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of King's Town Bank Co., Ltd. to continue as a going concern. If we conclude that a material 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 presentation, structure and content of the individual financial statements (including related notes) and whether the individual financial statements adequately represent the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the entities within 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 audit opinion.

We communicate with the governance unit regarding, among other matters, 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 the governance unit with a statement that the personnel of the CPA Firm who are subject to the regulation of independence have complied with the independence requirements in accordance with the Code of Professional Ethics. Also, we communicate with the governance unit all relationships and other matters (including related protective measures) that may be considered to affect our independence.

From the matters communicated with the governance unit, we determine the Key Audit Matters for the audit of the 2022 individual financial statements of King's Town Bank Co., Ltd. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such 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-Shen-Zi No. 1030025503

Jin-Guan-Cheng-Shen-Zi No. 1100352201

Cheng-Tao Chang

CPA

Kuo-Sen Hung

February 20, 2023

King's Town Bank Co., Ltd.
Individual Balance Sheets
December 31, 2022 and 2021

Unit: NTD thousand

Assets				December 31, 2022		December 31, 2021	
Code	Account Item	Note	Amount	%	Amount	%	
10000	Assets						
11000	Cash and cash equivalents	IV/VI.1	\$5,037,635	1	\$4,637,425	1	
11500	Due from the Central Bank and call loans to other banks	IV/VI.2/VIII	15,206,369	4	12,724,231	4	
12000	Financial assets measured at FVTPL	IV/VI.3/VIII	36,707,318	10	39,422,088	12	
12100	Financial assets measured at FVTOCI	IV/VI.4、25/VIII	42,292,760	11	46,442,931	14	
12200	Debt instrument investments measured at amortized cost	IV/VI.5、25	17,598,455	5	18,199,019	5	
13000	Receivables, net	IV/VI.6、25/VIII	1,269,696	-	850,565	-	
13500	Discounts and loans, net	IV/V/VI.7、25	242,334,911	66	206,356,935	61	
15000	Investments using the equity method, net	IV/VI.8	2,673,570	1	2,429,721	1	
15500	Other financial assets, net	IV/VI.9	42	-	776	-	
18500	Property, plant, and equipment, net	IV/VI.10	4,614,394	1	3,639,520	1	
18600	Right-of-use assets, net	III/IV/VI.26	290,400	-	329,537	-	
19300	Deferred tax assets	IV/VI.29	410,995	-	158,494	-	
19500	Other assets, net	VI.11	1,963,820	1	1,579,941	1	
	Total assets		\$370,400,365	100	\$336,771,183	100	

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

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd.
Individual Balance Sheets (continued)
December 31, 2022 and 2021

Unit: NTD thousand

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Account Item	Note	Amount	%	Amount	%
20000	Liabilities					
21000	Deposits from the Central Bank and other banks	IV/VI.12	\$24,092,259	7	\$18,451,547	5
21500	Funds borrowed from Central Bank and other banks	VI.13	-	-	567,450	-
22000	Financial liabilities measured at FVTPL	IV/VI.14	35,203	-	14,692	-
22500	Securities sold under agreements to repurchase	IV/VI.15	15,827,129	4	12,129,935	4
23000	Payables	VI.16	2,221,563	1	2,290,680	1
23200	Current income tax liabilities	IV/VI.29	730,764	-	598,742	-
23500	Deposits and remittances	VI.17	284,191,511	76	252,815,445	75
25600	Provisions	IV/VI.18、19、25	268,501	-	357,754	-
26000	Lease liabilities	III/IV/VI.26	295,487	-	333,056	-
29300	Deferred tax liabilities	IV/VI.29	52,560	-	188,861	-
29500	Other liabilities	VI.20	268,652	-	141,993	-
	Total liabilities		327,983,629	88	287,890,155	85
31000	Equity	VI.21				
31100	Share capital		11,112,343	3	11,212,343	3
31500	Capital surplus		55,192	-	77,735	-
32000	Retained earnings					-
32001	Legal reserve		14,831,519	4	13,076,248	4
32003	Special reserve		120,039	-	120,039	-
32011	Unappropriated retained earnings		17,763,770	5	19,795,409	6
32500	Other equity interest	IV	(1,466,127)	-	4,599,254	2
	Total equity		42,416,736	12	48,881,028	15
	Total liabilities and equity		\$370,400,365	100	\$336,771,183	100

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

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd.
Individual Statements of Comprehensive Income
From January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code	Account Item	Note	2022		2021	
			Amount	%	Amount	%
41000	Interest income	IV	\$7,668,647	153	\$6,120,160	61
51000	Less: Interest expenses	IV	(2,111,836)	(42)	(821,747)	(8)
	Net interest income	VI.22	5,556,811	111	5,298,413	53
	Non-interest net income					
49100	Net service fee income	IV/VI.23	2,161,407	43	2,004,921	20
49200	Gain (loss) on financial assets and liabilities at FVTPL	IV/VI.24	(1,409,086)	(28)	962,281	10
49310	Realized gain (loss) on financial assets at FVTOCI	IV	(224,242)	(5)	1,144,390	11
49600	Net exchange gain (loss)	IV	(97,203)	(2)	(217,619)	(2)
47003	Profit in the subsidiary, affiliated company and joint ventures recognized under the equity method	IV	226,384	5	153,127	2
49700	Impairment of assets loss (reversal gain)	IV/VI.25	(1,264,373)	(25)	593,641	6
49800	Other non-interest net income	IV	50,423	1	26,011	-
	Net income		5,000,121	100	9,965,165	100
58200	Allowances for bad debts, commitments and guarantees (provision)	IV/VI.6、7、18、25	(71,756)	(2)	(1,594,999)	(16)
58400	Operating expenses					
58500	Employee benefits expenses	VI.19、27	(1,069,702)	(21)	(1,048,693)	(11)
59000	Depreciation and amortization expenses	IV/VI.10、26、27	(130,055)	(3)	(125,388)	(1)
59500	Other business and administrative expenses	IV	(858,739)	(17)	(731,188)	(7)
61000	Net income before taxes from continuing operations		2,869,869	57	6,464,897	65
61003	Income tax (expenses)	IV/VI.29	(659,447)	(13)	(834,594)	(8)
64000	Net income after tax		2,210,422	44	5,630,303	57
65000	Other comprehensive income (loss)					
65200	Items that will not be reclassified to profit or loss	IV/VI.28、29				
65201	Remeasurements of the defined benefit plan		23,219	-	(4,719)	-
65204	Gain (loss) on evaluation of equity instruments at FVTOCI		(263,895)	(4)	1,193,888	12
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		17,465	-	6,972	-
65220	Income tax expenses related to items that will not be reclassified subsequently to profit or loss		14,400	-	566	-
65300	Items that may be reclassified subsequently to profit or loss	IV/VI.28、29				
65301	Exchange differences from the translation of financial statements of foreign operations		33,855	1	27,617	-
65308	Gains or loss from debt instrument investment measured at FVTOCI		(5,789,990)	(116)	(2,654,055)	(26)
65320	Income tax related to components of other comprehensive income that may be reclassified to profit or loss		(4,665)	-	(3,314)	-
	Other comprehensive income (after tax)		(5,969,611)	(119)	(1,433,045)	(14)
66000	Total comprehensive income (after tax)		\$(3,759,189)	(75)	\$4,197,258	43
	Earnings per share (NTD)	VI.30				
67500	Basic Earnings Per Share		\$1.98		\$5.02	
67700	Diluted earnings per share		\$1.98		\$5.02	

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

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd.
Individual Statements of Changes in Equity
From January 1 to December 31, 2022 and 2021

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, 2021	\$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 transactions	-	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	11,212,343	77,735	13,076,248	120,039	19,795,409	(23,165)	4,622,419	-	48,881,028
2021 Appropriation and Distribution of Earnings									
Appropriation of legal reserve	-	-	1,755,271	-	(1,755,271)	-	-	-	-
Common stock cash dividends	-	-	-	-	(2,354,592)	-	-	-	(2,354,592)
									-
Net income for the year ended December 31, 2022	-	-	-	-	2,210,422	-	-	-	2,210,422
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	37,619	29,190	(6,036,420)	-	(5,969,611)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	2,248,041	29,190	(6,036,420)	-	(3,759,189)
Cost of treasury stocks repurchase	-	-	-	-	-	-	-	(350,511)	(350,511)
Cost of disposal of treasury stocks	(100,000)	(22,543)	-	-	(227,968)	-	-	350,511	-
Disposal of equity instruments measured at FVTOCI	-	-	-	-	58,151	-	(58,151)	-	-
Balance on December 31, 2022	\$11,112,343	\$55,192	\$14,831,519	\$120,039	\$17,763,770	\$6,025	\$(1,472,152)	\$-	\$42,416,736

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

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Supervisor: Yu-Hsuan Chen

King's Town Bank Co., Ltd.
Individual Statements of Cash Flows
From January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Item	2022	2021	Item	2022	2021
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Profit before tax for the period	\$2,869,869	\$6,464,897	Acquisition of property and equipment	(1,024,453)	(232,682)
Adjustments:			Proceeds from disposal of property and equipment	1,650	
Non-cash income and expense items			Acquisition of investment under equity method	-	(1,101,589)
Expected credit impairment loss/bad debt expenses	71,756	1,594,999	Proceeds from disposal of other assets	20,000	
Impairment loss (reversal gain) on assets	1,264,373	(593,641)	Net cash flow (outflow) from investing activities	(1,002,803)	(1,334,271)
Depreciation and amortization expenses	130,055	125,388			
Net interest income	(5,556,811)	(5,298,413)	Cash flows from financing activities:		
(Profit) in the subsidiary recognized under the equity method	(226,384)	(153,127)	Funds borrowed from the Central Bank and other banks (decrease)	(567,450)	(340,200)
Compensation cost of share-based payments	-	22,070	Increase (decrease) in securities sold under agreements to repurchase	3,697,194	(9,860,999)
Loss (profit) on disposal and retirement of property, plant and equipment	(1,236)	148	Cash dividend paid	(2,354,592)	(2,018,222)
Gains on disposal of other assets	(2,000)	-	Cost of treasury stocks repurchase	(350,511)	-
Changes in operating assets and liabilities			Repayment of the principal amount of lease liabilities	(82,874)	(79,036)
Due from the Central Bank and call loans to other banks (increase)	(1,534,868)	(893,925)	Treasury shares transferred to employees	-	98,422
Financial assets measured at FVTPL decrease	2,714,770	5,299,760	Net cash inflow (outflow) from financing activities	341,767	(12,200,035)
Receivables (increase)	(67,241)	(2,361)			
Discount and loan (increase)	(35,979,006)	(22,768,123)	Effect of exchange rate changes on cash and cash equivalents	33,855	27,617
Financial assets measured at FVTOCI (increase) decrease	(3,167,522)	1,323,195			
Debt instrument investments measured at amortized cost decrease	599,999	700,000	Current cash and cash equivalents (decrease) increase	1,347,480	(94,554)
Other financial assets (increase)	(105,604)	(318,640)	Cash and cash equivalents at beginning of the year	10,325,488	10,420,042
Other assets (increase)	(401,879)	(375,543)	Cash and cash equivalents at end of the period	\$11,672,968	\$10,325,488
Deposits from the Central Bank and other banks increase (decrease)	5,640,712	(2,665,921)			
Financial liabilities measured at FVTPL increase	20,511	1,630	Composition of cash and cash equivalents		
Payables (decrease) increase	(282,073)	867,141	Cash and cash equivalents recorded on the balance sheets	\$5,037,635	\$4,637,425
Deposits and remittances increase	31,376,066	25,668,248	Due from the Central Bank and call loans to banks meeting the definition of cash and cash equivalents as stated in IAS No. 7 endorsed by the FSC	6,635,333	5,688,063
Liability reserve decrease	(36,059)	(36,069)	Due from the Central Bank and call loans to banks meeting the definition of cash and cash equivalents as stated in IAS 7 Statement of Cash Flows, recognized by FSC	-	-
Other liabilities increase (decrease)	126,659	(22,519)			
Interest received	7,322,394	6,193,079	Cash and cash equivalents at end of the period	\$11,672,968	\$10,325,488
Interest paid	(1,895,328)	(826,821)			
Income tax paid	(906,492)	(893,317)			
Net cash inflow from operating activities	1,974,661	13,412,135			

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

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

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, 2022 and 2021, 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, 2022 and 2021.

In our opinion, based on our audit results and the audit reports of other CPAs (please refer to the section titled “Other Matters”), the financial statements referred to above present fairly, in all material aspects, the consolidated financial position of King's Town Bank Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021 and the results of their 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 statements in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", Jin-Guan-Yin-Fa-Zi No. 10802731571 Letter and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the section titled “Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements”. We are independent of King's Town Bank Co., Ltd. and its subsidiaries in accordance with the Code of Professional 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. Based on our audit results and the audit reports of other CPAs, 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 matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of King's Town Bank Co., Ltd. and its subsidiaries for the year ended December 31, 2022. 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, 2022, the total financial assets measured at fair value were NT\$80,101,206 thousand, accounting for about 21% of total assets. Of which, for the investments classified in the Level II fair value hierarchy, including bonds and the derivative financial instruments of FX Swap contracts, there was a book value of NT\$39,146,092 thousand, accounting for 49% of the financial assets measured at fair value. Since the Level 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) assessing and testing the effectiveness of internal controls related to financial instrument evaluation, including the evaluation models and their assumptions determined 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 seek 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, 2022, the book value of the loans of King's Town Bank Co., Ltd. and its subsidiaries was NT\$242,334,911 thousand, accounting for 64% 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 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Company 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 evaluation 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 disclosures 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 us regarding 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, 2022 and 2021 were NT\$743,416 thousand and NT\$286,278 thousand, accounting for 0.20% and 0.08% of the total consolidated assets respectively; the net income for the fiscal year 2022 and 2021 were NT\$43,608 thousand and NT\$48,375 thousand, accounting for 0.81% and 0.47% of the net consolidated income respectively.

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", the "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 material 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 to continue 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 overseeing 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 auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, 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 audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material 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 of King's Town Bank Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the use of the going concern basis of accounting by the management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of King's Town Bank Co., Ltd. and its subsidiaries to continue as a going concern. If we conclude that a material 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 presentation, structure and content of the consolidated financial statements (including related notes) and whether the consolidated financial statements adequately represent the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the entities within 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 audit opinion.

We communicate with the governance unit regarding, among other matters, 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 the governance unit with a statement that the personnel of the CPA Firm who are subject to the regulation of independence have complied with the independence requirements in accordance with the Code of Professional Ethics. Also, we communicate with the governance unit all relationships and other matters (including related protective measures) that may be considered to affect our independence.

From the matters communicated with the governance unit, we determine the Key Audit Matters for the audit of the 2022 consolidated financial statements of King's Town Bank Co., Ltd. and its subsidiaries. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

King's Town Bank Co., Ltd. has prepared 2022 and 2021 parent company only financial reports, and the audit report issued by us along with an unqualified opinion and accompanying notes 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-Shen-Zi No. 1030025503

Jin-Guan-Cheng-Shen-Zi No. 1100352201

Cheng-Tao Chang

CPA

Kuo-Sen Hung

February 20, 2023

King's Town Bank Co., Ltd. and its subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NTD thousand

Assets			December 31, 2022		December 31, 2021	
Code	Account Item	Note	Amount	%	Amount	%
10000	Assets					
11000	Cash and cash equivalents	IV/VI.1	\$5,107,881	1	\$4,832,340	1
11500	Due from the Central Bank and call loans to other banks	IV/VI.2/VIII	15,206,369	4	12,724,231	4
12000	Financial assets measured at FVTPL	IV/VI.3/VIII	37,246,775	10	39,942,021	12
12100	Financial assets measured at FVTOCI	IV/VI.4、26/VIII	42,854,431	11	46,552,136	14
12200	Debt instrument investments measured at amortized cost	IV/VI.5、26	17,598,455	5	18,199,019	5
13000	Receivables, net	IV/VI.6、26/VIII	11,863,381	3	8,598,238	3
13500	Discounts and loans, net	IV/V/VI.7、26	242,334,911	64	206,356,935	60
15500	Other financial assets, net	IV/VI.8	42	-	776	-
18500	Property, plant, and equipment, net	IV/VI.9	4,623,593	1	3,643,607	1
18600	Right-of-use assets	III/IV/VI.27	328,716	-	329,537	-
18700	Investment property	VI.10	265,602	-	140,964	-
19300	Deferred tax assets	IV/VI.30	446,615	-	170,475	-
19500	Other assets, net	VI.11/VIII	2,110,025	1	1,659,001	-
	Total assets		<u>\$379,986,796</u>	<u>100</u>	<u>\$343,149,280</u>	<u>100</u>

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Supervisor: Yu-Hsuan Chen

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

Consolidated Balance Sheets (continued)

December 31, 2022 and 2021

Unit: NTD thousand

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Account Item	Note	Amount	%	Amount	%
20000	Liabilities					
21000	Deposits from the Central Bank and other banks	IV/VI.12	\$24,092,259	6	\$18,451,547	5
21500	Funds borrowed from Central Bank and other banks	VI.13	5,049,000	1	4,767,450	2
22000	Financial liabilities measured at FVTPL	IV/VI.14	35,203	-	14,692	-
22500	Securities sold under agreements to repurchase	IV/VI.15	15,827,129	4	12,129,935	4
23000	Payables	VI.16	2,526,626	1	2,519,489	1
23200	Current income tax liabilities	IV/VI.30	774,596	-	610,911	-
23500	Deposits and remittances	VI.17	283,510,034	75	251,036,564	73
25500	Other financial liabilities	VI.18	4,628,693	1	3,534,057	1
25600	Provisions	IV/VI.19、20、26	268,501	-	357,754	-
26000	Lease liabilities	III/IV/VI.27	333,935	-	333,056	-
29300	Deferred tax liabilities	IV/VI.30	52,560	-	188,861	-
29500	Other liabilities	VI.21	471,524	-	323,936	-
	Total liabilities		337,570,060	88	294,268,252	86
31000	Equity attributable to shareholders of the parent	VI.22				
31100	Share capital		11,112,343	3	11,212,343	3
31500	Capital surplus		55,192	-	77,735	-
32000	Retained earnings					
32001	Legal reserve		14,831,519	4	13,076,248	4
32003	Special reserve		120,039	-	120,039	-
32011	Unappropriated retained earnings		17,763,770	5	19,795,409	6
32500	Other equity interest	IV	(1,466,127)	-	4,599,254	1
	Total equity		42,416,736	12	48,881,028	14
	Total liabilities and equity		\$379,986,796	100	\$343,149,280	100

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

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, 2022 and 2021

Unit: NTD thousand

Code	Account Item	Note	2022		2021	
			Amount	%	Amount	%
41000	Interest income	IV	\$8,224,689	153	\$6,464,907	63
51000	Less: Interest expenses	IV	(2,211,428)	(41)	(871,680)	(8)
	Net interest income	VI.23	6,013,261	112	5,593,227	55
	Non-interest net income					
49100	Net service fee income	IV/VI.24	2,296,541	43	2,131,057	21
49200	Gain (loss) on financial assets and liabilities at FVTPL	IV/VI.25	(1,445,790)	(27)	954,691	9
49310	Realized gain (loss) on financial assets at FVTOCI	IV	(223,436)	(4)	1,144,958	11
49600	Net exchange gain (loss)	IV	(97,203)	(2)	(217,619)	(2)
49700	Impairment of assets loss (reversal gain)	IV/VI.26	(1,264,373)	(24)	593,641	6
49800	Other non-interest net income	IV	73,370	2	62,003	-
	Net income		5,352,370	100	10,261,958	100
58200	Allowances for bad debts, commitments and guarantees (provision)	IV/VI.6 、 7 、 19 、 26	(216,683)	(4)	(1,732,076)	(17)
58400	Operating expenses					
58500	Employee benefits expenses	VI.20 、 28	(1,162,073)	(22)	(1,139,093)	(11)
59000	Depreciation and amortization expenses	IV/VI.9 、 10 、 27 、 28	(139,483)	(2)	(127,603)	(1)
59500	Other business and administrative expenses	IV	(889,900)	(17)	(758,168)	(7)
61000	Net income before taxes from continuing operations		2,944,231	55	6,505,018	64
61003	Income tax (expenses)	IV/VI.30	(733,809)	(14)	(874,715)	(9)
64000	Net income after tax		2,210,422	41	5,630,303	55
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		23,219	-	(4,719)	-
65204	Gain (loss) on evaluation of equity instruments at FVTOCI		(246,430)	(4)	1,200,860	12
65220	Income tax expenses related to items that will not be reclassified subsequently to profit or loss		14,400	-	566	-
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		33,855	1	27,617	-
65308	Gains or loss from debt instrument investment measured at FVTOCI		(5,789,990)	(108)	(2,654,055)	(26)
65320	Income tax related to components of other comprehensive income that may be reclassified to profit or loss		(4,665)	-	(3,314)	-
	Other comprehensive income (after tax)		(5,969,611)	(111)	(1,433,045)	(14)
66000	Total comprehensive income (after tax)		<u>\$ (3,759,189)</u>	<u>(70)</u>	<u>\$ 4,197,258</u>	<u>41</u>
67100	Current period after tax net profit and loss attributable to					
67101	Owners of the parent company		<u>\$ 2,210,422</u>		<u>\$ 5,630,303</u>	
67111	Non-controlling interest		<u>\$-</u>		<u>\$-</u>	
67300	Current period after tax comprehensive profit and loss attributable to					
67301	Owners of the parent company		<u>\$ (3,759,189)</u>		<u>\$ 4,197,258</u>	
67311	Non-controlling interest		<u>\$-</u>		<u>\$-</u>	
	Earnings per share (NTD)	VI.31				
67500	Basic Earnings Per Share		<u>\$ 1.98</u>		<u>\$ 5.02</u>	
67700	Diluted earnings per share		<u>\$ 1.98</u>		<u>\$ 5.02</u>	

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

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, 2022 and 2021

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, 2021	\$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 transactions	-	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
2021 Appropriation and Distribution of Earnings											
Appropriation of legal reserve	-	-	1,755,271	-	(1,755,271)	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(2,354,592)	-	-	-	(2,354,592)	-	(2,354,592)
Net income for the year ended December 31, 2022	-	-	-	-	2,210,422	-	-	-	2,210,422	-	2,210,422
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	37,619	29,190	(6,036,420)	-	(5,969,611)	-	(5,969,611)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	2,248,041	29,190	(6,036,420)	-	(3,759,189)	-	(3,759,189)
Cost of treasury stocks repurchase	-	-	-	-	-	-	-	(350,511)	(350,511)	-	(350,511)
Cost of disposal of treasury stocks	(100,000)	(22,543)	-	-	(227,968)	-	-	350,511	-	-	-
Disposal of equity instruments measured at FVTOCI	-	-	-	-	58,151	-	(58,151)	-	-	-	-
Balance on December 31, 2022	\$11,112,343	\$55,192	\$14,831,519	\$120,039	\$17,763,770	\$6,025	\$(1,472,152)	\$-	\$42,416,736	\$-	\$42,416,736

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

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, 2022 and 2021

Unit: NTD thousand

Item	2022	2021	Item	2022	2021
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Profit before tax for the period	\$2,944,231	\$6,505,018	Acquisition of property and equipment	(1,031,021)	(234,086)
Adjustments:			Proceeds from disposal of property and equipment	1,650	-
Non-cash income and expense items			Proceeds from disposal of investment property and equipment	73,211	134
Expected credit impairment loss/bad debt expenses	216,683	1,732,076	Acquisition of investment property	(211,003)	(29,314)
Impairment loss (reversal gain) on assets	1,264,373	(593,641)	Proceeds from disposal of other assets	20,000	-
Depreciation and amortization expenses	139,483	127,603	Acquisition of subsidiaries (less the cash received)	-	(1,590)
Net interest income	(6,013,261)	(5,593,227)	Net cash flow (outflow) from investing activities	(1,147,163)	(264,856)
Loss (profit) on disposal and retirement of property, plant and equipment	(1,236)	148			
Loss on disposal of investment property	11,100	1,810	Cash flows from financing activities:		
Gains on disposal of other assets	(2,000)	-	Due to the Central Bank and other banks increase	281,550	169,800
Compensation cost of share-based payments	-	22,070	Increase (decrease) in securities sold under agreements to repurchase	3,697,194	(9,860,999)
Changes in operating assets and liabilities			Cash dividend paid	(2,354,592)	(2,018,222)
Due from the Central Bank and call loans to other banks (increase)	(1,534,868)	(893,925)	Cost of treasury stocks repurchase	(350,511)	-
Financial assets measured at FVTPL decrease	2,695,246	5,090,042	Repayment of the principal amount of lease liabilities	(87,744)	(79,036)
Receivables (increase)	(3,058,180)	(2,844,743)	Treasury shares transferred to employees	-	98,422
Discount and loan (increase)	(35,979,006)	(22,768,123)	Net cash inflow (outflow) from financing activities	1,185,897	(11,690,035)
Financial assets measured at FVTOCI (increase) decrease	(3,602,523)	1,323,195			
Debt instrument investments measured at amortized cost decrease	599,999	700,000	Effect of exchange rate changes on cash and cash equivalents	33,855	27,617
Other financial assets (increase)	(105,604)	(318,640)			
Other assets (increase)	(470,236)	(405,531)	Current cash and cash equivalents (decrease) increase	1,222,811	(62,531)
Deposits from the Central Bank and other banks increase (decrease)	5,640,712	(2,665,921)	Cash and cash equivalents at beginning of the year	10,520,403	10,582,934
Financial liabilities measured at FVTPL increase	20,511	1,630	Cash and cash equivalents at end of the period	\$11,743,214	\$10,520,403
Payables (decrease) increase	(205,706)	927,235			
Deposits and remittances increase	32,473,470	24,103,890	Composition of cash and cash equivalents		
Increase in other financial liabilities	1,094,636	2,644,057	Cash and cash equivalents recorded on the consolidated balance sheets	\$5,107,881	\$4,832,340
Liability reserve decrease	(36,059)	(36,069)	Due from the Central Bank and call loans to banks meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	6,635,333	5,688,063
Increase in other liabilities	147,588	79,576			
Interest received	7,878,436	6,537,826	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"	-	-
Interest paid	(1,994,737)	(876,848)			
Income tax paid	(972,830)	(934,765)			
Net cash inflow from operating activities	1,150,222	11,864,743	Cash and cash equivalents at end of the period	\$11,743,214	\$10,520,403

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Supervisor: Yu-Hsuan Chen