

Stock code: 2809

King's Town Bank Co., Ltd.

2025 Annual Shareholders' Meeting

# Meeting Handbook

Time: 9:00 a.m., June 26, 2025

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

Convening Method: In-person Shareholders' Meeting

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# King's Town Bank Co., Ltd.

## Agenda of 2025 Annual Shareholders' Meeting

Time: 9:00 a.m. on Thursday , June 26, 2025

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

Convening Method: In-person Shareholders' Meeting

- I. Announcement of Meeting (Report of Attendance)
- II. Chairman's Remarks
- III. Reporting Items:
  - (I) 2024 Business Report.
  - (II) Audit Committee's Review Report on the 2024 Financial Statements and Communication with Chief Internal Auditor.
  - (III) Report on the Distribution of Remuneration for Employees and Directors of 2024.
  - (IV) Report on the Remuneration Received by Directors of 2024.
  - (V) Amendment to the "Ethical Corporate Management Best Practice Principles" of the Company.
  - (VI) Report on the Advocacy of Relevant Legal Measures under Articles 25 and 25-1 of the Banking Act.
- IV. Proposals for Ratification:
  - (I) 2024 Financial Statements.
  - (II) 2024 Earnings Distribution.
- V. Proposals for Discussion:
  - (I) Amendment to the Articles of Incorporation.
- VI. Extempore Motions
- VII. Adjournment

## Reporting Items:

1. 2024 Business Report. (Please refer to Attachment 1 on page 8-10 of this Handbook)
2. Audit Committee's Review Report on the 2024 Financial Statements and Communication with Chief Internal Auditor.

Explanation:

- (I) Report on the 2024 Financial Statements of the Company. (Please refer to Attachment 2 on page 11 of this Handbook)
- (II) The communication with the Audit Committee and Chief Internal Auditor is described in the following table:

| Date   | Key points of communication  | Recommendations and Results                          |
|--|--|--|
| 2024.02.26<br>Individual Communication Meeting | [Individual meeting between Chief Auditor and the Independent Directors]<br>1. The Chief Auditor explained the results of the implementation of the audit plan and internal check system for the second half of 2023.<br>2. The Chief Auditor explained the results of the internal audit and check for the second half of 2023. | No recommendations                                   |
| 2024.02.26<br>Audit Committee                  | Audit report for the second half of 2023   | Submitted to the Board after approval at the meeting |
| 2024.08.12<br>Individual Communication Meeting | [Individual meeting between Chief Auditor and the Independent Directors]<br>1. The Chief Auditor explained the results of the implementation of the audit plan and internal check system for the first half of 2024.<br>2. The Chief Auditor explained the results of the internal audit and check for the second half of 2024.  | No recommendations                                   |
| 2024.08.12<br>Audit Committee                  | Audit report for the first half of 2024  | Submitted to the Board after approval at the meeting |
| 2024.12.23<br>Individual Communication Meeting | [Individual meeting between Chief Auditor and the Independent Directors]<br>1. The Chief Auditor described the results of the implementation of the audit plan of 2024.<br>2. The Chief Auditor described the audit plan of 2025 and the key points for the audit.   | No recommendations                                   |
| 2024.12.23<br>Audit Committee                  | Establish 2025 internal audit plan.  | Submitted to the Board after approval at the meeting |

3. Report on the 2024 Distribution of Remuneration for Employees and Directors.

Explanation:

On February 24, 2025, the Board of Directors of this Company approved the total amount and distribution ratio for employee compensation and director remuneration for the fiscal year 2024, which will be disbursed in cash. Please refer to the table below.

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

4. Report on the 2024 Remuneration Received by Directors.

Explanation:

- (I) The Bank's remuneration policies for directors and independent directors, criteria, and compensation packages, process for setting remuneration, and connection to operational performance and future risk exposure:

1. Director

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

2. Independent Directors

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

- (II) Report on the Remuneration Received by Directors. (Please refer to Attachment 3 on page 12 of this Handbook)

5. Amendment of the "Ethical Corporate Management Best Practice Principles" of the Company.

Explanation:

- (I) To enhance the Group's image of operating with integrity, the Company has revised the regulations as stated herein.
  - (II) The key revisions this time are as follows: adding the scope of application of the Ethical Corporate Management Best Practice Principles to subsidiaries, and adding a commitment to ethical corporate management.
  - (III) The Comparison Table for the Amendments to the Company's Ethical Corporate Management Best Practice Principles. (Please refer to Attachment 4 on page 13 -14 of this Handbook)
6. Report on the Advocacy of Relevant Legal Measures under Articles 25 and 25-1 of the Banking Act.

Explanation:

- (I) Processed in accordance with Financial Supervisory Commission Letter No. 10060005191 dated January 31, 2012.
- (II) Article 25, Paragraph 2, The Banking Act of the Republic of China: The same person or same related party who singly, jointly or collectively holds more than five percent (5%) of a bank's outstanding voting shares shall report such fact to the competent authority within ten (10) days from the day of holding; the same applies to each cumulative increase or decrease in the shareholding by more than one percent (1%) thereafter.
- (III) Article 25, Paragraph 3, The Banking Act of the Republic of China: The same person or same related party who intends to singly, jointly or collectively hold more than ten percent (10%), twenty-five percent (25%) or fifty percent (50%) of a bank's outstanding voting shares shall, respectively, apply for prior approval of the competent authority.
- (IV) Article 25, Paragraph 4, The Banking Act of the Republic of China: A third party who holds shares on behalf of the same person or same related party in trust, by mandate or through contracts, agreements, authorization, or other means shall fall within the purview of the same related party.
- (V) Article 25, Paragraph 5, The Banking Act of the Republic of China: The same person or same related party who singly, jointly or collectively holds more than five percent (5%) but less than fifteen percent (15%) of a bank's outstanding voting shares prior to the implementation of the amendment to this Act on December 9, 2008 shall report such fact to the competent authority within six (6) months from the implementation date of the said amendment. Those who report to the competent authority within the prescribed period may maintain their shareholding percentage at the time of reporting. However, those whose original shareholding is more than ten percent (10%) shall apply for the prior approval of the competent authority when they intend to increase their shareholding for the first time thereafter.

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

The term "same person" as used in the preceding article shall refer to the same natural or juridical person.

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

The term "same related party" as used in the preceding article shall refer to parties related to the same natural or juridical person. The scopes are as follows:

1. Parties related to the same natural person:

- (1) The principal, their spouse and relatives by blood within the second degree of kinship.
- (2) An enterprise in which the persons prescribed in the preceding subparagraph collectively hold more than one third (1/3) of its outstanding voting shares or capital.
- (3) An enterprise or foundation in which the persons prescribed in Subparagraph (1) act as its chairperson, general manager or the majority of its directors.

2. Parties related to the same juridical person:

- (1) The same juridical person, its chairperson and general manager, and the spouse and relatives by blood within second degree of kinship of the chairperson and general manager.
- (2) Enterprises in which the same juridical person and natural persons prescribed in the preceding subparagraph hold more than one-third (1/3) of their outstanding voting shares or capital or act as their chairperson, general manager or the majority of their directors.
- (3) The affiliates of the same juridical person. The term "affiliate" shall be defined by Articles 369-1 through 369-3, 369-9 and 369-11 of the Company Act.

(VIII) Individuals who hold shares without reporting to or obtaining approval from the competent authority, in violation of Article 25, Paragraphs 2, 3, or 5 of the Banking Act, will be subject to a fine imposed by the Financial Supervisory Commission in accordance with Article 128, Paragraph 3 of the Banking Act, ranging from over NT\$2 million to under NT\$10 million, with the excess portion not carrying voting rights. If appointed as a director, supervisor, or other responsible person of a bank in the future, the FSC will consider the severity of the circumstances and may classify it as a reason for disqualification from holding a position as a responsible person under Article 3, Subparagraph 13 of the Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks due to "dishonest or improper activities".

Shareholders who fail to notify the Bank as required by Article 25, Paragraph 8 of the Banking Act will be subject to a fine of no less than NT\$500,000 and no more than NT\$10 million, in accordance with Article 131, Paragraph 1, Subparagraph 1 of the Banking Act by the Financial Supervisory Commission.

- (IX) The Company has also set up a Shareholder Service Zone on the company's website to promote the above-mentioned regulations. For relevant declaration forms, please visit the Company's website at <https://www.ktb.com.tw/> and see About Kings Town→Shareholder Services→Shareholder Legal Compliance (關於京城→股東服務→股東相關法令措施宣導, Chinese only).

### **Proposals for Ratification:**

1. 2024 Financial Statements. (Proposed by the Board of Directors)

Explanation:

- (I) The Company's 2024 Financial Statements and Consolidated Financial Statements have been audited by Ernst & Young. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, by which a Review Report is presented.
- (II) Attachments:
1. Business Report (Please refer to Attachment 1 on page 8-10 of this Handbook).
  2. Independent Auditors' Report and Financial Statements (including Consolidated Financial Statements). (Please refer to Attachment 5 on page 15-33 of this Handbook)

Resolution:

2. 2024 Earnings Distribution. (Proposed by the Board of Directors)

Explanation:

- (I) In 2024, the Company's net profit after tax was NT\$5,023,666,901. In accordance with the Ministry of Economic Affairs letter Jing Shang Zi No. 10802432410 dated January 9, 2020, a statutory surplus reserve of NT\$1,512,503,257 was set aside, leaving distributable retained earnings (including undistributed earnings from previous years) of NT\$21,065,690,367. Considering the uncertainties in U.S. tariff policies and the global economic environment, it is proposed to retain all earnings without distribution to strengthen the Company's capital structure.
- (II) 2024 Earnings Distribution. (Please refer to Attachment 6 on page 34 of this Handbook)

Resolution:



## **Proposals for Discussion:**

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

### **Explanation:**

- (I) According to Presidential Order No. 11300069631, issued on August 7, 2024, which amends Article 14 of the Securities and Exchange Act, Section 6 of this article stipulates that publicly listed companies "...shall specify in their articles of incorporation a certain percentage of annual profits to be allocated for adjusting the salaries or distributing compensation to basic-level employees." "... in accordance with the amendment to Article 33 of the company's Articles of Incorporation."
- (II) A comparison table of amendments to the Articles of Incorporation of the Company is attached. Please refer to Attachment 7 on page 35 of this Handbook for resolution.

### **Resolution:**

## **Extempore Motions:**

## **Adjournment:**

## 2024 Business Report

In 2024, differences in economic and financial structures among countries led to varied economic performances. However, benefiting from easing inflation and strong demand for AI-related products, overall global economic growth remained resilient. In the United States, despite continued contraction in the manufacturing sector, the economy showed gradual growth due to a stable labor market and strong consumer spending, coupled with easing inflationary pressures and the Federal Reserve's interest rate cuts in the third quarter. In Taiwan, benefiting from the global restocking of electronic products and the strong demand for emerging technology applications, exports and export orders have rebounded from the sluggish performance of 2023. Coupled with private investment exceeding expectations and stable domestic demand, Taiwan's economy continues to expand, with the annual growth rate expected to surpass forecasts. Looking ahead to 2025, with the inauguration of the new U.S. president, significant adjustments in trade and fiscal policies are anticipated. Geopolitical tensions may further deepen, bringing considerable uncertainty to the global economic outlook and the monetary policies of various countries.

Reflecting on 2024, the Bank maintained steady growth by focusing on core operations to continuously enhance performance. With the support of our customers and shareholders, and the collective efforts of all employees, we are committed to sustainable development. Our mission is to maintain a sound financial structure and high-quality assets while providing more convenient and secure financial services. The Bank's 2024 business performance and 2025 business plans are as follows:

### I. 2024 Business Performance

#### (I) Operational strategy performance

1. Profitability: The Bank's net income after tax for 2024 is NT\$5.024 billion and its return on assets after tax is 1.29%.
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 2024, the non-performing loans ratio was 0.02%, and the bad debt coverage ratio was 6,871%, which was better than the average among our industry.
3. Capital Level: As of the end of 2024, the capital adequacy ratio was 17.25% and the tier 1 capital ratio was 16.10%.
4. Awards and Honors: The TWSE announced the rankings of the 2023 Annual Corporate Governance Evaluation and the Bank was ranked in the top 5%, the seventh consecutive time achieving such a rank.

(II) Operating budget execution and profitability analysis (Consolidated Financial Report)

1. Total deposit balance: NT\$296.7 billion
2. Total loan balance: NT\$243.1 billion
3. Net interest income: NT\$6,029,583,000
4. Non-interest net income: NT\$3,578,985,000
5. Bad debt expenses: NT\$490,141,000
6. Operating expenses: NT\$2,555,538,000
7. Net income before taxes from continuing operations: NT\$6,562,889,000
8. Net profit after tax: NT\$5,023,667,000
9. Earnings per share: NT\$4.52

II. 2025 Summary of the business plan

(I) Operating strategies and important operating policies

1. Adjusting business structure to establish a cornerstone for profitability.
2. Valuing talent development to co-create a sustainable enterprise.
3. Implementing legal compliance to strengthen risk management.
4. Enhancing cybersecurity to optimize financial services.
5. Strengthening fair treatment of customers to ensure their rights and interests.

(II) Expected business objectives

The Bank's anticipated operating targets for 2025 are as follows:

1. Annual average value of total deposits in NTD and foreign currencies: NT\$299.7 billion.
2. Annual average value of total loans in NTD and foreign currencies: NT\$241.9 billion.
3. Non-performing loans ratio: 0.02%.

### III. Conclusion

Looking ahead to 2025, the global economy and external environment are fraught with significant uncertainty, and a more turbulent political and economic landscape is anticipated. Regardless of changes in the external environment, we remain committed to the principle of prudent management. We employ flexible strategies to continuously create maximum value for our shareholders, meet customer needs with innovation and empathy, and work together with shareholders, customers, and employees to build a more valuable and competitive future.

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 Consolidated and Parent Company Only Financial Reports for 2024 have been audited by Ernst & Young Certified Public Accountants and an audit report has been issued. Along with the business report and earnings distribution proposal, these have been reviewed by the Company's Audit Committee and found to be in compliance. Pursuant to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, a report has been prepared for your review.

To

King's Town Bank Co., Ltd.  
2025 Annual Shareholders' Meeting

Audit Committee convener: Chuan-Fu Hou

May 12, 2025

## King's Town Bank Co., Ltd. Collection of 2024 Remuneration to the Directors

Unit: NT\$

| Title                | Name             | Remuneration          |   |                         |   |                             |   |                                 |   | Total amount of A, B, C and D to after-tax net income ratio |   | Relevant remuneration received by directors who are also employees |   |                               |   |                               |       |   |       | Total amount of A, B, C, D, E, F and G to after-tax net income ratio |   | Compensation from any invested company other than the company's subsidiary |
|----------------------|------------------|-----------------------|---|-------------------------|---|-----------------------------|---|---------------------------------|---|---|---|--|---|-------------------------------|---|-------------------------------|-------|---|-------|--|---|--|
|                      |                  | Base compensation (A) |   | Resignation Pension (B) |   | Directors' Remuneration (C) |   | Business expense allowances (D) |   |   |   | Salary, bonuses, and allowances (E)                                |   | Severance pay and pension (F) |   | Remuneration to employees (G) |       |   |       |  |   |  |
|                      |                  | The Bank              | All companies mentioned in the financial statements | The Bank                | All companies mentioned in the financial statements | The Bank                    | All companies mentioned in the financial statements | The Bank                        | All companies mentioned in the financial statements | The Bank  | All companies mentioned in the financial statements | The Bank   | All companies mentioned in the financial statements | The Bank                      | All companies mentioned in the financial statements | The Bank                      |       | All companies mentioned in the financial statements |       | The Bank   | All companies mentioned in the financial statements |  |
|                      |                  |                       |   |                         |   |                             |   |                                 |   |   |   |  |   |                               |   | Cash                          | Stock | Cash  | Stock |  |   |  |
| Chairman             | Chen-Chih Tai    | 16,955,000            | 16,955,000  | 0                       | 0   | 0                           | 0   | 240,000                         | 240,000   | 0.34%   | 0.34%   | 0  | 0   | 0                             | 0   | 0                             | 0     | 0   | 0     | 0.34%  | 0.34%   | None   |
| Vice Chairman        | Chiung-Ting Tsai | 10,105,000            | 10,105,000  | 0                       | 0   | 0                           | 0   | 240,000                         | 240,000   | 0.21%   | 0.21%   | 0  | 0   | 0                             | 0   | 0                             | 0     | 0   | 0     | 0.21%  | 0.21%   | None   |
| Director             | Ching-Shun Ou    | 480,000               | 480,000   | 0                       | 0   | 0                           | 0   | 284,000                         | 284,000   | 0.02%   | 0.02%   | 0  | 0   | 0                             | 0   | 0                             | 0     | 0   | 0     | 0.02%  | 0.02%   | None   |
| Director             | Yi-Li Chuang     | 480,000               | 480,000   | 0                       | 0   | 0                           | 0   | 288,000                         | 288,000   | 0.02%   | 0.02%   | 0  | 0   | 0                             | 0   | 0                             | 0     | 0   | 0     | 0.02%  | 0.02%   | None   |
| Independent Director | Chao-Long Chen   | 960,000               | 960,000   | 0                       | 0   | 0                           | 0   | 286,000                         | 286,000   | 0.02%   | 0.02%   | 0  | 0   | 0                             | 0   | 0                             | 0     | 0   | 0     | 0.02%  | 0.02%   | None   |
| Independent Director | Chuan-Fu Hou     | 960,000               | 960,000   | 0                       | 0   | 0                           | 0   | 288,000                         | 288,000   | 0.02%   | 0.02%   | 0  | 0   | 0                             | 0   | 0                             | 0     | 0   | 0     | 0.02%  | 0.02%   | None   |
| Independent Director | Bing-Sung Wu     | 960,000               | 960,000   | 0                       | 0   | 0                           | 0   | 286,000                         | 286,000   | 0.02%   | 0.02%   | 0  | 0   | 0                             | 0   | 0                             | 0     | 0   | 0     | 0.02%  | 0.02%   | None   |

Note: This table discloses the remuneration for the period of the employment in 2024.

- Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time.

Independent Director remuneration policy: the remuneration of Independent Directors of the Bank shall be set out in the Articles of Association and may be subject to a reasonable remuneration different from that of the ordinary directors. Responsibilities of Independent Directors: At least one Independent Director shall attend in person any meeting of the Board. With respect to the following matters that must be approved by resolution at a Board meeting, all Independent Directors shall attend the meeting in person or appoint another Independent Director to attend the meeting as a proxy. Any objection or reservation made by an Independent Director shall be set forth in the minutes of the Board meeting; if an Independent Director is unable to attend the Board meeting in person to express his objections or reservations, he shall, unless he has valid reasons, give a written opinion in advance and set it out in the minutes of the Board meeting: I. The Bank's operating plan; II. Annual and semi-annual financial reports; III. Formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchanges Act, and evaluate the effectiveness of the system; IV. The adoption of amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading; V. Matters bearing on the personal interest of a directors; VI. Material assets or derivatives trading; VII. Offering, issuance or private placement of any equity-based securities; VIII. Appointment, discharge or compensation of CPAs; IX. Appointment or dismissal of Finance Officer, Accounting Officer or Internal Chief Auditor; X. A donation to a related party, or a major donation to a non-related party. However, a charitable donation as disaster relief for a major natural disaster may be submitted to the next board meeting for ratification; XI. Other matters that shall be decided by the Shareholders' Meetings or submitted to the Board of Directors or major matters specified by the competent authority in accordance with the law or the articles of association. In addition to the duties and responsibilities of the Board of Directors, all of the Bank's Independent Directors serve as members of the Audit Committee, Compensation Committee, and Sustainable Development and Nominating Committee, which are functional committees with different responsibilities and time commitments from those of the ordinary directors. Therefore, they are entitled to a different level of remuneration than ordinary directors.

- Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all companies in the financial report (e.g., serving as a non-employee consultant) in the most recent fiscal year: None.

## Comparison Table for the Amendments to King's Town Bank Ethical Corporate Management Best Practice Principles

| Amended Article  | Current Article   | Explanation   |
|--|---|---|
| <p>Article 1</p> <p>To establish a corporate culture of integrity and sound development at King's Town Bank Co., Ltd., this Code is formulated with reference to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies jointly established by the Taiwan Stock Exchange Corporation and the Taipei Exchange, to create a framework for good business operations.</p> <p><b><u>This code applies to the Company's subsidiaries, foundations with cumulative direct or indirect donations exceeding fifty percent, and other group enterprises or organizations with substantial control.</u></b></p> | <p>Article 1</p> <p>To establish a corporate culture of integrity and sound development at King's Town Bank Co., Ltd., this Code is formulated with reference to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies jointly established by the Taiwan Stock Exchange Corporation and the Taipei Exchange, to create a framework for good business operations.</p> | Amended scope of application.   |
| <p>Articles 3</p> <p><b><u>King's Town Bank Co., Ltd. regards ethical corporate management as the foundation of its business operations. The Company is committed to conducting all business activities with fairness, honesty, trustworthiness, and transparency. Guided by the principles of value creation, fair treatment of customers, and sincere care, we strive to implement integrity in our operations. To uphold strict ethical standards, adhere to the rule of law, and actively prevent dishonest behavior and corruption, King's Town Bank has designated the Sustainable Development</u></b></p>                       | <p>Articles 3</p> <p><del>In this code, the term "benefit" refers to anything of value, including money, gifts, commissions, positions, services, privileges, rebates, etc., in any form or under any name. However, this does not apply to normal social customs that are occasional and do not affect specific rights and obligations.</del></p>  | Amended in accordance with Article 8 of King's Town Bank Co., Ltd.'s Ethical Corporate Management Best Practice Principles, a commitment to ethical business practices has been added to the regulations. |

|   |                  |                    |
|---|------------------|--------------------|
| <p><u>Committee as the dedicated unit for integrity management. This committee assists in integrating integrity and ethical values into the Company's business strategies and collaborates with legal systems to establish measures that ensure integrity in operations.</u></p> <p><u>All KTB directors, senior managerial officers, and employees have committed to exercising due diligence in business operations to prevent dishonest conduct and signed the "Ethical Conduct Statement," and have disclosed their "Ethical Corporate Management, Anti-Corruption, and Anti-Bribery Policy and Commitment" on the official website of King's Town Bank to exhibit KTB's zero-tolerance attitude and action against corruption and bribery. The Company also links employee ethics with their performance and remuneration, and has established an explicit reward and punishment system. For implementing ethical corporate management, KTB has formulated the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Code of Ethical Conduct," and "Fair Treatment of Customers Policy and Strategies," etc.</u></p> |                  |                    |
| Articles 4 to 28  | Articles 3 to 27 | Adjusted numbering |



## **2024 Financial Statements Independent Auditors' Report**

To King's Town Bank Co., Ltd.

### **Audit Opinion**

We have audited the separate balance sheet of King's Town Bank Co., Ltd. as of December 31, 2024 and 2023, and the separate statements of comprehensive income, separate statements of changes in equity, separate statements of cash flows, and notes to the financial statements (including a summary of significant accounting policies) from January 1 to December 31, 2024 and 2023.

In our opinion, based on our audit results and the audit reports of other auditors (please refer to the section titled "Other Matters"), the separate financial statements referred to above present fairly, in all material respects, the financial position of King's Town Bank Co., Ltd. as of December 31, 2024 and 2023, and its financial performance and cash flows from January 1 to December 31, 2024 and 2023 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 separate financial statements in accordance with the "Regulations Governing Financial Statement Audit and Attestation Engagements of 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 explained in the section on the responsibilities of auditors for the audit of financial statements. We have maintained our independence from King's Town Bank Co., Ltd. in accordance with the Code of Ethics for Certified Public Accountants, and have fulfilled additional responsibilities as prescribed by these regulations. Based on our audit results and the audit reports of other auditors, we believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are matters that, in our professional judgment, were of the most significance in our audit of the separate financial statements of King's Town Bank Co., Ltd. for 2024. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

#### Financial instrument valuation

King's Town Bank Co., Ltd. invests in different types of financial assets. As of December 31, 2024, the total financial assets measured at fair value were NTD87,304,050 thousand, accounting for about 23% of total assets. Of these, for the investments classified as Level II in the fair value hierarchy, including the derivative financial instruments related to bonds and FX swap contracts, the book value amounted to NTD44,731,288 thousand, accounting for 51% of the financial assets measured at fair value. Since the Level II investment valuation is based on an internal valuation model, the key input values are the yield rate and exchange rate, both of which have a significant impact on the estimation of fair value. Therefore, we considered this a key audit matter.

Our audit procedures included (but were not limited to) evaluating and testing the effectiveness of internal controls related to financial instrument valuation, including management's determination and approval of valuation models and their underlying assumptions. On a sampling basis, we obtained an understanding of and evaluated the reasonableness of key assumptions, performed independent valuation calculations, and engaged internal valuation specialists to compare the differences with management's valuation to determine whether they fell within an acceptable 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, 2024, the book value of the loans of King's Town Bank Co., Ltd. was NTD239,967,404 thousand, accounting for about 63% of the total assets. These loans were significant to the financial statements and were subject to the assessment of expected credit losses in accordance with IFRS 9 and the "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 involve significant professional judgment, including whether credit risk has significantly increased, whether the asset is credit-impaired, selecting and evaluating forward-looking factors, and estimating parameters such as the probability of default (PD) and loss given default (LGD). Due to the high degree of professional judgment involved, we have determined this to be a key audit matter.

Our audit procedures included (but were not limited to) evaluating and testing internal controls related to the calculation of expected credit losses, examining whether the expected credit loss valuation model was approved by the management, assessing the data sources used for expected credit loss calculation, and engaging internal experts to review the reasonableness of the expected credit loss model. We also performed sampling testing on the appropriateness and reasonableness of the model's input parameters, including the probability of default (PD) and the loss given default (LGD). In addition, we also examined whether the management complied with the regulations set forth by the competent authorities to ensure that the loan classification and allowance for bad debts were in compliance with regulatory 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)**

The financial statements of some investee companies included in the separate financial statements of King's Town Bank Co., Ltd. were not audited by us, but were audited by other independent auditors. Therefore, in forming our opinion on the separate financial statements, the amounts related to these investee companies' financial statements were based on the audit reports issued by other auditors. As of December 31, 2024 and 2023, the investments in equity-accounted associates amounted to NTD1,122,859 thousand and NTD1,035,375 thousand, respectively, representing 0.30% and 0.28% of total assets. For the period from January 1 to December 31, 2024 and 2023, the share of profits (losses) from equity-accounted associates and joint ventures was NTD70,951 thousand and NTD27,623 thousand, respectively, accounting for 1.10% and 0.38% of pre-tax net income. The share of other comprehensive income from equity-accounted associates and joint ventures was NTD16,533 thousand and NTD(5,672) thousand, respectively, representing 0.59% and (0.21)% of other net comprehensive income.

## **Responsibilities of Management and Those in Charge of Governance with Regard to the Financial Statements**

The management is responsible for the preparation and fair presentation of the 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 maintaining internal control relevant to the preparation of the financial statements to ensure that they are free from significant misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability of King's Town Bank Co., Ltd. as a going concern, disclosing relevant matters, and adopting 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 governing body 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but the audit work conducted in accordance with the generally accepted auditing standards in the Republic of China cannot guarantee that material misstatement in the financial statements will be detected. Misstatements may arise from fraud or error. Fraud or errors are considered material, individually or in the aggregate, if they could reasonably be expected to influence the economic decisions of users based on these 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 professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the 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 in 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 management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on King's Town Bank Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion accordingly. 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 financial statements (including related notes) and assess whether they fairly present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the separate financial statements. We are responsible for directing, supervising, and performing the group audit, and we are solely responsible for forming our audit opinion.

We communicate the following events with the governing body, 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 governing body confirming 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 Ethics for Certified Public Accountants. Additionally, we communicate to the governing body all relationships and matters (including relevant safeguard) 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 financial statements of King's Town Bank Co., Ltd. for 2024. We describe these matters in our auditors' report unless law or regulation precludes public disclosure of 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. 1100352201

Jin-Guan-Cheng-Shen-Zi No. 1050043324

Kuo-Sen Hung

CPA

Sheng-An Hsieh

February 24, 2025

**King's Town Bank Co., Ltd.**  
**Balance Sheets**  
**December 31, 2024 and 2023**

Unit: NTD thousand

| Assets |  |                  | December 31, 2024    |            | December 31, 2023    |            |
|--------|--|------------------|----------------------|------------|----------------------|------------|
| Code   | Account Item   | Note             | Amount               | %          | Amount               | %          |
| 10000  | Assets   |                  |                      |            |                      |            |
| 11000  | Cash and cash equivalents                              | IV/VI.1          | \$3,753,248          | 1          | \$3,723,861          | 1          |
| 11500  | Due from Central Bank and call loans to other banks    | IV/VI.2          | 23,509,367           | 6          | 25,614,640           | 7          |
| 12000  | Financial assets measured at FVTPL                     | IV/VI.3/VIII     | 41,429,790           | 11         | 42,511,519           | 11         |
| 12100  | Financial assets measured at FVOCI                     | IV/VI.4, 25/VIII | 45,874,260           | 12         | 39,377,870           | 11         |
| 12200  | Debt instrument investments measured at amortized cost | IV/VI.5, 25      | 13,378,484           | 4          | 19,397,863           | 5          |
| 13000  | Receivables, net                                       | IV/VI.6, 25      | 1,305,648            | -          | 1,133,020            | -          |
| 13500  | Discounts and loans, net                               | IV/V/VI.7, 25    | 239,967,404          | 63         | 230,086,122          | 62         |
| 15000  | Equity-accounted investments, net                      | IV/VI.8          | 3,830,293            | 1          | 3,223,125            | 1          |
| 15500  | Other financial assets, net                            | IV/VI.9          | 433                  | -          | 369                  | -          |
| 18500  | Property and equipment, net                            | IV/VI.10         | 4,994,081            | 2          | 4,950,842            | 1          |
| 18600  | Right-of-use assets, net                               | III/IV/VI.26     | 231,061              | -          | 280,835              | -          |
| 18700  | Investment properties                                  | IV/VI.11         | 17,733               | -          | -                    | -          |
| 19300  | Deferred tax assets                                    | IV/VI.29         | 291,050              | -          | 399,247              | -          |
| 19500  | Other assets, net                                      | VI.12            | 1,631,923            | -          | 2,012,721            | 1          |
|        | Total assets   |                  | <u>\$380,214,775</u> | <u>100</u> | <u>\$372,712,034</u> | <u>100</u> |

(Please refer to Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen

**King's Town Bank Co., Ltd.**  
**Balance Sheet (continued)**  
**December 31, 2024 and 2023**

Unit: NTD thousand

| Liabilities and Equity |   |                  | December 31, 2024 |     | December 31, 2023 |     |
|------------------------|---|------------------|-------------------|-----|-------------------|-----|
| Code                   | Account Item  | Note             | Amount            | %   | Amount            | %   |
| 20000                  | Liabilities   |                  |                   |     |                   |     |
| 21000                  | Deposits from Central Bank and other banks              | IV/VI.13         | \$16,365,383      | 5   | \$13,308,286      | 4   |
| 22000                  | Financial liabilities measured at FVTPL                 | IV/VI.14         | 16,271            | -   | 35,936            | -   |
| 22500                  | Securities and bonds sold under agreement to repurchase | IV/VI.15         | 8,769,996         | 2   | 7,098,943         | 2   |
| 23000                  | Payables  | VI.16            | 1,576,145         | -   | 3,013,082         | 1   |
| 23200                  | Current income tax liabilities                          | IV/VI.29         | 741,369           | -   | 531,106           | -   |
| 23500                  | Deposits and remittances                                | VI.17            | 297,503,968       | 79  | 297,825,619       | 80  |
| 25600                  | Provisions  | IV/VI.18, 19, 25 | 156,481           | -   | 268,912           | -   |
| 26000                  | Lease liabilities                                       | III/IV/VI.26     | 238,439           | -   | 287,140           | -   |
| 29300                  | Deferred income tax liabilities                         | IV/VI.29         | 51,054            | -   | 54,940            | -   |
| 29500                  | Other liabilities                                       | VI.20            | 169,520           | -   | 173,504           | -   |
|                        | Total liabilities                                       |                  | 325,588,626       | 86  | 322,597,468       | 87  |
| 31000                  | Equity  | VI.21            |                   |     |                   |     |
| 31100                  | Share capital   |                  | 11,112,343        | 3   | 11,112,343        | 3   |
| 31500                  | Capital surplus   |                  | 55,192            | -   | 55,192            | -   |
| 32000                  | Retained earnings                                       |                  |                   |     |                   |     |
| 32001                  | Legal reserve   |                  | 16,686,722        | 4   | 14,831,519        | 4   |
| 32003                  | Special reserve   |                  | 120,039           | -   | 1,540,617         | -   |
| 32011                  | Unappropriated retained earnings                        |                  | 22,578,194        | 6   | 21,304,844        | 6   |
| 32500                  | Other equity  | IV               | 4,073,659         | 1   | 1,270,051         | -   |
|                        | Total equity  |                  | 54,626,149        | 14  | 50,114,566        | 13  |
|                        | Total liabilities and equity                            |                  | \$380,214,775     | 100 | \$372,712,034     | 100 |

(Please refer to Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen

**King's Town Bank Co., Ltd.**  
**Statements of Comprehensive Income**  
**January 1 to December 31, 2024 and 2023**

Unit: NTD thousand

| Code  | Account Item  | Note                  | 2024         |      | 2023        |      |
|-------|---|-----------------------|--------------|------|-------------|------|
|       |   |                       | Amount       | %    | Amount      | %    |
| 41000 | Interest revenue  | IV                    | \$10,178,174 | 113  | \$9,873,545 | 103  |
| 51000 | Less: Interest expenses   | IV                    | (4,779,215)  | (53) | (4,662,841) | (49) |
|       | Net interest income   | VI.22                 | 5,398,959    | 60   | 5,210,704   | 54   |
|       | Net non-interest income   |                       |              |      |             |      |
| 49100 | Net service fee income  | IV/VI.23              | 2,740,056    | 30   | 2,169,346   | 23   |
| 49200 | Gain (loss) on financial assets and liabilities at FVTPL  | IV/VI.24              | (3,519)      | -    | 2,777,577   | 29   |
| 49310 | Realized gain (loss) on financial assets at FVOCI   | IV                    | 136,899      | 2    | (186,372)   | (2)  |
| 49600 | Net exchange gain (loss)  | IV                    | 195,439      | 2    | (15,266)    | -    |
| 47003 | Share of gain from equity-accounted subsidiaries, associates, and joint ventures  | IV                    | 620,785      | 7    | 568,305     | 6    |
| 49700 | Asset impairment (loss)   | IV/VI.25              | (69,991)     | (1)  | (965,603)   | (10) |
| 49800 | Other non-interest net income   | IV                    | 30,690       | -    | 38,881      | -    |
|       | Net income  |                       | 9,049,318    | 100  | 9,597,572   | 100  |
| 58200 | (Provision for) bad debt expense, commitments, and reserve for guarantee liability  | IV/VI.4, 6, 7, 18, 25 | (279,647)    | (3)  | (8,733)     | -    |
| 58400 | Operating expenses  |                       |              |      |             |      |
| 58500 | Employee benefits expenses  | VI.19, 27             | (1,205,206)  | (13) | (1,260,714) | (13) |
| 59000 | Depreciation and amortization expenses  | IV/VI.10, 11, 26      | (127,356)    | (2)  | (134,762)   | (1)  |
| 59500 | Other business and administrative expenses  | IV                    | (990,095)    | (11) | (941,249)   | (10) |
| 61000 | Net income before taxes from continuing operations  |                       | 6,447,014    | 71   | 7,252,114   | 76   |
| 61003 | Income tax (expenses)   | IV/VI.29              | (1,423,347)  | (15) | (1,045,013) | (11) |
| 64000 | Net income after tax  |                       | 5,023,667    | 56   | 6,207,101   | 65   |
| 65000 | Other comprehensive income (loss)   |                       |              |      |             |      |
| 65200 | Items not reclassified to profit or loss  | IV/VI.28, 29          |              |      |             |      |
| 65201 | Remeasurements of defined benefit plans   |                       | 22,513       | -    | (8,714)     | -    |
| 65204 | Valuation gain on equity investments at FVOCI   |                       | 2,848,066    | 31   | 419,562     | 4    |
| 65207 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - not reclassified into profit or loss |                       | (13,617)     | -    | (18,750)    | -    |
| 65220 | Income tax expenses related to items that will not be reclassified subsequently to profit or loss   |                       | (4,502)      | -    | 1,742       | -    |
| 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   |                       | (16,320)     | -    | (5,017)     | -    |
| 65308 | Gains (losses) from debt instrument investment measured at FVOCI  |                       | (17,785)     | -    | 2,323,261   | 24   |
| 65320 | Income tax related to items of other comprehensive income that may be reclassified to profit or loss  |                       | 3,264        | -    | 1,003       | -    |
|       | Other comprehensive income (after tax)  |                       | 2,821,619    | 31   | 2,713,087   | 28   |
| 66000 | Total comprehensive income (after tax)  |                       | \$7,845,286  | 87   | \$8,920,188 | 93   |
|       | Earnings per share (NTD)  | VI.30                 |              |      |             |      |
| 67500 | Basic earnings per share  |                       | \$4.52       |      | \$5.59      |      |
| 67700 | Diluted earnings per share  |                       | \$4.52       |      | \$5.59      |      |

(Please refer to Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen

**King's Town Bank Co., Ltd .**  
**Statements of Changes in Equity**  
**January 1 to December 31, 2024 and 2023**

Unit: NTD thousand

| Item   | Share capital       | Capital surplus | Retained earnings   |                  |                                  | Other equity items  |  | 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 FVOCI |                     |
| Balance on January 1, 2023                                     | \$11,112,343        | \$55,192        | \$14,831,519        | \$120,039        | \$17,763,770                     | \$6,025   | \$(1,472,152)  | \$42,416,736        |
| Appropriation and distribution of 2022 earnings                |                     |                 |                     |                  |                                  |   |  |                     |
| Provision for special reserve                                  | -                   | -               | -                   | 1,420,578        | (1,420,578)                      | -   | -  | -                   |
| Common stock cash dividends                                    | -                   | -               | -                   | -                | (1,222,358)                      | -   | -  | (1,222,358)         |
| Net income from January 1 to December 31, 2023                 | -                   | -               | -                   | -                | 6,207,101                        | -   | -  | 6,207,101           |
| Other comprehensive income from January 1 to December 31, 2023 | -                   | -               | -                   | -                | (6,972)                          | (4,014)   | 2,724,073  | 2,713,087           |
| Total comprehensive income from January 1 to December 31, 2023 | -                   | -               | -                   | -                | 6,200,129                        | (4,014)   | 2,724,073  | 8,920,188           |
| Disposal of equity instruments measured at FVOCI               | -                   | -               | -                   | -                | (16,119)                         | -   | 16,119   | -                   |
| Balance on December 31, 2023                                   | 11,112,343          | 55,192          | 14,831,519          | 1,540,617        | 21,304,844                       | 2,011   | 1,268,040  | 50,114,566          |
| Appropriation and distribution of 2023 earnings                |                     |                 |                     |                  |                                  |   |  |                     |
| Provision for legal reserve                                    | -                   | -               | 1,855,203           | -                | (1,855,203)                      | -   | -  | -                   |
| (Reversal of) special reserve                                  | -                   | -               | -                   | (1,420,578)      | 1,420,578                        | -   | -  | -                   |
| Common stock cash dividends                                    | -                   | -               | -                   | -                | (3,333,703)                      | -   | -  | (3,333,703)         |
| Net income from January 1 to December 31, 2024                 | -                   | -               | -                   | -                | 5,023,667                        | -   | -  | 5,023,667           |
| Other comprehensive income from January 1 to December 31, 2024 | -                   | -               | -                   | -                | 18,011                           | (13,056)  | 2,816,664  | 2,821,619           |
| Total comprehensive income from January 1 to December 31, 2024 | -                   | -               | -                   | -                | 5,041,678                        | (13,056)  | 2,816,664  | 7,845,286           |
| Balance on December 31, 2024                                   | <u>\$11,112,343</u> | <u>\$55,192</u> | <u>\$16,686,722</u> | <u>\$120,039</u> | <u>\$22,578,194</u>              | <u>\$(11,045)</u>   | <u>\$4,084,704</u>   | <u>\$54,626,149</u> |

(Please refer to Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen



**King's Town Bank Co., Ltd.**  
**Statements of Cash Flows**  
**January 1 to December 31, 2024 and 2023**

Unit: NTD thousand

| Item   | 2024               | 2023              | Item   | 2024                | 2023                |
|--|--------------------|-------------------|--|---------------------|---------------------|
|  | Amount             | Amount            |  | Amount              | Amount              |
| Cash flows from operating activities:                                      |                    |                   | Cash flows from investing activities:  |                     |                     |
| Profit before tax for the period   | \$6,447,014        | \$7,252,114       | Acquisition of property, plant, and equipment  | (103,193)           | (391,038)           |
| Adjustments:   |                    |                   | Net cash flows (outflow) investing activities  | (103,193)           | (391,038)           |
| Non-cash income and expense items  |                    |                   | Cash flows from financing activities:  |                     |                     |
| Expected credit loss/Provision for bad debt                                | 279,647            | 8,733             | Increase (decrease) in securities and bonds sold under repurchase agreements                       | 1,671,053           | (8,728,186)         |
| Impairment loss of assets  | 69,991             | 965,603           | Payment of cash dividends  | (3,333,703)         | (1,222,358)         |
| Depreciation and amortization expenses                                     | 127,356            | 134,762           | Repayment of the principal amount of lease liabilities   | (87,559)            | (86,426)            |
| Net interest income  | (5,398,959)        | (5,210,704)       | Net cash (outflow) from financing activities   | (1,750,209)         | (10,036,970)        |
| Share of profit(loss) from equity-accounted subsidiaries                   | (620,785)          | (568,305)         |  |                     |                     |
| Loss on disposal and scrapping of property and equipment                   | 19                 | 285               |  |                     |                     |
| Changes in operating assets and liabilities                                |                    |                   | Effect of exchange rate changes on cash and cash equivalents                                       | (16,320)            | (5,017)             |
| Due from Central Bank and call loans to other banks (increase)             | (901,230)          | (585,318)         | (Decrease) increase in cash and cash equivalents   | (2,977,116)         | 8,509,179           |
| Financial assets measured at FVTPL decrease (increase)                     | 1,081,729          | (5,804,201)       | Cash and cash equivalents at the beginning of the period   | 20,182,147          | 11,672,968          |
| Receivables (increase) decrease  | (68,906)           | 94,144            | Cash and cash equivalents at the end of the period   | <u>\$17,205,031</u> | <u>\$20,182,147</u> |
| (Increase) decrease in discounts and loans                                 | (10,222,479)       | 12,267,367        |  |                     |                     |
| Financial assets measured at FVOCI (increase) decrease                     | (3,736,720)        | 4,696,494         | Composition of cash and cash equivalents   |                     |                     |
| Debt instrument investments measured at amortized cost decrease (increase) | 6,019,999          | (1,800,000)       | Cash and cash equivalents presented on the balance sheet   | \$3,753,248         | \$3,723,861         |
| (Increase in) other financial assets                                       | (64)               | (327)             | Cash and cash equivalents defined by FSC-approved IAS 7  | 13,451,783          | 6,458,286           |
| Other assets decrease (increase)   | 380,798            | (48,901)          | Deposits with Central Bank and interbank call loans meeting the definition as defined in IAS No. 7 | -                   | -                   |
| Increase (decrease) in deposits from Central Bank and other banks          | 3,057,097          | (10,783,973)      | Cash and cash equivalents defined by FSC-approved IAS 7  |                     |                     |
| (Decrease) increase in financial liabilities measured at FVTPL             | (19,665)           | 733               | Defined repurchased agreements and bond investments  |                     |                     |
| Payables increase (decrease)   | (1,409,030)        | 755,070           |  |                     |                     |
| Deposits and remittances (decrease) increase                               | (321,651)          | 13,634,108        | Cash and cash equivalents at the end of the period   | <u>\$17,205,031</u> | <u>\$20,182,147</u> |
| Liability provisions (decrease)  | (33,918)           | (36,203)          |  |                     |                     |
| Other liabilities (decrease)   | (3,984)            | (95,148)          |  |                     |                     |
| Interest received  | 10,080,002         | 9,916,666         |  |                     |                     |
| Interest paid  | (4,803,644)        | (4,622,997)       |  |                     |                     |
| Income tax paid  | (1,110,011)        | (1,227,798)       |  |                     |                     |
| Net cash inflow (outflow) from operating activities                        | <u>(1,107,394)</u> | <u>18,942,204</u> |  |                     |                     |

(Please refer to Notes to the Individual Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen

## **Independent Auditors' Report**

To King's Town Bank Co., Ltd.

### **Audit Opinion**

We have audited the consolidated balance sheets of King's Town Bank Co., Ltd. as of December 31, 2024 and 2023, 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, 2024 and 2023.

In our opinion, based on our audit results and the audit reports of other auditors (please refer to the section titled "Other Matters"), the consolidated financial statements referred to above present fairly, in all material respects, the financial position of King's Town Bank Co., Ltd. and its subsidiaries as of December 31, 2024 and 2023, and its consolidated financial performance and cash flows from January 1 to December 31, 2024 and 2023 in conformity 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), and Interpretations and Announcements issued by the International Financial Reporting Interpretations Committee (IFRIC), approved and issued by the Financial Supervisory Commission.

### **Basis for Opinion**

We have audited the separate financial statements in accordance with the "Regulations Governing Financial Statement Audit and Attestation Engagements of 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 explained in the section on the responsibilities of auditors for the audit of financial statements. We have maintained our independence from King's Town Bank Co., Ltd. and its subsidiaries in accordance with the Code of Ethics for Certified Public Accountants, and have fulfilled additional responsibilities as prescribed by these regulations. Based on our audit results and the audit reports of other auditors, we believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are matters that, in our professional judgment, were of the most significance in our audit of the consolidated financial statements of King's Town Bank Co., Ltd. and its subsidiaries for 2024. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

### Financial instrument valuation

King's Town Bank Co., Ltd. and its subsidiaries invests in different types of financial assets. As of December 31, 2024, the total financial assets measured at fair value were NTD88,639,247 thousand, accounting for about 23% of total assets. Of these, for the investments classified as Level II in the fair value hierarchy, including the derivative financial instruments related to bonds and FX swap contracts, the book value amounted to NTD44,731,288 thousand, accounting for 50% of the financial assets measured at fair value. Since the Level II investment valuation is based on an internal valuation model, the key input values are the yield rate and exchange rate, both of which have a significant impact on the estimation of fair value. Therefore, we considered this a key audit matter.

Our audit procedures included (but were not limited to) evaluating and testing the effectiveness of internal controls related to financial instrument valuation, including management's determination and approval of valuation models and their underlying assumptions. On a sampling basis, we obtained an understanding of and evaluated the reasonableness of key assumptions, performed independent valuation calculations, and engaged internal valuation specialists to compare the differences with management's valuation to determine whether they fell within an acceptable 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, 2024, the book value of the loans of King's Town Bank Co., Ltd. and its subsidiaries was NTD239,967,404 thousand, accounting for about 61% of the total assets. These loans were significant to the financial statements and were subject to the assessment of expected credit losses in accordance with IFRS 9 and the "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 involve significant professional judgment, including whether credit risk has significantly increased, whether the asset is credit-impaired, selecting and evaluating forward-looking factors, and estimating parameters such as the probability of default (PD) and loss given default (LGD). Due to the high degree of professional judgment involved, we have determined this to be a key audit matter.

Our audit procedures included (but were not limited to) evaluating and testing internal controls related to the calculation of expected credit losses, examining whether the expected credit loss valuation model was approved by the management, assessing the data sources used for expected credit loss calculation, and engaging internal experts to review the reasonableness of the expected credit loss model. We also performed sampling testing on the appropriateness and reasonableness of the model's input parameters, including the probability of default (PD) and the loss given default (LGD). In addition, we also examined whether the management complied with the regulations set forth by the competent authorities to ensure that the loan classification and allowance for bad debts were in compliance with regulatory 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)**

The financial statements of some subsidiaries included in the consolidated financial statements of King's Town Bank Co., Ltd. and its subsidiaries were not audited by us, but were audited by other independent auditors. Therefore, in forming our opinion on the consolidated financial statements, the amounts related to these subsidiaries' financial statements were based on the audit reports issued by other auditors. As of December 31, 2024 and 2023, the total assets of these subsidiaries amounted to NTD1,546,390 thousand and NTD1,409,111 thousand, respectively, representing 0.39% and 0.37% of total consolidated assets. For the periods from January 1 to December 31, 2024 and 2023, their net income was NTD226,053 thousand and NTD139,070 thousand, respectively, accounting for 2.35% and 1.39% of total consolidated net income.

## **Responsibilities of Management and Those in Charge of Governance with Regard to the Consolidated Financial Statements**

The management is responsible for the preparation and fair presentation of the 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," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations and Announcements issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved and issued by the Financial Supervisory Commission. Management is also responsible for maintaining the necessary internal controls relevant to the preparation of the consolidated financial statements to ensure that they are 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 as a going concern, disclosing relevant matters, and adopting 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 governing body 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 audit report. Reasonable assurance is a high level of assurance, but the audit work conducted in accordance with the generally accepted auditing standards in the Republic of China cannot guarantee that material misstatement in the consolidated financial statements will be detected. Misstatements may arise from fraud or error. Fraud or errors are considered material, individually or in the aggregate, if they could reasonably be expected to influence the economic decisions of users based on these 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 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 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 in 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 management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on King's Town Bank Co., Ltd. and its subsidiaries' ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion accordingly. 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 assess whether they fairly present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for directing, supervising, and performing the group audit, and we are solely responsible for forming our audit opinion.

We communicate the following events with the governing body, 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 governing body confirming 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 Ethics for Certified Public Accountants. Additionally, we communicate to the governing body all relationships and matters (including relevant safeguard) that may be considered as affecting our independence.

As auditors, we have determined the key audit matters for the audit of King's Town Bank Co., Ltd. and its subsidiaries' consolidated financial statements for the periods from January 1 to December 31, 2024, based on our communication with the governing body. We describe these matters in our audit report, unless law or regulation precludes public disclosure of the matter, or in extremely rare circumstances where 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 2024 and 2023 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. 1100352201

Jin-Guan-Cheng-Shen-Zi  
No. 1050043324

Kuo-Sen Hung

CPA

Sheng-An Hsieh

February 24, 2025

**King's Town Bank Co., Ltd., and its subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2024 and 2023**

Unit: NTD thousand

| Assets |  |                  | December 31, 2024    |            | December 31, 2023    |            |
|--------|--|------------------|----------------------|------------|----------------------|------------|
| Code   | Account Item   | Note             | Amount               | %          | Amount               | %          |
| 10000  | Assets   |                  |                      |            |                      |            |
| 11000  | Cash and cash equivalents                              | IV/VI.1          | \$4,596,953          | 1          | \$4,171,981          | 1          |
| 11500  | Due from Central Bank and call loans to other banks    | IV/VI.2          | 23,509,367           | 6          | 25,614,640           | 7          |
| 12000  | Financial assets measured at FVTPL                     | IV/VI.3/VIII     | 42,217,087           | 11         | 43,326,946           | 11         |
| 12100  | Financial assets measured at FVOCI                     | IV/VI.4, 26/VIII | 46,422,160           | 12         | 39,930,790           | 11         |
| 12200  | Debt instrument investments measured at amortized cost | IV/VI.5, 26      | 13,378,484           | 3          | 19,397,863           | 5          |
| 13000  | Receivables, net                                       | IV/VI.6, 26/VIII | 14,804,837           | 4          | 12,979,400           | 3          |
| 13500  | Discounts and loans, net                               | IV/V/VI.7, 26    | 239,967,404          | 61         | 230,086,122          | 60         |
| 15500  | Other financial assets, net                            | IV/VI.8          | 433                  | -          | 369                  | -          |
| 18500  | Property and equipment, net                            | IV/VI.9, 26      | 5,015,983            | 2          | 4,973,435            | 1          |
| 18600  | Right-of-use assets                                    | III/IV/VI.27     | 248,324              | -          | 310,546              | -          |
| 18700  | Investment properties                                  | VI.10            | 518,902              | -          | 991,524              | -          |
| 19300  | Deferred tax assets                                    | IV/VI.30         | 367,449              | -          | 438,546              | -          |
| 19500  | Other assets, net                                      | VI.11/VIII       | 1,821,912            | -          | 2,125,897            | 1          |
|        | Total assets   |                  | <u>\$392,869,295</u> | <u>100</u> | <u>\$384,348,059</u> | <u>100</u> |

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen

**King's Town Bank Co., Ltd., and its subsidiaries**  
**Consolidated Balance Sheets (continued)**  
**December 31, 2024 and 2023**

Unit: NTD thousand

| Liabilities and equity |   |                  | December 31, 2024 |     | December 31, 2023 |     |
|------------------------|---|------------------|-------------------|-----|-------------------|-----|
| Code                   | Account Item  | Note             | Amount            | %   | Amount            | %   |
| 20000                  | Liabilities   |                  |                   |     |                   |     |
| 21000                  | Deposits from Central Bank and other banks              | IV/VI.12         | \$16,365,383      | 4   | \$13,308,286      | 4   |
| 21500                  | Funds borrowed from Central Bank and other banks        | VI.13            | 5,549,000         | 1   | 5,399,000         | 1   |
| 22000                  | Financial liabilities measured at FVTPL                 | IV/VI.14         | 16,271            | -   | 35,936            | -   |
| 22500                  | Securities and bonds sold under agreement to repurchase | IV/VI.15         | 8,769,996         | 2   | 7,098,943         | 2   |
| 23000                  | Payables  | VI.16            | 2,091,307         | 1   | 3,487,260         | 1   |
| 23200                  | Current income tax liabilities                          | IV/VI.30         | 808,761           | -   | 551,676           | -   |
| 23500                  | Deposits and remittances                                | VI.17            | 296,669,322       | 76  | 297,684,898       | 78  |
| 25500                  | Other financial liabilities                             | VI.18            | 6,574,362         | 2   | 5,535,065         | 1   |
| 25600                  | Provisions  | IV/VI.19, 20, 26 | 156,481           | -   | 268,912           | -   |
| 26000                  | Lease liabilities                                       | III/IV/VI.27     | 255,839           | -   | 317,098           | -   |
| 29300                  | Deferred income tax liabilities                         | IV/VI.30         | 51,054            | -   | 54,940            | -   |
| 29500                  | Other liabilities                                       | VI.21            | 935,370           | -   | 491,479           | -   |
|                        | Total liabilities                                       |                  | 338,243,146       | 86  | 334,233,493       | 87  |
| 31000                  | Equity attributable to shareholders of the parent       | VI.22            |                   |     |                   |     |
| 31100                  | Share capital   |                  | 11,112,343        | 3   | 11,112,343        | 3   |
| 31500                  | Capital surplus   |                  | 55,192            | -   | 55,192            | -   |
| 32000                  | Retained earnings                                       |                  |                   |     |                   |     |
| 32001                  | Legal reserve   |                  | 16,686,722        | 4   | 14,831,519        | 4   |
| 32003                  | Special reserve   |                  | 120,039           | -   | 1,540,617         | -   |
| 32011                  | Unappropriated retained earnings                        |                  | 22,578,194        | 6   | 21,304,844        | 6   |
| 32500                  | Other equity interest                                   | IV               | 4,073,659         | 1   | 1,270,051         | -   |
|                        | Total equity  |                  | 54,626,149        | 14  | 50,114,566        | 13  |
|                        | Total liabilities and equity                            |                  | \$392,869,295     | 100 | \$384,348,059     | 100 |

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen



**King's Town Bank Co., Ltd., and its subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**January 1 to December 31, 2024 and 2023**

Unit: NTD thousand

| Code  | Account Item  | Note                | 2024         |      | 2023         |      |
|-------|---|---------------------|--------------|------|--------------|------|
|       |   |                     | Amount       | %    | Amount       | %    |
| 41000 | Interest revenue  | IV                  | \$11,047,643 | 115  | \$10,567,323 | 105  |
| 51000 | Less: Interest expenses   | IV                  | (5,018,060)  | (52) | (4,831,680)  | (48) |
|       | Net interest income   | VI.23               | 6,029,583    | 63   | 5,735,643    | 57   |
|       | Non-interest net income   |                     |              |      |              |      |
| 49100 | Net service fee income  | IV/VI.24            | 2,995,315    | 31   | 2,354,190    | 24   |
| 49200 | Gain on financial assets and liabilities at FVTPL   | IV/VI.25            | 183,145      | 2    | 2,870,820    | 29   |
| 49310 | Realized gain (loss) on financial assets at FVOCI   | IV                  | 137,666      | 2    | (175,954)    | (2)  |
| 49600 | Net exchange gain (loss)  | IV                  | 195,439      | 2    | (15,266)     | -    |
| 49700 | Impairment loss of assets   | IV/VI.26            | (69,991)     | (1)  | (965,603)    | (10) |
| 49800 | Other non-interest net income   | IV                  | 137,411      | 1    | 168,186      | 2    |
|       | Net income  |                     | 9,608,568    | 100  | 9,972,016    | 100  |
| 58200 | (Provision for) bad debt expense, commitments, and reserve for guarantee liability                        | IV/VI.6, 7, 19, 26  | (490,141)    | (5)  | (83,837)     | (1)  |
| 58400 | Operating expenses  |                     |              |      |              |      |
| 58500 | Employee benefits expenses  | VI.20, 28           | (1,362,690)  | (14) | (1,388,569)  | (14) |
| 59000 | Depreciation and amortization expenses  | IV/VI.9, 10, 27, 28 | (147,360)    | (2)  | (153,250)    | (1)  |
| 59500 | Other business and administrative expenses  | IV                  | (1,045,488)  | (11) | (987,355)    | (10) |
| 61000 | Net income before taxes from continuing operations  |                     | 6,562,889    | 68   | 7,359,005    | 74   |
| 61003 | Income tax (expenses)   | IV/VI.30            | (1,539,222)  | (16) | (1,151,904)  | (12) |
| 64000 | Net income after tax  |                     | 5,023,667    | 52   | 6,207,101    | 62   |
| 65000 | Other comprehensive income (loss)   |                     |              |      |              |      |
| 65200 | Items not reclassified to income:   | IV/VI.29, 30        |              |      |              |      |
| 65201 | Remeasurements of defined benefit plans   |                     | 22,513       | -    | (8,714)      | -    |
| 65204 | Evaluation gain on equity investments at FVOCI  |                     | 2,834,449    | 30   | 400,812      | 4    |
| 65220 | Income tax expenses related to items that will not be reclassified subsequently to profit or loss         |                     | (4,502)      | -    | 1,742        | -    |
| 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                   |                     | (16,320)     | -    | (5,017)      | -    |
| 65308 | Gains (losses) from debt instrument investment measured at FVOCI  |                     | (17,785)     | -    | 2,323,261    | 23   |
| 65320 | Income tax related to components of other comprehensive income that may be reclassified to profit or loss |                     | 3,264        | -    | 1,003        | -    |
|       | Other comprehensive income (after tax)  |                     | 2,821,619    | 30   | 2,713,087    | 27   |
| 66000 | Total comprehensive income (after tax)  |                     | \$7,845,286  | 82   | \$8,920,188  | 89   |
| 67100 | Current period after tax net profit and loss attributable to  |                     |              |      |              |      |
| 67101 | Owners of the parent company  |                     | \$5,023,667  |      | \$6,207,101  |      |
| 67111 | Non-controlling interest  |                     | \$ -         |      | \$ -         |      |
| 67300 | Current period after tax comprehensive profit and loss attributable to                                    |                     |              |      |              |      |
| 67301 | Owners of the parent company  |                     | \$7,845,286  |      | \$8,920,188  |      |
| 67311 | Non-controlling interest  |                     | \$ -         |      | \$ -         |      |
|       | Earnings per share (NTD)  | VI.31               |              |      |              |      |
| 67500 | Basic Earnings Per Share  |                     | \$4.52       |      | \$5.59       |      |
| 67700 | Diluted earnings per share  |                     | \$4.52       |      | \$5.59       |      |

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen

**King's Town Bank Co., Ltd., and its subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**January 1 to December 31, 2024 and 2023**

Unit: NTD thousand

| Item   | Share capital       | Capital surplus | Retained earnings   |                  |                                  | Other equity items  |  | 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 FVOCI |                     |
| Balance on January 1, 2023                                     | \$11,112,343        | \$55,192        | \$14,831,519        | \$120,039        | \$17,763,770                     | \$6,025   | \$(1,472,152)  | \$42,416,736        |
| Appropriation and distribution of 2022 earnings                |                     |                 |                     |                  |                                  |   |  |                     |
| Provision for special reserve                                  | -                   | -               | -                   | 1,420,578        | (1,420,578)                      | -   | -  | -                   |
| Common stock cash dividends                                    | -                   | -               | -                   | -                | (1,222,358)                      | -   | -  | (1,222,358)         |
| Net income from January 1 to December 31, 2023                 | -                   | -               | -                   | -                | 6,207,101                        | -   | -  | 6,207,101           |
| Other comprehensive income from January 1 to December 31, 2023 | -                   | -               | -                   | -                | (6,972)                          | (4,014)   | 2,724,073  | 2,713,087           |
| Total comprehensive income from January 1 to December 31, 2023 | -                   | -               | -                   | -                | 6,200,129                        | (4,014)   | 2,724,073  | 8,920,188           |
| Disposal of equity investments at FVOCI                        | -                   | -               | -                   | -                | (16,119)                         | -   | 16,119   | -                   |
| Balance on December 31, 2023                                   | 11,112,343          | 55,192          | 14,831,519          | 1,540,617        | 21,304,844                       | 2,011   | 1,268,040  | 50,114,566          |
| Appropriation and distribution of 2023 earnings                |                     |                 |                     |                  |                                  |   |  |                     |
| Provision for legal reserve                                    | -                   | -               | 1,855,203           | -                | (1,855,203)                      | -   | -  | -                   |
| (Reversal of) special reserve                                  | -                   | -               | -                   | (1,420,578)      | 1,420,578                        | -   | -  | -                   |
| Common stock cash dividends                                    | -                   | -               | -                   | -                | (3,333,703)                      | -   | -  | (3,333,703)         |
| Net income from January 1 to December 31, 2024                 | -                   | -               | -                   | -                | 5,023,667                        | -   | -  | 5,023,667           |
| Other comprehensive income from January 1 to December 31, 2024 | -                   | -               | -                   | -                | 18,011                           | (13,056)  | 2,816,664  | 2,821,619           |
| Total comprehensive income from January 1 to December 31, 2024 | -                   | -               | -                   | -                | 5,041,678                        | (13,056)  | 2,816,664  | 7,845,286           |
| Balance on December 31, 2024                                   | <u>\$11,112,343</u> | <u>\$55,192</u> | <u>\$16,686,722</u> | <u>\$120,039</u> | <u>\$22,578,194</u>              | <u>\$(11,045)</u>   | <u>\$4,084,704</u>   | <u>\$54,626,149</u> |

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen

**King's Town Bank Co., Ltd., and its subsidiaries**  
**Consolidated Statements of Cash Flows**  
**January 1 to December 31, 2024 and 2023**

Unit: NTD thousand

| Item   | 2024               | 2023              | Item   | 2024                       | 2023                       |
|--|--------------------|-------------------|--|----------------------------|----------------------------|
|  | Amount             | Amount            |  | Amount                     | Amount                     |
| Cash flows from operating activities:                                      |                    |                   | Cash flows from investing activities:  |                            |                            |
| Profit before tax for the period   | \$6,562,889        | \$7,359,005       | Acquisition of property, plant, and equipment  | (108,997)                  | (409,578)                  |
| Adjustments:   |                    |                   | Proceeds from disposal of property and equipment   | -                          | 333                        |
| Non-cash income and expense items  |                    |                   | Disposal proceeds from investment properties and equipment   | 1,045,161                  | 132,974                    |
| Expected credit impairment/Provision for bad debt expense                  | 490,141            | 83,837            | Acquisition of investment properties   | (541,350)                  | (850,788)                  |
| Impairment loss of assets  | 69,991             | 965,603           | Net cash flows from (outflow) investing activities   | <u>394,814</u>             | <u>(1,127,059)</u>         |
| Depreciation and amortization expenses                                     | 147,360            | 153,250           |  |                            |                            |
| Net interest income  | (6,029,583)        | (5,735,643)       | Cash flows from financing activities:  |                            |                            |
| Loss (gain) on disposal and scrapping of property and equipment            | 128                | (14)              | Increase in financing from Central Bank and interbank  | 150,000                    | 350,000                    |
| Disposal of investment properties (benefit)                                | (15,430)           | (9,558)           | Increase (decrease) in securities and bonds sold under repurchase agreements                       | 1,671,053                  | (8,728,186)                |
| Other lease profits  | (139)              | -                 | Payment of cash dividends  | (3,333,703)                | (1,222,358)                |
| Changes in operating assets and liabilities                                |                    |                   | Repayment of the principal amount of lease liabilities   | (96,223)                   | (95,261)                   |
| Due from Central Bank and call loans to other banks (increase)             | (901,230)          | (585,318)         | Net cash (outflow) from financing activities   | <u>(1,608,873)</u>         | <u>(9,695,805)</u>         |
| Financial assets measured at FVTPL decrease (increase)                     | 1,109,859          | (6,080,171)       |  |                            |                            |
| Receivables (increase)   | (1,932,430)        | (1,233,398)       | Effect of exchange rate changes on cash and cash equivalents                                       | <u>(16,320)</u>            | <u>(5,017)</u>             |
| (Increase) decrease in discounts and loans                                 | (10,222,479)       | 12,267,367        |  |                            |                            |
| Financial assets measured at FVOCI decrease (increase)                     | (3,745,317)        | 4,686,495         | (Decrease) increase in cash and cash equivalents   | <u>(2,581,531)</u>         | <u>8,887,053</u>           |
| Debt instrument investments measured at amortized cost decrease (increase) | 6,019,999          | (1,800,000)       | Cash and cash equivalents at beginning of the period   | <u>20,630,267</u>          | <u>11,743,214</u>          |
| (Increase in) other financial assets                                       | (64)               | (327)             | Cash and cash equivalents at end of the period   | <u><u>\$18,048,736</u></u> | <u><u>\$20,630,267</u></u> |
| Other assets decrease (increase)   | 300,785            | (19,193)          |  |                            |                            |
| Increase (decrease) in deposits from Central Bank and other banks          | 3,057,097          | (10,783,973)      | Composition of cash and cash equivalents   |                            |                            |
| (Decrease) increase in financial liabilities measured at FVTPL             | (19,665)           | 733               | Cash and cash equivalents recorded on the consolidated balance sheets                              | \$4,596,953                | \$4,171,981                |
| Payables increase (decrease)   | (1,368,052)        | 923,980           | Cash and cash equivalents defined by FSC-approved IAS 7  | 13,451,783                 | 16,458,286                 |
| Deposits and remittances (decrease) increase                               | (1,015,576)        | 14,174,864        | Deposits with Central Bank and interbank call loans meeting the definition as defined in IAS No. 7 |                            |                            |
| Increase in other financial liabilities                                    | 1,039,297          | 906,372           | Cash and cash equivalents defined by FSC-approved IAS 7  |                            |                            |
| Liability provisions (decrease)  | (33,918)           | (36,203)          | Defined repurchase agreements and bond investments   |                            |                            |
| Other liabilities increase   | 443,891            | 19,955            |  |                            |                            |
| Interest received  | 10,949,692         | 10,610,187        | Cash and cash equivalents at the end of the period   | <u><u>\$18,048,736</u></u> | <u><u>\$20,630,267</u></u> |
| Interest paid  | (5,042,234)        | (4,791,286)       |  |                            |                            |
| Income tax paid  | (1,216,164)        | (1,361,630)       |  |                            |                            |
| Net cash inflow (outflow) from operating activities                        | <u>(1,351,152)</u> | <u>19,714,934</u> |  |                            |                            |

(Please refer to Notes to the Consolidated Financial Statements)

Chairman: Chen-Chih Tai

Manager: Hung-Liang Chiang

Accounting Director: Yu-Hsuan Chen

King's Town Bank Co., Ltd.  
Earnings Distribution  
2024

Unit: NT\$

| Item  | Amount            |
|---|-------------------|
| Initial unappropriated retained earnings                        | \$ 17,536,516,100 |
| Add: Actuarial gains and losses recognized as retained earnings | 18,010,623        |
| Add: After-tax net income for the current year                  | 5,023,666,901     |
| Less: Allocation to Legal Reserve (30%) (Note 2)                | (1,512,503,257)   |
| Unappropriated retained earnings balance                        | \$ 21,065,690,367 |

Note 1: The Company plans to retain all undistributed earnings available for distribution in the current year.

Note 2: According to the regulations outlined in Jing Shang Zi No. 10802432410 issued by the Ministry of Economic Affairs and dated January 9, 2020, in response to changes in domestic accounting standards, companies are required to follow Article 237 of the Company Act when allocating legal reserves. When using "net income after tax" as the basis for allocation, it should be based on "net income after tax plus the amount of items other than net income after tax included in the unappropriated retained earnings for the current year" as the basis for allocating legal reserves.

### Comparison Table for the Amendments to King's Town Bank Articles of Incorporation

| Amended Article   | Current Article   | Explanation  |
|---|---|--|
| <p>Article 33.</p> <p>If the Company has earnings in the current year, an amount no less than 0.01% of the earnings shall be appropriated as remuneration of employee and an amount no more than 2% of the earnings shall be appropriated as remuneration of directors. <b><u>At least 30% of employee compensation should be allocated to frontline staff.</u></b> However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss.</p> <p>The employees with stock or cash received as remuneration as stated in the preceding paragraph include employees of subsidiary companies that meet certain conditions.</p> | <p>Article 33.</p> <p>If the Company has earnings in the current year, an amount no less than 0.01% of the earnings shall be appropriated as remuneration of employee and an amount no more than 2% of the earnings shall be appropriated as remuneration of directors. However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss.</p> <p>The employees with stock or cash received as remuneration as stated in the preceding paragraph include employees of subsidiary companies that meet certain conditions.</p> | <p>Amended in accordance with Paragraph 6, Article 14 of the Securities and Exchange Act. Publicly listed companies "shall specify in [their] articles of incorporation that a certain percentage of [their] annual earnings shall be allocated for salary adjustments or compensation distributions for [their] non-executive employees."</p> |
| <p>Article 37.</p> <p>The Articles of Incorporation were enacted on November 26, 1977, and amended in accordance with the 16th amendment to the Articles of Incorporation of Tainan Mutual Loan and Savings Co., Ltd.</p> <p>(omitted).</p> <p>The 41st amendment was made on May 23, 2023.</p> <p>The 42nd amendment will be made on June 26, 2025.</p>  | <p>Article 37.</p> <p>The Articles of Incorporation were enacted on November 26, 1977, and amended in accordance with the 16th amendment to the Articles of Incorporation of Tainan Mutual Loan and Savings Co., Ltd.</p> <p>(omitted).</p> <p>The 41st amendment was made on May 23, 2023.</p>   | <p>Updated with the numbers and dates of amendments.</p>   |

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

Article 1. (References)

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

Article 2. (Governing law and regulations)

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

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

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

Except as otherwise provided in the Guidelines Governing the Handling of Stock Affairs of Listed Companies, the Company shall convene a video shareholders' meeting as specified in the Articles of Incorporation and resolved by the Board of Directors with the attendance of at least two-thirds of the directors and the approval of a majority of the directors present.

Any change in the method of holding a shareholders' meeting shall be resolved by the Board of Directors and shall be made at the latest before mailing the notice of the shareholders' meeting.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the reporting website specified by the Financial Supervisory Commission 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the reporting website specified by the Financial Supervisory Commission 30 days before the date of the regular shareholders' meeting or 15 days before the date of the special shareholders' meeting. In addition, 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda, and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The shareholders' meeting agenda, and supplemental meeting materials referred to in the preceding paragraph shall be provided for the shareholders to review on the day of the shareholders' meeting by the following methods:

I. The materials shall be distributed on-site at the meeting place when holding

physical shareholders' meetings.

II. The materials shall be distributed on-site at the meeting place as well as uploaded as electronic files to the video conference platform when holding shareholders' meetings with assistance of video conferencing.

III. The materials shall be uploaded as electronic files to the video conference platform when holding shareholders' meetings through video conferencing.

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

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

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

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

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

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

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the

provisions of this Article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

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

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

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

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

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting through video conferencing, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

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

When holding a shareholders' meeting through video conferencing, the Company shall not be subject to the aforementioned restrictions on the venue for shareholders' meeting.

Article 6. (Preparation of attendance book and other documents)

The Company shall specify in its shareholders' meeting notices for shareholders, solicitors, and proxies (hereinafter collectively referred to as "shareholders") regarding the time during which shareholder attendance registration will be accepted, the place to register for attendance and other matters for attention.

The time during which shareholder attendance registration will be accepted, as stated in the preceding Paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registration is accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registration. When the Company holds a shareholders' meeting through video conferencing, attendance registration shall be accepted at the video conferencing platform of the shareholders' meeting at least 30 minutes prior to the time the meeting commences. A shareholder whose attendance registration is accepted will be deemed to have attended the meeting in person.



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

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

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

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

When the Company holds a shareholders' meeting through video conferencing, shareholders intend to attend the shareholders' meeting through video conferencing shall register with the Company at least 2 days before the date of the shareholders' meeting.

When holding a shareholders' meeting through video conferencing, the Company shall upload the shareholders' meeting agenda, the annual report, and other relevant meeting materials to the video conferencing platform for the shareholders' meeting at least 30 minutes prior to the time the meeting commences and continue to disclose such materials until the time the meeting ends.

Article 6-1 (Convening shareholders' meetings through video conferencing and the particulars required to be specified in the shareholders' meeting notices)

When holding a shareholders' meeting through video conferencing, the Company shall specify the following particulars required to be specified in the shareholders' meeting notices:

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

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

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

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

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

meeting through video conferencing, if the total number of shares in attendance exceeds the legal amount of meeting participants, the shareholders' meeting shall continue. For the shareholders attended by video conferencing, their number of shares in attendance shall be counted towards the total number of shares in attendance; however, they have waived his/her rights with respect to the all proposals of that meeting.

(IV) The handling methods in case that the resolutions of all proposals have been announced but no provisional motion has been made.

III. When holding a shareholders' meeting through video conferencing, the Company shall specify the provisions of adequate alternative measures to shareholders having difficulties attending the shareholders' meeting through video conferencing. Except for the cases specified in Article 44.9.6 of the Guidelines Governing the Handling of Stock Affairs of Listed Companies, the Company shall, at least, provide shareholders with access to facilities and necessary assistance, and set forth the period during which shareholders may apply to the Company and other relevant matters to be noted.

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

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

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

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

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

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

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

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

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

When holding the shareholders' meeting through video conferencing, the Company shall keep records of shareholders' registration, registration for participation, attendance registration, questions asked, vote casting and the results of vote counting, and make an uninterrupted audio and video recording of the proceedings of the shareholders meeting through video conferencing.

The Company shall safeguard the preceding materials and audio and video recording during its existence and provide for the video conferencing provider to keep the materials.

If the shareholders' meeting is held by video conference, the Company is advised to record the operation interface of the backstage of the video conference platform.

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

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

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

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

If the quorum is not met after two postponements as referred to in the preceding Paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month. When the Company holds a shareholders' meeting through video conferencing, shareholders intending to attend the meeting through video conferencing shall re-register with the Company in accordance with Article 6.

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

Article 10. (Discussion of proposals)

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

The provisions of the preceding Paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

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

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

Article 11. (Shareholder speech)

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

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

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

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

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

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

When the Company holds a shareholders' meeting through video conferencing, the shareholders attended through video conferencing may ask questions by text on the video conferencing platform for the shareholders' meeting from the time

the meeting is commenced by the chair until the meeting is adjourned, subject to a limit of two questions per motion of 200 words each; provided that the provisions in Paragraph 1 to 5 do not apply.

If the aforementioned question does not violate the regulations or is within the scope of the motion, it is appropriate to disclose the question on the video conferencing platform of the shareholders' meeting for public information.

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

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

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

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

The number of shares for which voting rights may not be exercised under the preceding Paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

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

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

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

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

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting

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

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the reporting website specified by the Financial Supervisory Commission.

After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS. When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote; also, if one of them is passed, the other proposals will then be deemed rejected without the need of further voting.

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

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

When the Company holds a shareholders' meeting through video conferencing, shareholders attended by video conferencing should vote on each motion and election motion through the video conferencing platform from the time the meeting is commenced by the chair and should complete the voting before the end of the voting is announced by the chair; if the vote was made overdue, then it shall be deemed as they waived their rights.

When the Company holds a shareholders' meeting through video conferencing, the counting operation must be a one-time count after the end of voting is announced by the chair, and then the chair shall announce the results of voting and election.

If a shareholder who registered to attend the video-assisted shareholders' meeting through video conferencing in accordance with the provisions in Article 6 intends to attend a physical shareholders' meeting, he or she shall exercise a declaration of intent to retract the registration with the same method as the

registration was made 2 days prior to the day of the shareholders' meeting; if the declaration of intent to retract was made overdue, then he or she may only attend the shareholders' meeting by video conferencing.

If a person exercises his or her voting rights by correspondence or electronically and does not retract his or her intent and attends the shareholders' meeting by video conferencing, he or she may not exercise his or her voting rights on the original motion or propose amendments to the original motion or exercise his or her voting rights on amendments to the original motion, except for a temporary motion.

Article 14. (Election of directors)

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

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

Article 15. (Meeting minutes and signatures)

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

The Company may distribute the meeting minutes mentioned in the preceding paragraph by means of a public announcement made through the reporting website specified by the Financial Supervisory Commission.

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

When holding the shareholders' meeting through video conferencing, the starting and ending time of the meeting, the method of holding the meeting, the names of the chair and the person recording the meeting minutes, and the handling methods for and actions taken on the situations preventing the attendance on the video conference platform or through video conferencing due to natural disasters, unexpected events or other force majeure events shall be recorded in the meeting minutes, in addition to the matters that should be recorded in accordance with the provisions of Paragraph 3.

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

measures to shareholders having difficulties attending the shareholders' meeting through video conferencing.

Article 16. (Public disclosure)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by the proxies, and the number of shares attended by correspondence or electronically, and make an express disclosure of the same at the place of the shareholders meeting; when holding a shareholders' meeting through video conferencing, the Company shall upload the aforementioned information to the video conferencing platform for the shareholders' meeting at least 30 minutes prior to the time the meeting commences and continue to disclose it until the meeting ends.

When holding a shareholders' meeting through video conferencing, the Company shall disclose the total number of shares in attendance on the video conferencing platform from the time the meeting is commenced by the chair. The same applies to the statistics on the total number of shares in attendance and number of votes during the meeting.

If matters put to a resolution at a shareholders' meeting constitute material information identified by the laws and regulations, and Taiwan Stock Exchange Corporation, the Company shall upload the content of such resolution to the reporting website specified by the Financial Supervisory Commission within the prescribed time period.

Article 17. (Maintaining order at the meeting place)

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

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

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

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

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

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



Article 19. (Disclosure of the information during the video conference)

When holding the shareholders' meeting through video conferencing, the Company shall disclose the results of voting for each proposal and the election immediately after voting ends in accordance with the provisions and continue to disclose such information for at least 15 minutes after the meeting is adjourned by the chair.

Article 20. (The location of the shareholders' meeting chair and the person recording the meeting minutes)

When the Company holds a shareholders' meeting through video conferencing, the chair and the person recording the meeting minutes shall be in the same domestic location. The chair shall announce the address of such location at the meeting.

Article 21. (Handling network disconnection)

When holding the shareholders' meeting through video conferencing, the Company may provide connection test before the meeting, and provide relevant services immediately before and during the meeting to help dealing with the technical communication problems.

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

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

In the event that the Company shall postpone or reconvene the meeting in accordance with Paragraph 2, for shareholders who registered to attend the original shareholders' meeting by video conferencing and whose attendance registration was accepted but did not attend the postponed or reconvened meeting, their number of shares in attendance, exercised votes and number of votes they received shall be counted towards the total number of shares in attendance, exercised votes and number of votes at the postponed or reconvened meeting.

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

When the Company holds the shareholders' meeting with assistance of video conferencing, in the event that the meeting cannot be reconvened as circumstances described in Paragraph 2 occurred, after deducting the number of

shares attended to the shareholders' meeting through video conferencing, if the total number of shares in attendance exceeds the legal amount of meeting participants, the shareholders' meeting shall continue without the need to postpone or reconvene the meeting in accordance with Paragraph 2.

In the event that the meeting shall be continued as circumstances described in the preceding paragraph occurred, for shareholders attending the shareholders' meeting by video conferencing, their number of shares in attendance shall be counted towards the total number of shares in attendance; however, they have waived his/her rights with respect to the all proposals of that meeting.

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

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

Article 22. (Handling digital divide)

When holding a shareholders' meeting through video conferencing, the Company shall provide adequate alternative measures for shareholders having difficulties attending the shareholders' meeting through video conferencing. Except for the cases specified in Article 44.9.6 of the Guidelines Governing the Handling of Stock Affairs of Listed Companies, the Company shall, at least, provide shareholders with access to facilities and necessary assistance, and set forth the period during which shareholders may apply to the Company and other relevant matters to be noted.

Article 23. These Rules and any amendments hereto shall be implemented after being resolved in the shareholders' meetings.

Article 24. These Rules were enacted in the regular shareholders meeting on March 25, 1985.

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

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

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

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

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

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

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

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

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

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

The 11th amendment was made on May 9, 2022.

The 12th amendment was made on May 23, 2023.

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

### **Chapter I General Provisions**

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

### **Chapter II Shares**

- Article 5. The total capital of the Company is NT\$18 billion, divided into 1.8 billion shares with a par value of NT\$10 for each share. The Board of Directors is authorized to issue stock shares by installments. A total of 300 million shares may be reserved for the Company's issuing of 100 million shares of stock warrants and financial bonds with attached warrants, or, 200 million shares of convertible bonds that are to be subscribed to or converted.
- Article 5-1: When the subscription price of the stock warrant issued by the Company is lower than the closing price of the Company's common stock on the issuing date, a resolution may be adopted by two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company.
- To transfer shares to employees at less than the average actual share repurchase price, the Company shall obtain the consent of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares. The provisions of Article 10-1 of the “Regulations Governing Share Repurchase by TWSE-Listed and TPEX-Listed Companies” shall be stated in the notice of reasons for that shareholders' meeting in advance.
- Article 6. The Company's shares are registered share certificates and are signed or affixed with seals by the directors representing the Company, and issued after being certified by the competent authority or its authorized issuance agency. The Company is exempted from printing physical certificates for the shares issued; when issuing new shares, the certificates for the total number of shares issued may be printed collectively, and such shares shall be registered with or kept in custody by a centralized securities depository institution.

- Article 7. (Deleted)
- Article 8. The Company handles stock affairs in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” published by the competent authorities and other relevant laws and regulations.

### **Chapter III Business Operation**

- Article 9. The Company’s business code is as follows:  
H101021 Commercial banking; H601011 Personal insurance agents; H601021 Property insurance agents (limited to the business items approved by the competent authority)
- Article 10. The Company’s business operation is as follows:
1. Accept check deposits.
  2. Accept other deposits.
  3. Issue financial bonds.
  4. Provide short-term, mid-term, and long-term loans.
  5. Engage in the note discount business.
  6. Invest in marketable securities other than the business stock.
  7. Handle domestic and foreign remittance.
  8. Accept commercial drafts.
  9. Issue domestic and foreign letters of credit.
  10. Handle domestic and foreign guarantee business.
  11. Act as a collecting and payment agent.
  12. Handle warehousing, custody, and agency services related to the aforementioned businesses.
  13. Handle life insurance agency business.
  14. Handle property insurance agency business.
  15. Other relevant businesses approved by the government.
- Article 11. The Company may operate trust and securities businesses in accordance with the law.

### **Chapter IV Shareholders’ Meeting**

- Article 12. Shareholders’ meetings include both regular shareholders’ meetings and special shareholders’ meetings. Regular shareholders’ meetings are to be held at least once a year and convened by the board of directors within 6 months after the end of the fiscal year. Special shareholders’ meetings are to be held when necessary in accordance with the law. When the Company holds a shareholders’ meeting, the meeting may be held by means of visual communication network, or other methods announced by the central competent authorities. The shareholders’ meetings shall be held in accordance with the Rules of Procedure for Shareholders’ Meetings.
- Article 13. Notice shall be sent to the shareholders at least 30 days prior to a regular shareholders’ meeting, and 15 days prior to a special shareholders’ meeting, stating the date, venue, and reasons for convening the meetings. Election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, application for suspension of public offerings, directors’ competition permission, capitalization from earnings, capitalization from

additional paid-in capital, the dissolution, merger, or demerger of the corporation, or any matter under all items in Paragraph 1, Article 185 of the Company Act, Article 43-6 of the Securities and Exchange Act, or Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, and Article 10-1 of the Regulations Governing Share Repurchase by TWSE-Listed and TPEX-Listed Companies shall be set out and detailed in the notice of the reasons for convening the shareholders' meetings. None of the above matters may be raised by an extraordinary motion.

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

Article 15. The shareholders' meeting shall be chaired by the Chairman. When the Chairman is absent, the Vice Chairman shall act on his/her behalf. If the Vice Chairman is also absent, the Chairman shall appoint one of the Directors to chair the shareholders' meeting. Where the Chairman does not make such a designation, the Directors shall select from among themselves one person to serve as the chair.

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

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

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

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

In the event that the total number of shares represented by the shareholders present at a shareholders' meeting is less than the percentage of the total shareholdings required in the preceding Paragraph, a tentative resolution may be adopted by a majority vote of the shareholders present, who represent more

than one-third of the total number of voting shares. The tentative resolution shall be notified to all shareholders and another shareholders' meeting shall be convened within one month thereafter.

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

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

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

## **Chapter V Directors and Board of Directors**

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

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

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

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

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

Article 21-1: (Deleted)

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

- I. Review the Articles of Incorporation.
- II. Make business decisions.
- III. Review budget and final account of the Company.
- IV. Formulate the earnings distribution or loss compensation plan.
- V. Propose capital increase or reduction.
- VI. Propose the issuance of new shares.
- VII. Command and supervise business operation.
- VIII. Resolve matters regarding corporate bonds.
- IX. Resolve matters regarding the Company's share repurchase plan.
- X. Review the acquisition or disposal of important assets.
- XI. Review and approve various important contracts.
- XII. Determine the appointment and dismissal of managers and auditors.
- XIII. Review the construction, acquisition, or disposal of the Company's business bases and properties.
- XIV. Determine the dates and agenda of the regular shareholders' meetings or the special shareholders' meetings.
- XV. Implement the resolutions of the shareholders' meetings.
- XVI. Determine the appointment, dismissal, and compensation of the CPAs.
- XVII. Set up audit committee and other functional committees.
- XVIII. Exercise other duties and obligations as granted by laws and regulations and by the shareholders' meetings.

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

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

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

Article 24. Unless otherwise provided in other laws and regulations, resolutions of the board meetings shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. The directors shall attend the meetings in person but may appoint another director to act on behalf of the absent director in attending the board meeting. The meeting minutes shall be signed or sealed by the Chairman and the minute taker and kept in the Company. A copy of the minutes shall be distributed to each director within 20 days after the meeting.

- Article 25. In case that the vacancies in the office of directors reach one-third of the Board, the Board of Directors shall convene a special meeting of the shareholders within 60 days to elect new directors to fill the vacancies, and hold office for the unexpired term of the director whose office was vacant.
- Article 25-1: The remuneration of directors shall be determined by the board of directors with reference to the standards of the relevant industry and the listed companies.

### **Chapter VI Audit Committee**

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

### **Chapter VII Managerial Personnel**

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

### **Chapter VIII Accounting**

- Article 31. The Company's business is settled once a year with the clearing date scheduled on December 31. The annual final accounts should be prepared based on the settlement figures at the end of the year.
- Article 32. The Company's Board of Directors shall, after the annual settlement, prepare the following books and statements that should be audited according to the mandatory procedures and then submitted in the regular shareholders' meeting for acceptance, and examined by the competent authorities for publication.



- I. Business report.
- II. Financial Statements.
- III. Proposal for distribution of earnings or offsetting of losses.

Article 33. If the Company has earnings for the year, no less than 0.01% of the earnings should be appropriated to pay employees' remuneration and no more than 2% of the earnings should be appropriated as remuneration to directors. However, when the company still has accumulated losses, an amount equivalent to the loss should be reserved for making up the loss.

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

Article 31-1: If there is a surplus in the Company's annual final accounts after all taxes have been paid, it should make up for the losses of previous years, and then appropriate 30% as legal reserve; also, after having the special reserve appropriated according to law, for the balance amount, if any, thereafter, along with the retained earnings, the board of directors shall propose a distribution plan to the shareholders meeting for approval. For the distribution of dividends, the cash dividends must not be less than 10% of the total dividends of the current year. The aforementioned dividends distribution principles regarding the cash dividend ratio may be adjusted depending on the Company's business operation requirements and major legal amendments. However, the cash dividend ratio must not be less than 1% of the total dividend. If the distribution of cash dividends per share is for less than NT\$0.1, no dividends will be distributed.

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

## **Chapter IX Supplemental Provisions**

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

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

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

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

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

The 2nd amendment was made on March 17, 1979.  
The 3rd amendment was made on March 15, 1980.  
The 4th amendment was made on March 14, 1981.  
The 5th amendment was made on February 25, 1982.  
The 6th amendment was made on March 7, 1983.  
The 7th amendment was made on December 15, 1983.  
The 8th amendment was made on April 22, 1984.  
The 9th amendment was made on March 25, 1985.  
The 10th amendment was made on March 28, 1986.  
The 11th amendment was made on March 27, 1987.  
The 12th amendment was made on March 30, 1988.  
The 13th amendment was made on March 10, 1989.  
The 14th amendment was made on March 27, 1990.  
The 15th amendment was made on March 26, 1991.  
The 16th amendment was made on March 25, 1992.  
The 17th amendment was made on March 26, 1993.  
The 18th amendment was made on March 23, 1994.  
The 19th amendment was made on March 27, 1995.  
The 20th amendment was made on March 21, 1996.  
The 21st amendment was made on March 25, 1997.  
The 22nd amendment was made on March 26, 1998.  
The 23rd amendment was made on April 27, 2000.  
The 24th amendment was made on June 4, 2002.  
The 25th amendment was made on May 27, 2003.  
The 26th amendment was made on June 23, 2005.  
The 27th amendment was made on November 29, 2005.  
The 28th amendment was made on June 15, 2007.  
The 29th amendment was made on June 13, 2008.  
The 30th amendment was made on June 19, 2009.  
The 31st amendment was made on June 4, 2010.  
The 32nd amendment was made on June 9, 2011.  
The 33rd amendment was made on June 15, 2012.  
The 34th amendment was made on June 24, 2013.  
The 35th amendment was made on June 20, 2014.  
The 36th amendment was made on May 18, 2016.  
The 37th amendment was made on May 17, 2017.  
The 38th amendment was made on May 17, 2018.  
The 39th amendment was made on May 12, 2020.  
The 40th amendment was made on May 9, 2022.  
The 41st amendment was made on May 23, 2023.

## Shareholdings of 16th Board of Directors

Base date: April 28, 2025

| Title                         | Name             |  | Current Shareholding |            |                                     | Remarks |
|-------------------------------|------------------|--|----------------------|------------|-------------------------------------|---------|
|                               |                  |  | Type of share        | Shares     | Percentage of Issuance at That Time |         |
| Chairman                      | Cheng-Chih Tai   | Representative of Tiangang Investment Co., Ltd.  | Ordinary share       | 39,399,025 | 3.55%                               |         |
| Vice Chairman                 | Chiung-Ting Tsai |  |                      |            |                                     |         |
| Director                      | Ching-Shun Ou    | Representative of Fu Chiang Investment Co., Ltd. | Ordinary share       | 5,000,000  | 0.45%                               |         |
| Director                      | Yi-Li Chuang     |  |                      |            |                                     |         |
| Independent Director          | Chuan-Fu Hou     |  | Ordinary share       | 0          | 0.00%                               |         |
| Independent Director          | Chao-Long Chen   |  | Ordinary share       | 0          | 0.00%                               |         |
| Independent Director          | Bing-Sung Wu     |  | Ordinary share       | 0          | 0.00%                               |         |
| Total number of all directors |                  |  |                      | 44,399,025 | 4.00%                               |         |

Note 1: The total number of issued shares of the Company as of April 28, 2025 was 1,111,234,265 shares. According to the provisions of Article 2 of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," the minimum total number of shares that all Directors should hold is 32,000,000 shares. As of April 28, 2025, the total number of shares held by all Directors is 44,399,025 shares (excluding Independent Directors). It accounts for 4.00% of the total issued shares and is compliant with the provision for shares held by Directors.

Note 2: The Company has an Audit Committee, and thus the regulation of Supervisor share ownership does not apply to the Company.