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KING'S TOWN BANK

**ANNUAL
REPORT**

2024

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Chapter 1 Letters to Shareholders

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 Result

(I) Financial environment of Taiwan and abroad in 2024 and change in the Bank's organization

1. Financial environment of Taiwan and abroad in 2024

At the beginning of 2024, global trade activities gradually began to recover. However, due to differing economic performances and inflationary trends among major economies, the pace of monetary policy adjustments has varied between countries. Additionally, the spillover effects of the slowing economic growth in Mainland China have further suppressed the momentum of global economic growth in the first half of 2024. In the second half of the year, as commodity prices decreased and the rate of increase in service prices slowed, global inflation further cools. To avoid excessive tightening of monetary policy, the U.S. Federal Reserve initiated a cycle of interest rate cuts in September, thereby sustaining the momentum of global economic growth. In Mainland China, domestic demand remains weak, and the real estate market continues to be sluggish. In conjunction with a slow recovery in exports, the government has implemented a series of accommodative monetary policies and expanded fiscal spending measures to support the economy's return to a growth trajectory. In 2024, China's economic growth rate reached 5%, aligning with the targets set by the authorities. However, it remains uncertain whether this effectiveness can be sustained into the new fiscal year. Overall, the economic growth trends of various countries 2024 are uneven, and the global economic growth lacks significant momentum. The International Monetary Fund (IMF) estimates the economic growth for 2024 to be 3.2%.

In 2024, the domestic economy is projected to benefit from the implementation of emerging technologies, including AI, which is expected to enhance overall export performance. This development is anticipated to reverse the downturn experienced in the previous year, with an expected growth of nearly 10% for the entire year. In terms of domestic demand, the demand arising from exports has simultaneously enhanced private investment willingness. Coupled with a robust job market and positive growth in real wages, this has encouraged the public's propensity to travel and consume. Consequently, private consumption continues to grow steadily. Taiwan's economic performance in 2024 is characterized by internal stability and external optimism. According to the February announcement by the Directorate-General of Budget, Accounting and Statistics, the domestic economic growth rate for 2024 is projected to be 4.59%, marking a three-year high. In terms of the financial situation, since 2024, the domestic inflation rate has generally exhibited a gradual decline. To sustain the overall sound development of the economy and finance, the Central Bank has maintained an unchanged interest rate policy. However, to continuously strengthen the management of bank credit resources and reduce associated credit risks, selective credit controls were implemented in June and September, marking the sixth and seventh waves, respectively. Additionally, the reserve requirement ratio was increased by 1 basis point each time to mitigate the flow of credit resources into the real estate market.

Looking ahead to 2025, despite major central banks easing monetary tightening to stabilize global growth, significant changes in trade policy are anticipated following the inauguration of the new President of the United States. Furthermore, the slowdown in economic growth in Mainland China and the escalation of geopolitical conflicts present hidden downward risks to the global economy. The IMF estimates that global economic growth for 2025 will be 3.3%. Domestically, despite facing uncertainties arising from changes in the U.S. government's trade and economic policies, the demand for artificial intelligence (AI) remains strong. The domestic semiconductor and server supply chains hold competitive advantages, and advanced semiconductor manufacturing processes continue to expand capacity. The momentum for exports and private investment is expected to persist. According to estimates from the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan in February, the fundamental economic outlook for 2025 is stable, with a projected growth rate of approximately 3.14%.

2. Changes in the Bank's organization

To enhance the sustainable development goals of the Bank and strengthen sustainable governance, the Board of Directors approved the separation of the "Sustainable Development and Nomination Committee" into two distinct functional committees: the Sustainable Development Committee and the Nomination Committee, on June 11, 2024. Additionally, the "Sustainable Development Committee Charter" and "Nomination Committee Charter" were established, while the "Sustainable Development and Nomination Committee Charter" was abolished.

(II) Operational planning and implementation results of management strategies

| Item | 2024 | 2023 |
|--|---------------------|---------------------|
| Average deposit balance on NT Dollar accounts | NT\$261.835 billion | NT\$260.003 billion |
| Average deposit balance on foreign currency Accounts | NT\$33.617 billion | NT\$31.435 billion |
| Average loans balance | NT\$230.820 billion | NT\$242.835 billion |
| Financial management fee income | NT\$0.365 billion | NT\$0.275 billion |
| Non-performing loans ratio (consolidated) | 0.02% | 0.02% |
| Coverage ratio (consolidated) | 6,870.90% | 7,571.27% |
| BIS ratio (consolidated) | 17.25% | 16.58% |
| Tier-1 ratio (consolidated) | 16.10% | 15.43% |

(III) 2024 Budget implementation

| Item | Actual amount | Budget amount | Achievement rate |
|--|---------------------|---------------------|------------------|
| Average deposit balance on NT Dollar accounts | NT\$261.835 billion | NT\$264.353 billion | 99.05% |
| Average deposit balance on foreign currency Accounts | NT\$33.617 billion | NT\$33.517 billion | 100.30% |
| Average loans balance | NT\$230.820 billion | NT\$246.239 billion | 93.74% |

(IV) Analysis of Financial Income and Expenditure and Profitability (the following figures are based on consolidated financial statements)

| Net profit before tax | Net profit after tax | Earnings per share after tax | Net profit rate (after tax) | Return on assets (after tax) | Return on equity (after tax) |
|-----------------------|----------------------|------------------------------|-----------------------------|------------------------------|------------------------------|
| NT\$6.563 billion | NT\$5.024 billion | NT\$4.52 | 52.28% | 1.29% | 9.59% |

(V) Research and development review

In response to the daily changes in the macroeconomy, financial situations, laws and regulations and ESG relevant information, the Bank has set up a designated department responsible for data collection and market analysis to understand the impact on the business and development of the Bank, and the research results are sent to all staff for sharing and reference. In addition, the Bank encourages the staff to strengthen business innovation and research, and take the initiative to propose various improvement plans to meet market development and customer needs.

II 2025 Summary of the business plan

(I) Operating strategies and important operating policies

- Carefully manage asset quality to maintain a stable capital structure.
- Deepen the development of core business operations and enhance the quality of customer service.
- Strengthen internal collaboration mechanisms to promote smooth operational processes.
- Cultivate professional competencies and expand employee career development opportunities.

(II) Expected business objectives

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

| Average deposit balance on NT Dollar accounts | Average deposit balance on foreign currency Accounts | Average loans balance |
|---|--|-----------------------|
| NT\$268.181 billion | NT\$31.523 billion | NT\$241.937 billion |

III Future development strategies

- (I) Maintain robust management of asset quality, strengthen credit risk management, and ensure stable growth in lending.
- (II) Deepen relationships with existing clients, strengthen market penetration, and enhance service quality and satisfaction.
- (III) Establish an efficient internal communication and collaboration mechanism to ensure the integration of IT systems with business processes, thereby enhancing business conversion efficiency.
- (IV) Enhance professional training and skill development to ensure employee career advancement.

IV Impacts of the external competitive environment, regulatory environment, and the overall business environment

(I) External competitive environment

In the past year, the economic growth performance of major economies has exhibited divergence, compounded by the impact of geopolitical risks that have disrupted Taiwan's export trade and investment momentum. However, as the direction of the U.S. Federal Reserve's interest rate policy becomes increasingly clear in the second half of 2024, domestic banks have achieved record high earnings for the year. This growth is primarily attributed to three consistently increasing sources of profit: net service fee income from domestic banks, net interest income, and net investment income, with net service fee income demonstrating the most significant growth. However, in light of the ongoing tightening of regulatory policies in the real estate market, the banking industry is actively reallocating credit resources and must exercise greater caution in enhancing risk management to ensure the quality of its assets. At the same time, with the acceleration of digital transition, competition among financial technology firms and virtual banks is intensifying. Digital services, including AI and machine learning, are expected to gradually expand into areas such as marketing, investment, and wealth management in the future. Traditional banks must continue to enhance their digital financial services to improve customer experience and engagement.

(II) Laws & regulations

In light of the growing global focus on companies' environmental, social, and governance (ESG) issues pertaining to sustainable development, the Financial Supervisory Commission has issued the "Sustainable Development Action Plan for TWSE and TPEX Listed Companies" and the "Blueprint for Taiwan's Adoption of IFRS Sustainability Disclosure Standards." These initiatives are designed to strengthen companies' management of sustainability information, promote the implementation of environmental, social, and governance responsibilities, and improve the quality of disclosures. On April 22, 2024, the Financial Supervisory Commission amended certain provisions of the "Regulations Governing Establishment of Internal Control Systems by Public Companies." In compliance with this legal amendment, on August 12, 2024, the Board of Directors approved the revision of the "Implementation Rules of Internal Audit and Internal Control System of King's Town Bank," incorporating sustainable information management as a key item for annual audits. In order to comply with the regulations set forth by the competent authority, the Bank has established a project team for the IFRS Sustainable Disclosure Standards and has commissioned an external consulting firm to formulate the relevant implementation plan. The Bank will implement the plan and its detailed procedures in phases, and will report the progress of execution to the Board of Directors and submit reports to the competent authority as required.

(III) Macroeconomy

In 2024, regardless of differences in economic and financial structures among countries leading to varied economic and inflation performances, overall global economic growth remained resilient. According to data from the International Monetary Fund (IMF), the global economic growth rate is currently 3.2%. It is anticipated that in 2025, the recovery of consumption and investment momentum in advanced economies will contribute to steady global economic growth, with an estimated growth rate of 3.3%. In terms of the domestic economy, in 2024, exports benefited from strong demand for AI and information technology products, resulting in impressive performance. Additionally, domestic demand grew due to the stock market maintaining high levels, with the wealth effect continuously contributing to the growth of private consumption. Overall, the domestic economic growth rate for 2024, driven by both domestic demand and exports, exhibited a growth pattern characterized by internal stability and external prosperity. According to the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan, the growth rate is 4.59%. Looking ahead to 2025, the new government in the United States may implement high tariff policies that could impact global trade. However, in terms of exports, the demand for AI-related products remains strong. Further supported by robust domestic consumer spending, the forecast for the domestic economic growth rate in 2025 is 3.14%.

V The latest credit rating results

| Date of credit rating | Rating agency | Domestic | | | International | | |
|-----------------------|-------------------------|--------------------------|---------------------------|--------------------|--------------------------|---------------------------|--------------------|
| | | Long-term credit ratings | Short-term credit ratings | Rating outlook | Long-term credit ratings | Short-term credit ratings | Rating outlook |
| 2025.01.09 | Fitch Ratings Co., Ltd. | A+ (twn) | F1 (twn) | Positive watchlist | BBB | F3 | Positive watchlist |

VI 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 continue to work together with shareholders, customers, and employees to build a more valuable and competitive future.

Sincerely, Chairman Chen-Chih Tai



Chapter 2 Corporate Governance Report

I Information on the Bank's Directors, Supervisors, Presidents, Senior Vice Presidents, Vice Presidents, heads of all the Bank's Divisions and Branch Units, and Retired Chairman and President acting as the Bank's consultants

(I) Information on Directors

1. Directors' profile

base date: January 31, 2025

| Title | Nationality/Place of Registration | Name | Gender Age | Date Elected | Term (years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience (education) | Current Bank & Other Positions | Executives, Directors or Supervisors who are spouses or within the second degree of kinship | | |
|---------------|-----------------------------------|---|--------------------|--------------|--------------|--------------------|---------------------------|-----------------------|----------------------|-----------------------|-----------------------------|-----------------------|-------------------------------------|-----------------------|---|--|---|------------|---------------------|
| | | | | | | | Shares | Ratio of Shareholding | Shares | Ratio of Shareholding | Shares | Ratio of Shareholding | Shares | Ratio of Shareholding | | | Title | Name | Relationship |
| Chairman | Republic of China | Chen-Chih Tai, Representative of Tiangang Investment Co., Ltd. | Male Aged 71 to 75 | 2023.05.23 | 3 years | 2005.06.23 | 39,399,025 | 3.55% | 39,399,025 | 3.55% | - | - | - | - | - | - | - | - | - |
| | | | | | | | 78,209,000 | 7.04% | 78,209,000 | 7.04% | 5,890,000 | 0.53% | - | - | Education: Department of Business Management of National Chung Hsing University Experience: Chairman of King's Town Bank Co., Ltd. Director of Taiwan Pulp & Paper Corporation Director of Payeasay Digital Integration Co., Ltd. Executive Director of Makoto Bank | Director of King's Town Bank International Leasing Co., Ltd Director of King's Town International Construction Management Co., Ltd. Director of Taiwan Pulp & Paper Corporation Director of Mentex Glass INV DEV. Inc. Director of Taijia Industrial Co., Ltd. Director of TPPC Vietnam | Manager | Olivia Tai | Father and daughter |
| Vice Chairman | Republic of China | Chiung-Ting Tsai, Representative of Tiangang Investment Co., Ltd. | Male Aged 51 to 60 | 2023.05.23 | 3 years | 2005.06.23 | 39,399,025 | 3.55% | 39,399,025 | 3.55% | - | - | - | - | - | - | - | - | - |
| | | | | | | | - | - | - | - | 23,756,000 | 2.14% | - | - | Education: Master of Engineering Economics of Stanford University Experience: Vice Chairman of King's Town Bank Assistant Manager of Vincera Capital Group | Director of King's Town International Construction Management Co., Ltd. Director of King's Town Bank International Leasing Co., Ltd Director of Hotel H2O Director of Jingzhan Hotel Co., Ltd. Director of Kangdi Lehua Co., Ltd. Director of Ronald McDonald House Charities | None | None | None |

Chapter 2 Corporate Governance Report

| Title | Nationality/Place of Registration | Name | Gender Age | Date Elected | Term (years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience (education) | Current Bank & Other Positions | Executives, Directors or Supervisors who are spouses or within the second degree of kinship | | |
|----------------------|-----------------------------------|---|----------------------|--------------|--------------|--------------------|---------------------------|-----------------------|----------------------|-----------------------|-----------------------------|-----------------------|-------------------------------------|-----------------------|--|--|---|------|--------------|
| | | | | | | | Shares | Ratio of Shareholding | Shares | Ratio of Shareholding | Shares | Ratio of Shareholding | Shares | Ratio of Shareholding | | | Title | Name | Relationship |
| Director | Republic of China | Ching-Shun Ou, Representative of Fu Chiang Investment Co., Ltd. | Male Aged 71 to 75 | 2023.05.23 | 3 years | 2020.05.12 | 5,000,000 | 0.45% | 5,000,000 | 0.45% | - | - | - | - | - | - | - | - | - |
| | | | | | | | - | - | - | - | 7,200,628 | 0.65% | - | - | Education: Department of Construction Engineering, Cheng-Shiu Institute of Technology & Commerce Experience: Director of King's Town Bank Co., Ltd. Chairman of Baihong Construction Co., Ltd. | Chairman of Baihong Construction Co., Ltd. Director of Wangfu Security Co. Supervisor of Jincheng Construction Co. | None | None | None |
| Director | Republic of China | Yi-Li Chuang, Representative of Fu Chiang Investment Co., Ltd. | Female Aged 61 to 70 | 2023.05.23 | 3 years | 2023.05.23 | 5,000,000 | 0.45% | 5,000,000 | 0.45% | - | - | - | - | - | - | - | - | - |
| | | | | | | | - | - | - | - | - | - | - | - | Education: Department of Home Economics, Shih Chien University Experience: Director and teacher of Private Minda Senior High School Head of Clerical Team of Private Minda Senior High School Chairman of New Frontiers Limited | Chairman of Hsinray Investment Co., Ltd | None | None | None |
| Independent Director | Republic of China | Chao-Long Chen | Male Aged 71 to 75 | 2023.05.23 | 3 years | 2017.05.17 | - | - | - | - | - | - | - | - | - | - | - | - | - |

Chapter 2 Corporate Governance Report

| Title | Nationality/Place of Registration | Name | Gender Age | Date Elected | Term (years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience (education) | Current Bank & Other Positions | Executives, Directors or Supervisors who are spouses or within the second degree of kinship | | |
|----------------------|-----------------------------------|--------------|-----------------------|--------------|--------------|--------------------|---------------------------|-----------------------|----------------------|-----------------------|-----------------------------|-----------------------|-------------------------------------|-----------------------|--|---|---|------|--------------|
| | | | | | | | Shares | Ratio of Shareholding | Shares | Ratio of Shareholding | Shares | Ratio of Shareholding | Shares | Ratio of Shareholding | | | Title | Name | Relationship |
| Independent Director | Republic of China | Chuan-Fu Hou | Male Aged 61 to 70 | 2023.05.23 | 3 years | 2020.05.12 | - | - | - | - | - | - | - | - | Education: Bachelor of Economics of Nihon University Experience: Independent Director of King's Town Bank Tainan Life Insurance Agency Co., Ltd. Chairman President of King's Town Bank Assistant Vice President of Business Department of King's Town Bank Secretary to the Board of Directors of King's Town Bank Business Manager of Dai-ichi Kangyo Bank | Chairman of Kuan Li Bao Construction Co., Ltd. Chairman of He Li Bao Construction (Holdings) Inc. Director of the Hou Ancestral Hall Fund | None | None | None |
| Independent Director | Republic of China | Ping-Sung Wu | Male Aged 61 to 70 | 2023.05.23 | 3 years | 2022.05.09 | - | - | - | - | - | - | - | - | Education: Master of Finance Management, National Kaohsiung First University of Science and Technology Experience: Independent Director of King's Town Bank Independent Director of Yiho International (Holdings) Inc. Director of Tang Eng Iron Works Co., Ltd. Manager of Kaohsiung Branch of Bank of Taiwan Manager of Fengshan Branch of Bank of Taiwan Manager of Tainan Branch of Bank of Taiwan Adjunct Lecturer of Department of Financial Management, National Kaohsiung University of Science and Technology Adjunct Lecturer of Department of Finance, I-Shou University Adjunct Instructor, Cheng Shiu University | Adjunct Associate Professor, Department of Financial Management, National Kaohsiung University of Science and Technology Independent Director of Ample Electronic Technology Co., Ltd. | None | None | None |

Note: The Bank does not have any cases where the Chairman and the President or their equivalent (the top manager) are the same person, spouses, or relatives within the first degree of kinship.

2. Major Shareholders of the Institutional Shareholders

Base date: 2025.01.31

| Name of Institutional Shareholder | Major Shareholders of the Institutional Shareholders |
|-----------------------------------|---|
| Tiangang Investment Co., Ltd. | Baihong Construction Co., Ltd. (90.91%), Tien-Tsan Tsai (2.82%), Meiyun S. Tsai (1.73%), Chieh Chih Construction Co., Ltd. (1.71%), British Virgin Islands Bertmei Investment Group Co., Ltd. (2.73%), Chiung-Ting Tsai (0.11%) |
| Fu Chiang Investment Co., Ltd. | Yi-Ying Chen (100%) |

3. Major shareholders of the institutional shareholders that are listed as major shareholders in the preceding paragraph

Base date: 2025.01.31

| Name of Institutional Shareholder | Major Shareholders of the Institutional Shareholder |
|---|---|
| Baihong Construction Co., Ltd. | Tien-Tsan Tsai (30.35%), Yi-Ying Chen (34.76%), Chia-Ling Tsai (34.83%), Hsin-Yi Tsai (0.06%) |
| Chieh Chih Construction Ltd. | Tien-Tsan Tsai(5.30%), Hsien-Tsung Wang (61.21%), Jincheng Construction Co., Ltd.(33.48%) |
| British Virgin Islands Bertmei Investment Group Co., Ltd. | Atherton Investment Group Ltd (100%) |

4. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

Base date: 2025.01.31

| Name (Note 1) | Criteria Professional Qualifications and Experience | Status of Independence | Number of Public Companies In Which He Co-Acts As Independent Director |
|--|--|------------------------|--|
| Chairman Chen-Chih Tai | At least five years of working experience in business, legal, finance or banking | - | None |
| Vice Chairman Chiung-Ting Tsai | At least five years of working experience in business, legal, finance or banking | - | None |
| Director Ching-Shun Ou | At least five years of working experience in business, legal, finance or banking | - | None |
| Director Yi-Li Chuang | At least five years of working experience in business, legal, finance or banking | - | None |
| Independent Director Chuan-Fu Hou | At least five years of working experience in business, legal, finance or banking Work experience: President of King's Town Bank | (Note 2) | None |
| Independent Director Chao-Long Chen | At least 5 years of working experience required for commerce, law, finance, accounting or banking profession. Experience: Chairman of the Board of Directors of Cho Pharma Inc. | | 2 |
| Independent Director Ping-Sung Wu | At least 5 years of working experience required for commerce, law, finance, accounting or banking profession. Experience: Manager of Kaohsiung Branch, Fengshan Branch, and Tainan Branch, Bank of Taiwan | | 1 |

Note 1: None of the directors has any of the circumstances described in Article 30 of the Company Act.

Note 2: Status of Independence is as follows:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a Director or supervisor of the Company or any of its affiliates.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the managers stated in preceding paragraphs,
- (5) Not a director, supervisor or employee of the companies with which the Bank has a specific relationship.
- (6) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for CHAINTECH or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration more than NT\$500,000 in the past two years.

5. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors

the Bank has instituted "Corporate Governance Best Practices Principles," in which "Article 4 Strengthen Board Functions" clearly sets out the policy of diversification of Board members. The nomination and selection of members of the Board of Directors of the Bank is in accordance with the provisions of the articles of the Company Act and adopts a board nomination system. Besides evaluating the qualifications of the candidates, "Procedures for Election of Directors" and "Corporate Governance Best Practices Principles" are observed so as to ensure the diversity of directors. The Bank also emphasizes gender equality in the composition of the Board of Directors. Currently, the Board includes one female director. In future shareholder meetings, we will take into account the number and proportion of directors of each gender when electing members to the Board.

the Bank's current Board of Directors consists of seven directors, all of whom are not employees, Among them, there are three independent directors, one of whom has served for less than three years and two of whom have served between three and nine years. As for the age distribution of the directors, one is between 51 and 60 years old, three are between 61 and 70 years old, and three are between 71 and 75 years old. We integrate rich experience with innovative ideas, and our members have extensive expertise in financial accounting, industry knowledge, and business management. In terms of professional competence and industry experience, Directors Chen-Chih Tai and Chiung-Ting Tsai specialize in risk management, investment decision-making, financial analysis and macroeconomic analysis. Director Ching-Shun Ou specializes in practical experience in construction and land development, while Director Yi-Li Chuang specializes in industry-academia promotion and educational advancement. Independent director Chuan-Fu Hou specializes in strategic management, risk management and credit business. Independent director Chao-Long Chen specializes in medical research, technology development and international expansion. Independent director Ping-Sung Wu specializes in risk management, marketing operations and finance. The diverse and complementary composition of the Board members contributes significantly to the development of the Bank's deposit, financing and investment businesses.

Pursuant to Article 29 of the "Corporate Governance Best-Practice Principles," the members of the Board of Directors should generally have the knowledge, skills, and self-cultivation required for performing their duties. In order to achieve the ideal objective of corporate governance, the Bank's Board members have substantiated diversification as follows:

| Diversity standards | Fundamental metrics | | | | | | Skillset | | | | | | | | | | |
|---------------------|---------------------|--------|----------|----------|----------|----------|--------------------------------|--------------|----------------------|-----------------------------------|---------------------|------------------------------|-------------------|--------------------|----------------------------------|------------|-----------------|
| | Nationality | Gender | Age | | | | Tenure of Independent Director | | Operational judgment | Accounting and financial analysis | Business management | Risk management capabilities | Crisis management | Industry knowledge | International market perspective | Leadership | Decision-making |
| | | | 45 to 50 | 51 to 60 | 61 to 70 | 71 to 75 | Under 3 years | 3 to 9 years | | | | | | | | | |
| Name of director | | | | | | | | | | | | | | | | | |
| Chen-Chih Tai | Republic of China | Male | | | | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Chiung-Ting Tsai | Republic of China | Male | | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ching-Shun Ou | Republic of China | Male | | | | ✓ | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Yi-Li Chuang | Republic of China | Female | | | ✓ | | | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ |
| Chuan-Fu Hou | Republic of China | Male | | | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Chao-Long Chen | Republic of China | Male | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ping-Sung Wu | Republic of China | Male | | | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

The specific management objectives and achievement of the Company's diversity policy are as follows:

A. Specific management objectives: At least three directors out of all Board Directors have any of the capabilities listed above.

Individual director must demonstrate at least the five capabilities listed above.

B. Current implementation: Currently, all Board Directors have fulfilled the objective of the diversity policy.

(2) Independence of the Board of Directors

Among the seven directors of the Bank, three independent directors account for 43% of the total number of directors. There is no spouse or second degree of kinship among the directors or independent directors, and there is no government agency or single legal entity and its subsidiaries occupying more than one-third of the Board of Directors' seats.

6. Continuing education of directors

| Title | Name | Training date | Organizer | Course Name | Training hours |
|----------------------|------------------|---------------|--|--|----------------|
| Chairman | Chen-Chih Tai | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 6 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | |
| Vice Chairman | Chiung-Ting Tsai | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 6 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | |
| | | 2024.04.17 | Taiwan Academy of Banking and Finance | Workshop for trust industry supervisors (including in-service personnel) | 6 |
| Director | Ching-Shun Ou | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 6 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | |
| Director | Yi-Li Chuang | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 6 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | |
| | | 2024.03.12 | Taiwan Academy of Banking and Finance | Workshop for trust industry supervisors (including in-service personnel) | 3 |
| Independent Director | Chao-Long Chen | 2024.11.08 | Taiwan Corporate Governance Association | Practical analysis of corporate governance 3.0 "sustainability report" | 3 |
| | | 2024.10.26 | Taipei Financial Research and Development Foundation | Friendly Financial Principles and Financial Services for Individuals with Physical and Mental Disabilities | 2 |
| | | 2024.05.09 | Taiwan Corporate Governance Association | Corporate Sustainable Governance Essentials: Managing External Impacts through Diversified Strategies to Create Positive Corporate Value | 3 |
| Independent Director | Ping-Sung Wu | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 6 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | |
| | | 2024.04.10 | Taiwan Academy of Banking and Finance | Workshop for trust industry supervisors (including in-service personnel) | 3 |
| Independent Director | Chuan-Fu Hou | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 6 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | |

(II) Information on President, Assistant Vice Presidents, Vice Presidents, and Heads of Various Divisions and Branches Units

Base date: 2025.01.31

| Department | Nationality | Name | Date Elected | Gender | Shareholdings | | Shares Held by Spouse & Dependents | | Shareholding by Nominee Arrangement | | Education background | Other Position | Managers who are Spouses or Within the second degree of Kinship | | |
|--|-------------------|-------------------|--------------|--------|---------------|---------------------------|------------------------------------|---------------------------|-------------------------------------|---------------------------|---|---|---|------|--------------|
| | | | | | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | | | Title | Name | Relationship |
| President | Republic of China | Hung-Liang Chiang | 2022.03.01 | Male | 70,000 | 0.006 | - | - | - | - | Graduate Institute of Finance of Fu Jen Catholic University | Director of Fu Jen Innovation Commercial Co., Ltd. Supervisor of InfoFab Inc. | None | None | None |
| Chief Auditor | Republic of China | Ching-Chu Pai | 2018.11.06 | Male | 51,022 | 0.005 | - | - | - | - | Graduate Institute of Finance of National Cheng Kung University | None | None | None | None |
| Senior Vice President of Compliance Department | Republic of China | Qi-Wei You | 2023.10.23 | Male | 66,000 | 0.006 | - | - | - | - | Department of Law of Soochow University | Director of King's Town Securities Co., Ltd. | None | None | None |
| Senior Vice President of the Information Technology Department | Republic of China | Hung-Sung Shen | 2021.05.11 | Male | 51,000 | 0.005 | - | - | - | - | Department of Information Engineering of National Yang Ming Chiao Tung University | Supervisor of King's Town Securities Co., Ltd. | None | None | None |
| Senior Vice President | Republic of China | Chung-Cheng Lin | 2022.10.03 | Male | - | - | - | - | - | - | Department of Land Economics of National Chung-Hsing University | None | None | None | None |
| Vice President of Head Office | Republic of China | Ying-Shih Lu | 2019.01.23 | Male | - | - | - | - | - | - | Department of Finance and Banking of China University of Science and Technology | None | None | None | None |
| Vice President of Head Office | Republic of China | Kai-Ming Liu | 2023.03.01 | Male | 100,000 | 0.009 | - | - | - | - | Department of Economics of National Chung-Hsing University | None | None | None | None |
| Vice President of Administration Management Department | Republic of China | Chien-Ko Yang | 2018.10.02 | Male | 76,000 | 0.007 | 45,000 | 0.004 | - | - | Graduate Institute of Finance of National Chung Cheng University | None | None | None | None |
| Vice President of the Credit Assessment Department | Republic of China | Chi-Chia Chang | 2018.12.25 | Male | - | - | - | - | - | - | Department of Business Mathematics of Soochow University | None | None | None | None |
| Executive Manager of Trust Department | Republic of China | Hui-Chen Yu | 2022.04.12 | Female | - | - | - | - | - | - | Finance Program of National Yang Ming Chiao Tung University | None | None | None | None |
| Executive Manager of Human Resources Department | Republic of China | Wan-Hsin Liu | 2023.02.07 | Male | - | - | - | - | - | - | Financial Operations Institute of the National Kaohsiung University of Science and Technology | Director of Shopnet Homeshopping Co., Ltd. | None | None | None |
| Manager of NPL Collection Department | Republic of China | Shui-Shan Huang | 2017.12.25 | Male | 38,000 | 0.003 | - | - | - | - | Department of Banking and Insurance of Shih Chien University | None | None | None | None |
| Manager of International Banking Department and OBU | Republic of China | Olivia Tai | 2019.11.26 | Female | 1,052,000 | 0.095 | - | - | - | - | Institute of Financial Risk Management of London School of Political and Economic Sciences | Director of Taiwan Pulp & Paper Corporation Director of Mentex Enterprise Co., Ltd. Director of AdvanPak Inc. Ltd. Director of TPPC Vietnam Director of PH&L International Ltd. | None | None | None |
| Manager of Digital Service and Channel Management Department | Republic of China | Yun-Chia Peng | 2020.02.10 | Female | - | - | - | - | - | - | Institute of International Business of National Chengchi University | Director of King's Town Securities Co., Ltd. | None | None | None |
| Manager of Strategy and Operations Department | Republic of China | Chin-Yun Ho | 2021.02.01 | Female | 3,000 | 0.000 | - | - | - | - | Department of Economics of National Tsing Hua University | None | None | None | None |
| Manager of Bancassurance Department | Republic of China | Hung-Pei Hsien | 2021.07.20 | Female | 2,000 | 0.000 | - | - | - | - | Department of International Business and Trade of Kun Shan University of Technology | None | None | None | None |
| Manager of Risk Management Department | Republic of China | Hsiao-Tsung Chu | 2022.06.01 | Male | 21,000 | 0.002 | - | - | - | - | Institute of Finance of National Chengchi University | None | None | None | None |
| Manager of Treasury Department | Republic of China | Shih-Chi Chuang | 2023.02.07 | Male | 5,000 | 0.000 | - | - | - | - | Finance Group, Institute of International Trade, Soochow University | None | None | None | None |
| Manager of Investment Service Department | Republic of China | Po-Heng Chen | 2023.10.23 | Male | - | - | - | - | - | - | Department of Finance of Xinguo College of Management | Director of King's Town Securities Co., Ltd. | None | None | None |

Chapter 2 Corporate Governance Report

| Department | Nationality | Name | Date Elected | Gender | Shareholdings | | Shares Held by Spouse & Dependents | | Shareholding by Nominee Arrangement | | Education background | Other Position | Managers who are Spouses or Within the second degree of Kinship | | | |
|--|-------------------|-----------------|--------------|--------|---------------|---------------------------|------------------------------------|---------------------------|-------------------------------------|---------------------------|---|--|---|------|--------------|------|
| | | | | | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | | | Title | Name | Relationship | |
| Manager of Customer Service & Operations Department | Republic of China | Hui-Chen Lu | 2023.11.01 | Female | - | - | - | - | - | - | Department of International Business of Soochow University | None | None | None | None | |
| Executive Manager of Corporate Banking Center of Tainan District | Republic of China | Mei-Lien Wu | 2023.10.17 | Female | - | - | - | - | - | - | Department of Accounting Information of National Tainan High Commercial Vocational Senior High School | None | None | None | None | |
| Manager of Corporate Banking Center of Yu-Chia District | Republic of China | Jen-Hua Yang | 2023.04.25 | Male | - | - | - | - | - | - | Department of International Trade of Tamsui Institute of Business Administration | None | None | None | None | |
| Manager of Corporate Banking Center of Technology Industry | Republic of China | Chun-Ching Chen | 2023.04.25 | Male | 4,000 | 0.000 | - | - | - | - | Senior Management Office of National Chung Cheng University | None | None | None | None | |
| Corporate Governance Officer | Republic of China | Tzu-Yun Chen | 2023.03.21 | Female | - | - | - | - | - | - | Graduate Institute for Legal Sciences of National Cheng Kung University | None | None | None | None | |
| Accounting Executive | Republic of China | Yu-Hsuan Chen | 2018.08.07 | Female | 9,000 | 0.001 | - | - | - | - | Department of Accounting of Providence University | Supervisor of King's Town International Construction Management Co., Ltd. Supervisor of King's Town Bank International Leasing Co., Ltd | None | None | None | None |
| Manager of Business Department at the Head Office | Republic of China | Ming-Jen Wu | 2023.10.17 | Male | - | - | - | - | - | - | Department of International Business and Trade of Ming Chuan University | None | None | None | None | |
| Taipei Branch Manager | Republic of China | Yu-Jia Chen | 2021.05.01 | Male | - | - | - | - | - | - | Department of International Business of Chinese Culture University | None | None | None | None | |
| Neihu Branch Manager | Republic of China | Wen-Peng Mo | 2024.12.24 | Male | - | - | - | - | - | - | Institute of Finance of National Kaohsiung University of Science and Technology of Fu Jen Catholic University | None | None | None | None | |
| Executive Manager of the Zhongxiao Branch | Republic of China | Ping-Chao Ho | 2024.12.24 | Male | 30,000 | 0.003 | 10,000 | 0.001 | - | - | Business Administration Program of National Chengchi University | None | None | None | None | |
| Songshan Branch Manager | Republic of China | Ssu-Hao Chen | 2023.03.01 | Male | - | - | - | - | - | - | Department of Economics of Fu Jen Catholic University | None | None | None | None | |
| Luzhou Branch Manager | Republic of China | Guo-Feng Gao | 2023.12.26 | Male | - | - | - | - | - | - | Department of Land Economics of National Chengchi University | None | None | None | None | |
| Shuanghe Branch Manager | Republic of China | Hung-Chi Liu | 2022.07.11 | Male | - | - | - | - | - | - | Institute of Business Administration of National Chengchi University | None | None | None | None | |
| Executive Manager of the Banchiao branch | Republic of China | Kuang-Ti Yang | 2023.03.21 | Male | 2,000 | 0.000 | - | - | - | - | Department of Business Administration of Chung Yuan Christian University | None | None | None | None | |
| Xinzhuan Branch Manager | Republic of China | Shih-Hsun Chou | 2019.12.30 | Male | 15,020 | 0.001 | - | - | - | - | Graduate Institute of International Business Administration of Sheffield Hallam University | None | None | None | None | |
| Executive Manager of the Xindian Branch | Republic of China | Kuo-Shun Liu | 2023.03.01 | Male | - | - | - | - | - | - | Department of Economics of Feng Chia University | None | None | None | None | |
| Taoyuan Branch Manager | Republic of China | Andy Feng | 2024.12.24 | Male | - | - | - | - | - | - | Department of Economics of Soochow University | None | None | None | None | |
| Executive Manager of the Zhongli Branch | Republic of China | Ching-An Chen | 2021.11.09 | Male | - | - | - | - | - | - | EMBA Program of National Central University | None | None | None | None | |

Chapter 2 Corporate Governance Report

| Department | Nationality | Name | Date Elected | Gender | Shareholdings | | Shares Held by Spouse & Dependents | | Shareholding by Nominee Arrangement | | Education background | Other Position | Managers who are Spouses or Within the second degree of Kinship | | |
|--|-------------------|------------------|--------------|--------|---------------|---------------------------|------------------------------------|---------------------------|-------------------------------------|---------------------------|--|----------------|---|------|--------------|
| | | | | | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | | | Title | Name | Relationship |
| Nankang Branch Manager | Republic of China | Sheng-Yuan Lo | 2024.12.24 | Male | - | - | - | - | - | - | Department of Statistics of Shih Chien University | None | None | None | None |
| Manager of the Hsinchu Branch | Republic of China | Yen-Chao Chen | 2023.10.23 | Male | - | - | - | - | - | - | Graduate Institute of Business Administration of Da-Yeh University | None | None | None | None |
| Manager of the Eastern Hsinchu Branch | Republic of China | Ping-Hua Chen | 2022.10.03 | Male | - | - | - | - | - | - | Department of Economics of Feng Chia University | None | None | None | None |
| Executive Manager of the Taichung Branch | Republic of China | Ming-Ching Yao | 2024.12.24 | Male | 6,000 | 0.001 | - | - | - | - | Department of Business Administration of Ling Tung University | None | None | None | None |
| Wenxin Branch Manager | Republic of China | Sheng-Tang Huang | 2021.12.21 | Male | - | - | - | - | - | - | Department of Business Administration of Chinese Culture University | None | None | None | None |
| Dali Branch Manager | Republic of China | Chung-Cheng Li | 2021.12.21 | Male | 350 | 0.000 | - | - | - | - | Department of Business Administration of National Chung-Hsing University | None | None | None | None |
| Changhua Branch Manager | Republic of China | Ming-Joe Chiang | 2024.12.24 | Male | - | - | - | - | - | - | Department of International Business and Trade of Chung Yuan Christian University | None | None | None | None |
| Huwei Branch Manager | Republic of China | Mei-Ling Lin | 2024.06.28 | Female | 6,000 | 0.001 | - | - | - | - | Department of International Trade of Ling Tung University (Formerly Ling Tung Commercial Vocational School) | None | None | None | None |
| Douliu Branch Manager | Republic of China | Li-Yu Liao | 2024.12.24 | Female | 9,000 | 0.001 | - | - | - | - | Department of Accounting and Statistics of Tatung Institute of Technology (Formerly Tatung Junior College of Commerce) | None | None | None | None |
| Beigang Branch Manager | Republic of China | Yin-Shu Huang | 2024.12.24 | Female | 11 | 0.000 | - | - | - | - | Department of Accounting of San Sin High School of Commerce and Home Economics | None | None | None | None |
| Executive Manager of the Dounan Branch | Republic of China | Shu-Chueh Chen | 2024.12.24 | Female | 81,000 | 0.007 | - | - | - | - | Department of Comprehensive Business of National Tuku Vocational High School | None | None | None | None |
| Xiluo Branch Manager | Republic of China | Fu-Chin Chen | 2021.12.21 | Female | 6,739 | 0.001 | - | - | - | - | Department of Business of National Chia-Yi Senior Commercial Vocational School | None | None | None | None |
| Lunbei Branch Manager | Republic of China | Chiao-Yen Lin | 2024.06.28 | Female | 1,000 | 0.000 | - | - | - | - | Department of Business Administration of National Formosa University | None | None | None | None |
| Chiayi Branch Manager | Republic of China | Ying-Feng Tsai | 2023.04.25 | Male | 73 | 0.000 | - | - | - | - | Department of Economics of Fu Jen Catholic University | None | None | None | None |
| Minhsiung Branch Manager | Republic of China | Yu-Mei Chen | 2020.12.22 | Female | 33,379 | 0.003 | - | - | - | - | Department of Accounting and Statistics of Tatung Institute of Technology (Formerly Tatung Junior College of Commerce) | None | None | None | None |
| Executive Manager of the Puzi Branch | Republic of China | Li-Fen Tu | 2024.12.24 | Female | - | - | - | - | - | - | Department of Business Management and Design of Tatung Institute of Technology | None | None | None | None |
| Meishan Branch Manager | Republic of China | Shu-Chuan Kuo | 2020.11.01 | Female | 23,000 | 0.002 | - | - | - | - | Department of Accounting of China University of Technology | None | None | None | None |
| Zhongpu Branch Manager | Republic of China | Hsiu-Tuan Lin | 2021.06.01 | Female | - | - | - | - | - | - | Department of Accounting Information of Integrated Business Division of National Hua-Nan Vocational High School | None | None | None | None |
| Zhuqi Branch Manager | Republic of China | Man-Chun Chu | 2023.03.01 | Female | 1,000 | 0.000 | - | - | - | - | Department of Finance and Banking of Tatung Institute of Technology (Formerly Tatung Junior College of Commerce) | None | None | None | None |
| Xingye Branch Manager | Republic of China | Hung-Chih Lin | 2024.12.24 | Male | - | - | - | - | - | - | Department of International Business and Trade of Tamkang University | None | None | None | None |
| Shuishang Branch Manager | Republic of China | Ching-Mei Wu | 2023.03.01 | Female | - | - | - | - | - | - | Department of Business of National Chia-Yi Senior Commercial Vocational School | None | None | None | None |

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| Department | Nationality | Name | Date Elected | Gender | Shareholdings | | Shares Held by Spouse & Dependents | | Shareholding by Nominee Arrangement | | Education background | Other Position | Managers who are Spouses or Within the second degree of Kinship | | |
|---|-------------------|--------------------|--------------|--------|---------------|---------------------------|------------------------------------|---------------------------|-------------------------------------|---------------------------|--|----------------|---|------|--------------|
| | | | | | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | | | Title | Name | Relationship |
| Dalin Branch Manager | Republic of China | Li-Wen Tsai | 2023.03.01 | Female | 199 | 0.000 | - | - | - | - | Department of Accounting and Statistics of Tatung Institute of Technology (Formerly Tatung Junior College of Commerce) | None | None | None | None |
| Taihao Branch Manager | Republic of China | Hui-Ju Lo | 2023.03.01 | Female | 12,930 | 0.001 | - | - | - | - | College of Management of National Chiayi University | None | None | None | None |
| Tainan Branch Manager | Republic of China | Chiu-Ching Kuo | 2022.05.31 | Female | 2,000 | 0.000 | - | - | - | - | College of Management of Chang Jung Christian University | None | None | None | None |
| Eastern Tainan Branch Manager | Republic of China | Mei-Wen Wang | 2022.05.31 | Female | 20,513 | 0.002 | - | - | - | - | College of Business and Management of Nantai University College | None | None | None | None |
| Executive Manager of the Yunong Branch | Republic of China | Ching-Chung Hsu | 2023.12.26 | Male | - | - | - | - | - | - | Department of Economics of Tunghai University | None | None | None | None |
| Executive Manager of the Kaiyuan Branch | Republic of China | Chih-Fu Huang | 2024.12.24 | Male | 2,180 | 0.000 | 4,000 | 0.000 | - | - | Department of Economics of National Chengchi University | None | None | None | None |
| Annan Branch Manager | Republic of China | Chia-Hao Tien | 2019.12.30 | Male | - | - | - | - | - | - | Department of Economics of Feng Chia University | None | None | None | None |
| Executive Manager of the Anhe Branch | Republic of China | Yuan-Ping Tsai | 2023.10.23 | Male | 20,000 | 0.002 | - | - | - | - | Department of Business Administration of Nantai University College | None | None | None | None |
| Manager of the Xinxing Branch | Republic of China | Su-Chin Kuo | 2022.05.31 | Female | - | - | - | - | - | - | Department of Comprehensive Business of National Tseng-Wen Home Economics & Commercial Vocational High School | None | None | None | None |
| Zhonghua Branch Manager | Republic of China | Chao-Yang Wang | 2023.08.01 | Male | 540,227 | 0.049 | - | - | - | - | Department of Occupational Safety and Health of Chia Nan University of Pharmacy and Science | None | None | None | None |
| Fucheng Branch Manager | Republic of China | Chao-Hsien Chou | 2021.12.21 | Male | - | - | - | - | - | - | Department of Accounting of Feng Chia University | None | None | None | None |
| Yongkang Branch Manager | Republic of China | Chia-Jung Tsai | 2021.12.21 | Female | 6,000 | 0.001 | - | - | - | - | Department of Banking and Insurance of Feng Chia University | None | None | None | None |
| Rende Branch Manager | Republic of China | Chiung-Chiang Tsai | 2020.09.01 | Female | 440 | 0.000 | - | - | - | - | Applied Social Sciences of Chang Jung Christian University | None | None | None | None |
| Manager of the Xinhua Branch | Republic of China | Shu-Hui Chin | 2023.12.26 | Female | - | - | - | - | - | - | Department of Accounting Information of Tainan University of Technology (Formerly Private Tainan Junior College of Home Economics) | None | None | None | None |
| Guiren Branch Manager | Republic of China | Hsiu-Yueh Cheng | 2021.04.27 | Female | 2,000 | 0.000 | 2,000 | 0.000 | - | - | Department of Comprehensive Business of Tainan Nan Ying Senior Commercial & Industrial Vocational School | None | None | None | None |
| Guanmiao Branch Manager | Republic of China | Chien-Hsun Tseng | 2024.12.24 | Male | 2,000 | 0.000 | - | - | - | - | Institute of Money and Banking of National Kaohsiung University of Science and Technology | None | None | None | None |
| Manager of Yen Hang branch | Republic of China | Kao-Hui Lin | 2023.01.03 | Male | 2,000 | 0.000 | 2,000 | 0.000 | - | - | Department of Library Information of World College of Journalism | None | None | None | None |
| Manager of the Xinying Branch | Republic of China | Mi-O She | 2023.01.03 | Female | 9,852 | 0.001 | - | - | - | - | Department of Accounting Information of National Tainan High Commercial Vocational Senior High School | None | None | None | None |
| Yanshui Branch Manager | Republic of China | Chiung-Ying, Huang | 2023.04.25 | Female | 4,914 | 0.000 | - | - | - | - | Information Management Department of Wu Feng Industrial and Commercial | None | None | None | None |
| Madou Branch Manager | Republic of China | Kuo-Sung Kuo | 2023.01.03 | Male | 1 | 0.000 | - | - | - | - | Department of Economics of Feng Chia University | None | None | None | None |
| Executive Manager of the Jiali Branch | Republic of China | Li-Hsueh Hsu | 2023.01.03 | Female | - | - | - | - | - | - | EMBA of Southern Taiwan University of Science and Technology | None | None | None | None |
| Manager of the Shanhua Branch | Republic of China | Chan-Chih Kang | 2023.01.03 | Male | - | - | - | - | - | - | Department of Economics of Soochow University | None | None | None | None |
| Xuejia Branch Manager | Republic of China | Yu-Chen Lin | 2022.05.01 | Female | - | - | - | - | - | - | Department of Finance of Tainan University of Technology | None | None | None | None |
| Manager of the Xinshi Branch | Republic of China | I-Sheng Liu | 2021.12.21 | Male | - | - | - | - | - | - | Department of Business Administration of Aletheia University | None | None | None | None |

Chapter 2 Corporate Governance Report

| Department | Nationality | Name | Date Elected | Gender | Shareholdings | | Shares Held by Spouse & Dependents | | Shareholding by Nominee Arrangement | | Education background | Other Position | Managers who are Spouses or Within the second degree of Kinship | | |
|-----------------------------------|-------------------|------------------|--------------|--------|---------------|---------------------------|------------------------------------|---------------------------|-------------------------------------|---------------------------|--|---|---|------|--------------|
| | | | | | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | Shares | Ratio of Shareholding (%) | | | Title | Name | Relationship |
| Liujiia Branch Manager | Republic of China | Chun-Mi Wu | 2019.12.30 | Female | 19,041 | 0.002 | - | - | - | - | Department of Accounting of Open College of Continuing Education | None | None | None | None |
| Xigang Branch Manager | Republic of China | Hui-Ling Ko | 2023.01.03 | Female | 4,000 | 0.000 | - | - | - | - | College of Management of National Chiayi University | None | None | None | None |
| Baihe Branch Manager | Republic of China | Tsan-Chin Mao | 2023.04.25 | Male | 1,171 | 0.000 | 1,056 | 0.000 | - | - | Department of Applied Mathematics of Chung Yuan Christian University | None | None | None | None |
| Yujing Branch Manager | Republic of China | Mei-Hui Wu | 2023.01.03 | Female | 2,004 | 0.000 | - | - | - | - | Department of Accounting Information of National Tainan High Commercial Vocational Senior High School | None | None | None | None |
| Kaohsiung Branch Manager | Republic of China | Chen-Lin Lai | 2024.12.24 | Female | - | - | - | - | - | - | Department of Business Administration of Soochow University of Soochow University | None | None | None | None |
| Gangshan Branch Manager | Republic of China | Ta-I Shau | 2021.12.21 | Male | - | - | 20,000 | 0.002 | - | - | Department of International Trade Department of Public Finance Taxation of Tamsui Commercial Industrial Vocational Senior High School | Director of Morley Industrial Corp. Director of Pei-Yu Co., Ltd. | None | None | None |
| Zhongzheng Branch Manager | Republic of China | Ying-Hsiang Wang | 2021.12.21 | Male | 25,000 | 0.002 | - | - | - | - | Department of Business Administration of Tunghai University | None | None | None | None |
| Northern Kaohsiung Branch Manager | Republic of China | Chia-Ni Tsai | 2024.12.24 | Female | - | - | - | - | - | - | Master of Science in Finance of Seattle University | None | None | None | None |
| Manager of the Nanzi Branch | Republic of China | Chin-Chuan Chang | 2023.08.01 | Male | - | - | - | - | - | - | Department of International Trade of Tamsui Institute of Business Administration | None | None | None | None |

Note: The Bank does not have any cases where the Chairman and the President or their equivalent (the top manager) are the same person, spouses, or relatives within the first degree of kinship.

(III) Reappointment of Retiring Chairman and President as Consultants: None.

II Remuneration of Directors, Independent Director, Supervisors, President, Senior Vice President and Employees

(I) Remuneration of Directors and Independent Directors

2024

Unit: NTS

| Title | Name | Remuneration | | | | | | | | Total amount of A, B, C and D to after-tax net income ratio | | Relevant remuneration received by directors who are also employees | | | | | | | | Total amount of A, B, C, D, E, F and G to after-tax net income ratio | | Compensation from any invested company other than the company's subsidiary |
|----------------------|------------------|-----------------------|---|-------------|---|-----------------------------|---|---------------------------------|---|---|---|--|---|-------------------------------|---|---|---|----------|---|--|-------|--|
| | | Base compensation (A) | | Pension (B) | | 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 | | | |
| | | | | | | | | | | | | | | | | | | | | | | |
| 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 | Ping-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.

1. 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; VI. 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, dismissal, 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, Remuneration Committee, Sustainable Development Committee and Nomination 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.

2. 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.

Explanation:

1. Net income after tax of the Bank in 2024 was NT\$5,023,667 thousand.
2. The remuneration contents disclosed are different from the concept of income specified in the Income Tax Act, thus, the purpose is for information disclosure only, rather than taxation purpose.

(II) Remuneration of the President and Senior Vice Presidents

2024

Unit: NT\$

| Title | Name | Salary (A) | | Pension (B) | | Bonus and allowance, etc. (C) | | Remuneration to employees (D) | | | | Total amount of A, B, C and D to after-tax net income ratio (%) | | Compensation from any invested company other than the company's subsidiary |
|-----------------------|-------------------|------------|---|-------------|---|-------------------------------|---|-------------------------------|--------------|---|--------------|---|---|--|
| | | 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 Amount | Stock Amount | Cash Amount | Stock Amount | | | |
| President | Hung-Liang Chiang | 5,706,000 | 5,706,000 | 0 | 0 | 8,880,050 | 8,880,050 | 743 | 0 | 743 | 0 | 0.29% | 0.29% | None |
| Chief Auditor | Ching-Chu Pai | 1,457,685 | 1,457,685 | 0 | 0 | 1,195,150 | 1,195,150 | 743 | 0 | 743 | 0 | 0.05% | 0.05% | None |
| Senior Vice President | Qi-Wei You | 2,098,827 | 2,098,827 | 0 | 0 | 1,799,900 | 1,799,900 | 743 | 0 | 743 | 0 | 0.08% | 0.08% | None |
| Senior Vice President | Hung-Sung Shen | 2,113,390 | 2,113,390 | 0 | 0 | 2,087,400 | 2,087,400 | 743 | 0 | 743 | 0 | 0.08% | 0.08% | None |
| Senior Vice President | Chung-Cheng Lin | 4,074,870 | 4,074,870 | 0 | 0 | 3,124,250 | 3,124,250 | 743 | 0 | 743 | 0 | 0.14% | 0.14% | None |

(III) Name of the managerial officers and employee bonus amount paid to managerial officers

2024

Unit: NT\$

| Title | Name | Stock Amount | Cash Amount | Total | Total amount to after-tax net income ratio (%) |
|------------------------------|-------------------|--------------|-------------|-------|--|
| President | Hung-Liang Chiang | 0 | 8,916 | 8,916 | 0.00018% |
| Chief Auditor | Ching-Chu Pai | | | | |
| Senior Vice President | Qi-Wei You | | | | |
| Senior Vice President | Hung-Sung Shen | | | | |
| Senior Vice President | Chung-Cheng Lin | | | | |
| Vice President | Ying-Shih Lu | | | | |
| Vice President | Kai-Ming Liu | | | | |
| Vice President | Chien-Ko Yang | | | | |
| Vice President | Chi-Chia Chang | | | | |
| Finance Manager | Shih-Chi Chuang | | | | |
| Corporate Governance Officer | Tzu-Yun Chen | | | | |
| Accounting Executive | Yu-Hsuan Chen | | | | |
| Total | | | | | |

- (IV) Analysis of the ratio of total remuneration paid to directors, supervisors, president, and senior vice presidents in the last two years to the net income on the parent company only financial report, remuneration policies, standards, and packages, procedure for determining remuneration, and linkage thereof to operational performance and future risk exposure

1. Analysis of the ratio to the net income on the parent company only financial report

Unit: NT\$

| Title | 2023 | | 2024 | |
|---|------------|---|------------|---|
| | The Bank | All companies included in the consolidated financial statements | The Bank | All companies included in the consolidated financial statements |
| Director | 17,201,921 | 17,201,921 | 32,812,000 | 32,812,000 |
| President, Senior Vice Presidents | 34,028,940 | 34,028,940 | 32,541,237 | 32,541,237 |
| Total | 51,230,861 | 51,230,861 | 65,353,237 | 65,353,237 |
| Ratio to the net income on the parent company only financial report | 0.83% | 0.83% | 1.30% | 1.30% |

2. Remuneration policies, standards, and packages, procedure for determining remuneration, and linkage thereof to operational performance and future risk exposure:

- (1) Director

According to Article 33 of the Articles of Association of the Bank, 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, it is provided in Article 25(1) of the Articles of Association that: "remuneration of the directors shall be determined by the Board of Directors by reference to the level of related peers and 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 Director

The procedures for determining the remuneration of Independent Directors of the Bank are enacted in accordance with Article 25-1 of the Articles of Association 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 Association. In addition, according to Article 5 of the "Regulations Governing the Scope of Powers of Independent Directors" of the Bank, a reasonable level of remuneration different from that of the Directors is resolved.

(3) President, Senior Vice President, Chief Auditor, Managerial Officers, and Employee

The performance evaluation and remuneration system of the Bank's President, Senior Vice President, Chief Auditor, managers and employees are handled in accordance with the "Regulations on the Annual Employee Performance Evaluation," "Regulations on the Employee Benefit Payment" and "Annual Bonus Payment Methods" approved by the Board of Directors. Each year, the Remuneration Committee discusses the compensation and benefits of the Bank's senior executives at the Remuneration Committee meeting and submits them to the Board of Directors for approval. The bonus component is linked to the performance assessment of the Bank's units. The content of unit performance evaluation is divided into business indicators and non-business indicators, accounting for 80% to 88% and 12% to 20%, respectively. The business indicator items include financial profitability indicators, operational indicators, strategic development indicators, and sustainable development implementation indicators. The content and weight of each indicator are determined according to the responsibilities of each unit. It is stipulated that the weight of the assessment of the implementation of sustainable development in the overall unit of the Bank shall not be less than 5%. This is to integrate the resources of the entire Bank, formulate a unified sustainable development strategy, strengthen the Bank's commitment to sustainable development goals, and achieve sustainable development goals. Non-business indicators include regulatory compliance, internal audit and internal controls. While taking into account individual performance, responsibilities and contributions, appropriate compensation is provided so that pay is highly correlated with the Company's operational performance. However, if major risk events involving malpractices are sufficient to cause financial losses to the Company or damage its goodwill, in addition to taking the necessary disciplinary action according to the law and regulations, the Board of Directors shall take measures, such as, dismissal, reassignment, termination, or reduction of remuneration, as necessary. The Company handles the salary to employees in accordance with the "Regulations on the Employee Benefit Payment" approved by the Board of Directors, and the abide by Paragraph 1, Article 5 of the Employment Service Act: ..". employer is prohibited from discriminating against any job applicant or employee on the basis of race, class, language ..."

III Implementation of Corporate Governance

(I) Implementation of the Board

A total of 24 board meetings were held in 2024. The attendance of the Directors was as follows:

| Title | Name | Attendance in person | Attendance by proxy | Attendance rate (%) | Remarks |
|----------------------|---|----------------------|---------------------|---------------------|---------|
| Chairman | Chen-Chih Tai, Representative of Tiangang Investment Co., Ltd. | 22 | 2 | 91.67% | |
| Vice Chairman | Chiung-Ting Tsai, Representative of Tiangang Investment Co., Ltd. | 21 | 3 | 87.50% | |
| Director | Ching-Shun Ou, Representative of Fu Chiang Investment Co., Ltd. | 22 | 2 | 91.67% | |
| Director | Yi-Li Chuang, Representative of Fu Chiang Investment Co., Ltd. | 24 | 0 | 100.00% | |
| Independent Director | Chuan-Fu Hou | 24 | 0 | 100.00% | |
| Independent Director | Chao-Long Chen | 23 | 1 | 95.83% | |
| Independent Director | Ping-Sung Wu | 23 | 1 | 95.83% | |

Other mentionable items:

I. If any of the following events occur in the Board's operations, the dates of the meeting, sessions, summary of proposal, opinions of all the Independent Directors and the Company's responses should be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act:

| Board of Directors | Proposal content and subsequent treatment |
|---|--|
| 2024.01.22 17th meeting of the 16th Board of Directors | The Bank's 2023 annual bonus payment standards for the Chairman and Vice Chairman of the Board of Directors |
| | Independent Directors' opinion: None. |
| | The Company's response to the independent directors' opinions: None. |
| | Approved by the unanimous decision of the directors present. |
| 2024.02.26 19th meeting of the 16th Board of Directors | (I) The Bank's 2023 parent company only financial statements and consolidated financial statements and business reports |
| | (II) Audit report for the second half of 2023 |
| | (III) Appointment and replacement of the Bank's Certified Public Accountants and Results of Independence/Competence Evaluation |
| | Independent Directors' opinion: None. |
| | The Company's response to the independent directors' opinions: None. |
| | Approved by the unanimous decision of the directors present. |

| Board of Directors | Proposal content and subsequent treatment |
|---|---|
| 2024.03.25 21st meeting of the 16th Board of Directors | (I) The "Statement of Internal Control System of King's Town Bank" for 2023 |
| | (II) The Bank "Statement on Internal Control System for Anti-Money Laundering and Countering the Financing of Terrorism" 2023 |
| | Independent Directors' opinion: None. |
| | The Company's response to the independent directors' opinions: None. Approved by the unanimous decision of the directors present. |
| 2024.08.12 30th meeting of the 16th Board of Directors | (I) The Bank's 2024 Q2 parent company only financial statements and consolidated financial statements |
| | (II) Amendments to "Implementation Rules of Internal Audit and Internal Control System of King's Town Bank" |
| | (III) Amendments to the "Internal Control System of Securities Companies" and "Implementation Rules for Internal Audit of Securities Companies" |
| | (IV) Report on the Regulatory compliance of the Bank in the first half of 2024 |
| | (V) Audit report of the first half of 2024 |
| | Independent Directors' opinion: None. |
| | The Company's response to the independent directors' opinions: None. Approved by the unanimous decision of the directors present. |

Note: The above-mentioned motions were opposed by the independent directors, with reservations or significant recommendations: None.

(II) Any recorded or written Board resolutions to which Independent Directors have objections or reservations to be noted in addition to the above: None.

II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motion, reasons for recusal, and results of voting shall be specified:

1. The 17th meeting of the 16th Board of Directors held on January 22, 2024 approved the terms and criteria for the annual bonus for the Chairman and Vice Chairman of the Board of Directors for 2023. Chairman Chen-Chih Tai and Vice Chairman Chiung-Ting Tsai recused themselves from the discussion and voting in accordance with Article 15 of the Board of Directors' Meeting Rules, and did not exercise their voting rights on behalf of other directors.
2. The 20th meeting of the 16th Board of Directors held on March 11, 2024 approved: For the discussion of the credit case of X-Hua Juan, since the party is not an interested party of the Bank, it is a normal case that can be discussed in accordance with the regulations. However, considering that the seller of the collateral is a responsible person of Tiangang Investment Co., Ltd., Chairman Chen-Chih Tai, Vice Chairman Chiung-Ting Tsai, Director Ching-Shun Ou, and Director Yi-Li Chuang recused themselves from the case and did not participate in the discussion or vote, nor did they exercise their voting rights on behalf of other directors.
3. The 25th meeting of the 16th Board of Directors held on May 27, 2024 approved: For the discussion of the credit case of X-Chu Wang, since the party is not an interested party of the Bank, it is a normal case that can be discussed in accordance with the regulations. However, considering that the seller of the collateral is King's Town Construction and the seller of the land is a responsible person of Tiangang Investment Co., Ltd., Chairman Chen-Chih Tai, Vice Chairman Chiung-Ting Tsai, Director Ching-Shun Ou, and Director Yi-Li Chuang recused themselves from the case and did not participate in the discussion or vote, nor did they exercise their voting rights on behalf of other directors.
4. The 29th meeting of the 16th Board of Directors held on July 22, 2024 approved: For the discussion of the credit case of X Chu, since the party is not an interested party of the Bank, it is a normal case that can be discussed in accordance with the regulations. However, considering that the borrower's funds were used to purchase the land of a responsible person of Tiangang Investment Co., Ltd., Chairman Chen-Chih Tai, Vice Chairman Chiung-Ting Tsai, Director Ching-Shun Ou, and Director Yi-Li Chuang recused themselves from the case and did not participate in the discussion or vote, nor did they exercise their voting rights on behalf of other directors.

5. The 31st meeting of the 16th Board of Directors held on August 26, 2024 approved: For the discussion of the credit case of X Chu, since the party is not an interested party of the Bank, it is a normal case that can be discussed in accordance with the regulations. However, considering that the seller of the collateral is a responsible person of Tiangang Investment Co., Ltd., Chairman Chen-Chih Tai, Vice Chairman Chiung-Ting Tsai, Director Ching-Shun Ou, and Director Yi-Li Chuang recused themselves from the case and did not participate in the discussion or vote, nor did they exercise their voting rights on behalf of other directors.
6. The 39th meeting of the 16th Board of Directors held on December 23, 2024 approved the review and evaluation of Independent Directors' monthly remuneration. Independent Directors Chuan-Fu Hou, Chao-Long Chen, and Ping-Sung Wu recused themselves from the case and did not participate in the discussion or vote, nor did they exercise their voting rights on behalf of other directors.

III. The execution of the Board's evaluation:

| Frequency | Period | Scope | Method | Content | Evaluation Results |
|--|---|---|---|---|--|
| (Internal self-evaluation) Once a year | Performance evaluation of the Board of Directors, functional committees and members of the Board of Directors for the period from January 1, 2024 to December 31, 2024. | The Board of Directors, individual Board members, functional committees (including the Audit Committee, the Remuneration Committee, the Sustainable Development Committee, and the Nomination Committee). | <ol style="list-style-type: none"> 1. Internal evaluation by the Board of Directors. 2. Internal self-evaluation of functional committees. 3. Self-evaluation by the Board members | <ol style="list-style-type: none"> 1. Content of performance evaluation of the Board of Directors of the Company: Participation in the Bank's operations, enhancement of the quality of Board decisions, Board composition and structure, selection and continuing education of Directors, and internal control. 2. The content of the Functional Committee Performance Evaluation includes: The level of participation in the Bank's operations, awareness of functional committee responsibilities, improvement of the quality of functional committee decisions, composition and selection of functional committee members, and internal control. 3. Content of performance evaluation of individual Board members of the Bank includes: the Bank's objectives and tasks, directors' awareness of their responsibilities, their involvement in the Bank's operations, internal relations and communication, directors' professionalism and continuing education, and internal controls. | The Board of Directors, functional committees (the Audit Committee, the Remuneration Committee, the Sustainable Development Committee, and the Nomination Committee), individual Board members are all "Excellent" |
| (External evaluation) Every three years | The performance of the Board of Directors from January 1, 2024 to December 31, 2024 was evaluated. | Board of Directors | Appoint an external professional independent organization (Ernst & Young Corporate Management Consulting Services Co., Ltd.) to conduct performance evaluation | <ol style="list-style-type: none"> 1. Board Structure <ul style="list-style-type: none"> ● Board structure and process ● Composition of the Board of Directors 2. Members <ul style="list-style-type: none"> ● Legal and organizational structure ● Roles and responsibilities ● Behavior and culture 3. Processes and information <ul style="list-style-type: none"> ● Director training and development ● Supervision of risk control ● Reporting/disclosure and performance monitoring | According to a comprehensive assessment conducted by Ernst & Young, the Bank's overall performance in the areas of board structure, members, and processes and information are rated as follows: "Advanced", "Advanced", "Benchmark". ("Advanced": Meets the fundamental requirements set by regulatory authorities and relevant regulations, and has established an effective practical approach, or actively enhances performance in this area. "Benchmark": Not only exceeds the fundamental requirements of regulatory authorities and relevant regulations, but also implements practical measures that align with benchmark models.) |

| |
|---|
| <p>IV. Measures taken to strengthen the functionality of the Board in the current and the most recent year (e.g. Establishment of the Audit Committee, enhancement of information transparency), and implementation status:</p> <ol style="list-style-type: none"> 1. In 2024, the Company was valued and selected as the "Top 5% of Listed Companies" by the 10th (2023) Corporate Governance Evaluation of the Securities and Futures Institute. 2. All the Board Directors should attend 168 meetings in 2024 and they actually attended 159 meetings, representing an actual attendance rate of 94.64%. 3. The continuing education hours of each director in 2024 were in compliance with the provision of the "Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies." 4. In 2024, Independent Director Chuan-Fu Hou had an attendance rate of 100%, Independent Director Ping-Sung Wu had an attendance rate of 95.83%, and Independent Director Chao-Long Chen had an attendance rate of 95.83%, which complies with the requirement that at least one Independent Director should attend in person at each board meeting. |
|---|

(II) Implementation of the Audit Committee

The Bank's Audit Committee consists of three independent directors. The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its role of overseeing the quality and integrity of the Company in performing accounting, auditing, financial reporting processes and financial controls.

The Audit Committee had 11 meetings held in 2024. The attendance of the Independent Directors is as follows:

| Title | Name | Professional Qualifications/Experience | Actual Attendance Times | Attendance by proxy | Attendance Rate (%) | Remarks |
|----------------------|----------------|--|-------------------------|---------------------|---------------------|---------|
| Independent Director | Chuan-Fu Hou | At least 5 years of working experience in banking, credit business, finance and risk management | 11 | 0 | 100% | |
| Independent Director | Chao-Long Chen | At least 5 years of working experience in international development, technology development, business management and crisis management | 10 | 1 | 90.91% | |
| Independent Director | Ping-Sung Wu | At least 5 years of working experience in banking, risk management, marketing business and financial management | 10 | 1 | 90.91% | |

The main deliberations and responsibilities of the Audit Committee of the Bank:

1. Formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. 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.
4. Matters bearing on the personal interest of a director.
5. Material assets of derivatives trading.
6. Offering, issuance or private placement of any equity-based securities.
7. Appointment, dismissal, or compensation of CPAs.
8. Appointment or discharge of a finance officer, accounting officer or chief auditor;
9. Annual financial statements signed or sealed by the Chairman, Mangers and Accounting Officer and the second quarter financial statements audited and attested by CPAs.
10. Other significant matters set forth by the Company or the competent authority.

Other mentionable items:

- I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the board meetings, contents of motions, all Audit Committee

| resolutions, and the Company's handling of such resolutions shall be specified: | |
|--|---|
| (I) Circumstances referred to Article 14-5 of the Securities and Exchange Act: | |
| Board of Directors | Proposal content and subsequent treatment |
| 2024.01.22 17th meeting of the 16th Board of Directors | The Bank's 2023 annual bonus payment standards for the Chairman and Vice Chairman of the Board of Directors |
| | Resolution of Audit Committee: Passed by the consent of all members of the Audit Committee on January 22, 2024. |
| | The company has approved the handling of the opinions from the Audit Committee. All attending directors are in agreement. |
| 2024.02.26 19th meeting of the 16th Board of Directors | (I) The Bank's 2023 parent company only financial statements and consolidated financial statements and business reports |
| | (II) Audit report for the second half of 2023 |
| | (III) Appointment and replacement of the Bank's Certified Public Accountants and Results of Independence/Competence Evaluation |
| | Resolution of Audit Committee: Passed by the consent of all members of the Audit Committee on February 26, 2024. |
| | The company has approved the handling of the opinions from the Audit Committee. All attending directors are in agreement. |
| 2024.03.25 21st meeting of the 16th Board of Directors | (I) The "Statement of Internal Control System of King's Town Bank" for 2023 |
| | (II) The Bank "Statement on Internal Control System for Anti-Money Laundering and Countering the Financing of Terrorism" 2023 |
| | Resolution of Audit Committee: Passed by the consent of all members of the Audit Committee on March 25, 2024. |
| | The company has approved the handling of the opinions from the Audit Committee. All attending directors are in agreement. |
| 2024.08.12 30th meeting of the 16th Board of Directors | (I) The Bank's 2024 Q2 parent company only financial statements and consolidated financial statements |
| | (II) Amendments to "Implementation Rules of Internal Audit and Internal Control System of King's Town Bank" |
| | (III) Amendments to the "Internal Control System of Securities Companies" and "Implementation Rules for Internal Audit of Securities Companies" |
| | (IV) Audit report of the first half of 2024 |
| | (V) Report on the Regulatory compliance of the Bank in the first half of 2024 |
| | Resolution of Audit Committee: Passed by the consent of all members of the Audit Committee on August 12, 2024. |
| | The company has approved the handling of the opinions from the Audit Committee. All attending directors are in agreement. |
| Note 1: Starting from 2021, in line with the promotion of "Corporate Governance 3.0 - A Blueprint for Sustainable Development," the Bank's "Consolidated Financial Statements;" will be submitted to the Audit Committee for discussion and to the Board of Directors for resolution on a quarterly basis in order to enhance information transparency and continuously improve the Bank's corporate governance. | |
| Note 2: The above-mentioned motions were opposed by the independent directors, with reservations or significant recommendations: None. | |
| (II) Except for the aforementioned matters, other resolutions which were not being approved by the Audit Committee but resolved by more than two-thirds of all the Directors: None. | |
| II. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of motions, reasons for recusal, and results of voting shall be specified: None. | |
| III. Communications among the Independent Directors, Internal Chief Auditor, and CPAs (shall include the material items, methods, and results of audits of corporate finance or operations, etc.): | |
| (I) Communication between Independent Directors and Internal Chief Auditor | |
| 1. the Bank's certified chief auditor meet with the independent directors at least semi-annually, and from 2022 onwards, they meet individually. | |
| 2. the Bank's chief auditor also reports to the Audit Committee on the performance of the audit operations and the annual audit plan. | |

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

(II) Communication between Independent Directors and CPAs

- the Bank's certified public accountants meet with the independent directors at least semi-annually, and from 2021 onwards, they meet individually.
- the Bank's certified public accountants also sit on the Audit Committee and, when necessary, state the results of their audit or review of the current financial statements.

| Date | Communication Item | Results |
|--|---|--|
| 2024.02.26 Individual Communication Meeting | 1. The accountants' review of the financial statements for 2023 and the results of key events. 2. The accountant will provide an explanation on the recent updates to securities regulations and the major revisions to the International Code of Ethics for Professional Accountants. | No recommendations |
| 2024.02.26 Audit Committee | The accountant shall explain matters relating to the audit of the financial statements for 2023. | Submitted to the Board after approval at the meeting |
| 2024.08.12 Individual Communication Meeting | 1. The accountants' review of the financial statements for the first half year of 2024 and the results of key events. 2. The accountant will provide an explanation on the recent updates to securities regulations. | No recommendations |
| 2024.08.12 Audit Committee | The accountant shall explain matters relating to the audit of the financial statements for the first half year of 2024. | Submitted to the Board after approval at the meeting |

- (III) Items disclosed in accordance with the Code of Corporate Governance Practices of the Banking Industry. However, the disclosed website address is only available on the Bank's global information website ([https://customer.ktb.com.tw/about/About KTB/Corporate Governance](https://customer.ktb.com.tw/about/About%20KTB/Corporate%20Governance)).

(IV) Information on Sustainable Development Committee Members and Operation

1. In order to implement corporate governance and achieve sustainable development goals, the Bank decided to establish the Corporate Governance and Nomination Committee on November 13, 2017, and renamed it the Sustainable Development and Nomination Committee on May 23, 2023. Subsequently, according to "Organizational Regulations for Sustainable Development Committees of Listed Companies" amended per 29 March 2024 Letter No. Taiwan-Stock-Governance-11300055061 of the Taiwan Stock Exchange Corporation, the Board of Directors approved the separation of the Bank's Sustainable Development and Nomination Committee into two functional committees (Sustainable Development Committee, Nomination Committee) on June 11, 2024. According to the Bank's Sustainable Development Committee charter, the number of committee members shall not be fewer than three, and they shall be appointed by a resolution of the Board of Directors. Committee members must possess professional knowledge and expertise in corporate sustainability, and at least one director must participate in supervision. The Sustainable Development Committee currently consists of three independent directors and one director.

Responsibilities of the Bank's Sustainable Development Committee:

- (1) Formulate, promote, and enhance the company's sustainable development policies, annual plans, and strategies.
 - (2) Review, track, and revise the implementation and effectiveness of sustainable development.
 - (3) Supervise the disclosure of sustainability information and review the sustainability report.
 - (4) Supervise the implementation of the Bank's sustainable development code of ethics and other sustainability-related tasks as resolved by the Board of Directors.
 - (5) Research, analysis, implementation, and recommendation of plans for the corporate governance system, and review on a regular basis of corporate governance best-practice principles.
 - (6) Review of the effectiveness of the implementation of the corporate governance system.
 - (7) Set out and supervise the implementation of ethical corporate management policies and plans to prevent unethical conduct.
2. Professional qualifications and experience of the members of the Sustainable Development Committee and their operations:
 - (1) The Bank's Sustainable Development Committee consists of 4 members.
 - (2) The term of office for this committee is from June 5, 2023 to May 22, 2026.

The Sustainable Development Committee had 4 meetings in 2024, with the following attendance:

| Title | Name | Professional Qualifications/Experience | Actual Attendance Times | Attendance by proxy | Attendance Rate (%) | Remarks |
|----------------------|----------------|--|-------------------------|---------------------|---------------------|---------|
| Independent Director | Chuan-Fu Hou | At least 5 years of working experience in banking, credit business, finance and risk management | 4 | 0 | 100.00% | |
| Independent Director | Chao-Long Chen | At least 5 years of working experience in international development, technology development, business management and crisis management | 3 | 1 | 75.00% | |

| Title | Name | Professional Qualifications/Experience | Actual Attendance Times | Attendance by proxy | Attendance Rate (%) | Remarks |
|----------------------|------------------|--|-------------------------|---------------------|---------------------|---------|
| Independent Director | Ping-Sung Wu | At least 5 years of working experience in banking, risk management, marketing business and financial management | 3 | 1 | 75.00% | |
| Vice Chairman | Chiung-Ting Tsai | At least 5 years of working experience in investment decision making, financial analysis and product positioning | 3 | 1 | 75.00% | |

Other mentionable items:

With the authorization of the Board of Directors, the committee shall exercise the care of a prudent administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion. The implementation is as follows:

| Board of Directors | Proposal content and subsequent treatment |
|--|--|
| 2024.02.26 19th meeting of the 16th Board of Directors | (I) The Bank's "Report on the Implementation of Sustainable Development Initiatives for 2023 and Plan for Sustainable Development for 2024" |
| | (II) The Bank's "2023 Annual Report on Corporate Governance and Integrity Performance" |
| | (III) The Bank's report on the implementation of greenhouse gas (GHG) inventory |
| | (IV) Results of the 2023 Board of Directors and Functional Committee Internal Performance Evaluation and the Report on the Professional Qualifications and Independence of Current Independent Directors |
| | Resolution of Sustainable Development and Nomination Committee: Passed by the consent of all members of the Sustainable Development and Nomination Committee on February 26, 2024. |
| | The company has approved the handling of the opinions from the Sustainable Development and Nomination Committee. All attending directors are in agreement. |
| 2024.06.11 26th meeting of the 16th Board of Directors | (I) All units of the Bank will incorporate the requirements related to ethical corporate management into the execution status of the existing self-assessment items. |
| | (II) The Bank's report on the implementation of greenhouse gas (GHG) inventory |
| | (III) Report on the renewal of liability insurance by all directors of the Bank |
| | (IV) Proposal to separate the Bank's Sustainable Development and Nomination Committee into two independent functional committees, and established the "Sustainable Development Committee Charter" and "Nomination Committee Charter", while abolishing the "Sustainable Development and Nomination Committee Charter". |
| | (V) Proposal to establish the Bank's Anti-Corruption and Anti-Bribery Policy |
| | (VI) Report on the Bank's 2023 Sustainability Report |
| | (VII) Proposal to establish "King's Town Bank Sustainable Finance Policy" |
| | Resolution of Sustainable Development and Nomination Committee: Passed by the consent of all members of the Sustainable Development and Nomination Committee on June 11, 2024. |
| The company has approved the handling of the opinions from the Sustainable Development and Nomination Committee. All attending directors are in agreement. | |
| 2024.08.12 30th meeting of the 16th Board of Directors | (I) The Bank's "2024 Dishonesty Risk Assessment Report" |
| | (II) The Bank's report on the implementation of greenhouse gas (GHG) inventory |
| | (III) The Bank's "Report on the Implementation and Execution of Sustainable Development in the First Half of 2024" |
| | (IV) The Bank's report on the Improvement of the Fair Treatment of Customers Disclosure Practices |
| | (V) Proposal to amend "Implementation Rules of Internal Audit and Internal Control System of King's Town Bank" |
| | (VI) Proposal to establish "King's Town Bank Occupational Safety and Health Policy" |
| | Resolution of Sustainable Development Committee: Passed by the consent of all members of the Sustainable Development Committee on August 12, 2024. |
| The company has approved the handling of the opinions from the Sustainable Development Committee. All attending directors are in agreement. | |

| Board of Directors | Proposal content and subsequent treatment |
|--|---|
| 2024.12.23 39th meeting of the 16th Board of Directors | (I) The Bank's report on the implementation of greenhouse gas (GHG) inventory |
| | (II) Report on the Bank's implementation of measures for the fair treatment of customers and financial fraud prevention for 2024. |
| | (III) Proposal to amend the Bank's "Corporate Governance Best-Practice Principles" |
| | (IV) Proposal to amend the Bank's "Ethical Corporate Management Best Practice Principles" and integrate forms related to integrity and confidentiality |
| | (V) In response to the regulatory authority's implementation of the "blueprint for aligning with IFRS sustainability disclosure standards" and to enhance the company's management of sustainability information, we propose establishing a "Timeline for Incorporation of Internal Control System in King's Town Bank Commercial Sustainability Information" |
| | Resolution of Sustainable Development Committee: Passed by the consent of all members of the Sustainable Development Committee on December 23, 2024. |
| | The company has approved the handling of the opinions from the Sustainable Development Committee. All attending directors are in agreement. |
| Note: The above-mentioned motions were opposed by the Sustainable Development Committee, with reservations or significant recommendations: | |

(V) Information on Nomination Committee Members and Operation

1. In order to implement corporate governance and achieve sustainable development goals, as well as to establish a sound nomination system for Board members and senior executives, the Bank decided to establish the Corporate Governance and Nomination Committee on November 13, 2017, renamed it the Sustainable Development and Nomination Committee on May 23, 2023, and separated it into the Sustainable Development Committee and Nomination Committee on June 11, 2024. According to the Bank's Nomination Committee charter, the Committee shall be composed of at least three directors selected by the Board of Directors from among themselves, and a majority of the committee members shall be Independent Directors. The Nomination Committee currently consists of three independent directors and one director.

Responsibilities of the Nomination Committee:

- (1) Set out the standards of independence and diversity of background, such as in terms of expertise, skills, experience, gender, etc. required of Board members and senior executives, and to search, review and nominate candidates for directors and senior executives based on such standards.
 - (2) Establish and develop the organizational structure of the Board and each committee, and evaluate the performance of the Board, each committee, and each director and senior executive, and the independence of the independent directors.
 - (3) Establish and review on a regular basis, further education plans for directors and the succession plans of directors and senior executives.
2. Professional qualifications and experience of the members of the Nomination Committee and their operations:
 - (1) The Bank's Nomination Committee consists of 4 members.
 - (2) The term of office for this committee is from June 5, 2023 to May 22, 2026.

The Nomination Committee had 3 meetings in 2024, with the following attendance:

| Title | Name | Professional Qualifications/Experience | Actual Attendance Times | Attendance by proxy | Attendance Rate (%) | Remarks |
|----------------------|------------------|--|-------------------------|---------------------|---------------------|---------|
| Independent Director | Chuan-Fu Hou | At least 5 years of working experience in banking, credit business, finance and risk management | 3 | 0 | 100.00% | |
| Independent Director | Chao-Long Chen | At least 5 years of working experience in international development, technology development, business management and crisis management | 2 | 1 | 66.67% | |
| Independent Director | Ping-Sung Wu | At least 5 years of working experience in banking, risk management, marketing business and financial management | 2 | 1 | 66.67% | |
| Vice Chairman | Chiung-Ting Tsai | At least 5 years of working experience in investment decision making, financial analysis and product positioning | 3 | 0 | 100.00% | |

Other mentionable items:

With the authorization of the Board of Directors, the committee shall exercise the care of a prudent administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion. The implementation is as follows:

| Board of Directors | Proposal content and subsequent treatment |
|--|--|
| 2024.02.26 19th meeting of the 16th Board of Directors | (I) Submission of the Bank's "Report on the Implementation of the 2023 Director Development Plan and Succession Plan for Directors and Senior Managers" |
| | (II) Submission of the Results of the 2023 Board of Directors and Functional Committee Internal Performance Evaluation and the Report on the Professional Qualifications and Independence of Current Independent Directors |
| | Resolution of Sustainable Development and Nomination Committee: Passed by the consent of all members of the Sustainable Development and Nomination Committee on February 26, 2024. The company has approved the handling of the opinions from the Sustainable Development and Nomination Committee. All attending directors are in agreement. |
| 2024.06.11 26th meeting of the 16th Board of Directors | (I) Proposal to separate the Bank's Sustainable Development and Nomination Committee into two independent functional committees, and established the "Sustainable Development Committee Charter" and "Nomination Committee Charter", while abolishing the "Sustainable Development and Nomination Committee Charter" |
| | Resolution of Sustainable Development and Nomination Committee: Passed by the consent of all members of the Sustainable Development and Nomination Committee on June 11, 2024. |
| | The company has approved the handling of the opinions from the Sustainable Development and Nomination Committee. All attending directors are in agreement. |
| 2024.08.12 30th meeting of the 16th Board of Directors | (I) Revised Provisions and Attachments of the "King's Town Bank Regulations on the Board and the Functional Committee Performance Evaluation" |
| | Resolution of Nomination Committee: Passed by the consent of all members of the Nomination Committee on August 12, 2024. |
| | The company has approved the handling of the opinions from the Nomination Committee. All attending directors are in agreement. |

Note: The above-mentioned motions were opposed by the Nomination Committee, with reservations or significant recommendations: None.

(VI) The implementation of corporate governance of the Bank, deviations from "Corporate Governance Best Practices Principles for Banking Industry" and reasons for deviation

| Evaluation Item | Implementation Status | | | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|---|-----------------------|----|---|---|
| | Yes | No | Summary | |
| I. Shareholding structure and shareholder's interest | | | | |
| (I) Did the Bank establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations, and were such matters handled according to the internal procedure? | ✓ | | (I) The Bank's website includes a "Shareholder Contact Window" in the KTB/Shareholder Services section and an "Investor Contact Window" in the KTB/Investor Relations section. These features provide comprehensive contact information, enabling shareholders to submit suggestions, inquiries, disputes, and litigation matters via telephone or email, which will be appropriately addressed by our designated personnel. | (I) No deviation. |
| (II) Did the Bank maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders? | ✓ | | (II) the Bank keeps track of the list of major shareholders and ultimate controllers of major shareholders who effectively control the Company, and reports changes in information in accordance with relevant laws and regulations. | (II) No deviation. |
| (III) Did the Bank establish and enforce risk control and firewall systems with its affiliated businesses? | ✓ | | (III) the Bank has formulated the "Enforcement Rules for Reporting Stakeholders' Information" and has established a database of stakeholder information with its affiliates in compliance with Articles 32 and 33 of the Banking Act and relevant law and regulations. In addition, the operation and financial business information and audit management of the investee subsidiaries are handled in accordance with the "Regulations Governing the Supervision and Management of Subsidiaries by King's Town Bank." | (III) No deviation. |

| Evaluation Item | Implementation Status | | Summary | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|--|-----------------------|----|--|---|
| | Yes | No | | |
| <p>II. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors have a diversity policy and specific management objectives?</p> | ✓ | | <p>(I) The Bank has established a policy of board diversity and complies with the "Procedures for Election of Directors" and the "Code of Corporate Governance Practices" to ensure the diversity of Board members. To realize the diversification of Board members, currently, the Board includes one female director. In future shareholder meetings, we will take into account the number and proportion of directors of each gender when electing members to the Board.</p> <p>Specific management objectives: At least three directors out of all Board Directors have any of the capabilities as specified in Article 3 of the "Procedures for Election of Directors."</p> <p>Individual directors shall possess at least five competencies as specified in Article 3 of the "Procedures for Election of Directors."</p> <p>Implementation: Currently, all Board Directors have fulfilled the objective of the diversity policy.</p> | (I) No deviation. |
| <p>(II) In addition to Remuneration Committee and Audit Committee established according to law, has the Bank voluntarily established other functional committees?</p> | ✓ | | <p>(II) The Bank has established a Remuneration Committee and an Audit Committee. In November 2017, it formed a Corporate Governance and Nomination Committee, which was renamed the Sustainable Development and Nomination Committee on May 23, 2023. On June 11, 2024, this committee was divided into two independent functional committees: the Sustainable Development Committee and the Nomination Committee.</p> | (II) No deviation. |

| Evaluation Item | Implementation Status | | Summary | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|--|-----------------------|----|--|---|
| | Yes | No | | |
| (III) Has the Bank established standards to measure the performance of the Board, and does the Company implement such annually? Does it report the results of the performance evaluation to the BOD and use them as a reference for each Director's remuneration and nomination of term renewal? | ✓ | | <p>The Sustainable Development Committee is tasked with formulating sustainable development policies, overseeing the implementation and execution of sustainable development initiatives, conducting research and analysis on corporate governance systems, and reviewing their execution and effectiveness. The Nomination Committee is responsible for establishing standards for the diversity and independence of board members, as well as conducting performance evaluations for the board of directors, members of various functional committees, and senior management.</p> <p>(III) The Bank has established the "Regulations Governing the Performance Evaluation of the Board of Directors and Functional Committees" which perform internal performance evaluation of the Board of Directors and functional committees at least once a year in accordance with the evaluation procedures and evaluation indicators, and reports the evaluation results to the Board of Directors as a reference for individual directors' remuneration and nomination for re-election.</p> | (III) No deviation. |
| (IV) Has the Bank implemented evaluation on the independence of the CPAs regularly? | ✓ | | <p>(IV) In accordance with Article 38 of the Bank's Code of Corporate Governance, the independence and suitability of the certified public accountants shall be evaluated annually and submitted to the Audit Committee and the Board of Directors for consideration, and the evaluation shall be conducted again if new appointments are made during the year.</p> | (IV) No deviation. |

| Evaluation Item | Implementation Status | | Summary | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|-----------------|-----------------------|----|--|---|
| | Yes | No | | |
| | | | <p>The Bank's administration management department annually evaluates the independence and appropriateness of the certified public accountants in accordance with the "Appointed Accountants' Objectivity, Independence and Appropriateness Evaluation Form." The results of the items evaluated in accordance with the evaluation form are consistent with the results of the evaluation, and the certified public accountants' independence statement and Audit Quality Indicators (AQIs) information issued by the accounting firm is obtained to support the independence and appropriateness of the certified public accountants and then submitted to the Audit Committee and the Board of Directors for consideration. In addition, the important items listed in the aforementioned evaluation form are explained as follows.</p> <ol style="list-style-type: none"> 1. The CPA or CPA's spouse is not a relative within the second degree of kinship of the employees, directors, supervisors, or manager of the Bank or its affiliates also, he/she does not hold the Bank's shares in excess of the standard and has no other financial interests and business relationship within the Bank. 2. The CPA or CPAs is not subject to any disciplinary action by the competent authorities or the HKICPA, or any disciplinary action under Article 37, Paragraph 3 of the Securities and Exchange Act. 3. The CPA or CPAs is qualified as an accountant and is able to perform the business of an accountant. 4. The CPA or CPAs has not been continuously appointed for seven years. | |

| Evaluation Item | Implementation Status | | | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|--|-----------------------|----|--|---|
| | Yes | No | Summary | |
| <p>III. Has the Bank allocated a sufficient number of qualified corporate governance staff and appointed a corporate governance officer in charge of the affairs related to corporate governance (including but not limited to providing information required for Director/Supervisor's operations, assisting Directors and Supervisors in complying with laws and regulations, handling the matters concerning the Board and Annual General Meeting in accordance with the law and making their records)?</p> | ✓ | | <p>The Bank has appointed an appropriate number of corporate governance personnel to handle corporate governance matters. On March 20, 2023, the Board of Directors approved the appointment of Manager Tzu-Yun Chen, who is a qualified lawyer, as the Bank's Corporate Governance Officer, will handle matters related to board meetings and shareholders' meetings in accordance with the law.</p> <p>Terms of reference:</p> <ol style="list-style-type: none"> 1. Handling the matters of the board meetings and the Audit Committee meeting in accordance with the law. All board directors shall be informed at least 7 days before the meeting with sufficient meeting information provided to help the directors understand the content of relevant issues. If the issues are relevant to stakeholders and he/she should enter recusal appropriately, the counterparty will be given a reminder beforehand with the minutes of the meeting issued within 20 days after the meeting. 2. Assisting in the agenda and compliance of resolutions from Board of Directors meetings and the Shareholders' Meeting. 3. Assisting Independent Directors in arranging meetings with the Internal Chief Auditor or CPAs in accordance with the Corporate Governance Best Practice Principles when the need to understand the Company's financial operations arises. 4. Handling the pre-registration of the Annual General Meeting date in accordance with the law; preparing the notice of meeting, the Meeting Handbook, the minutes within statutory period. 5. Assisting Directors and Independent Directors in performing their duties by providing the necessary information and arranging for continuing education for Directors. | No deviation. |

| Evaluation Item | Implementation Status | | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|---|-----------------------|----|--|
| | Yes | No | |
| | | | <p>6. Manager Tzu-Yun Chen Continuing Education Situation in 2024: On March 12, 2024, participated in the Taiwan Corporate Governance Association's "International Trends and Experience Sharing on Ethical Corporate Management and High-Level Accountability Systems" for 3 hours. On March 26, 2024, attended the Taiwan Corporate Governance Association's "Legal Matters Board Directors Should Know About Ethical Corporate Management Best Practice Principles" for 3 hours. From September 12 to September 13, 2024, participated in the Taiwan Stock Exchange Corporation and Taipei Exchange's "Climate Risk Identification Workshop and Net Zero Carbon Emission Promotion Conference" for 9 hours. On October 4, 2024, attended the Securities and Futures Institute's "2024 Insider Trading Prevention Seminar" for 3 hours. From October 16 to October 18, 2024, participated in the Taiwan Institute for Sustainable Energy's "Sustainable Elite Training Program: Building Trust, Achieving Sustainability" for 12 hours. On October 25, 2024, attended the Securities and Futures Institute's "Conference for Business Promotion of Listed Companies" for 3 hours. Total training hours in 2024: 33 hours</p> |
| IV. Has the Bank established communication channels for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) or created | ✓ | | The Bank's corporate website has a stakeholder contact in the King's Town Bank/Stakeholder Area. Stakeholders can fully respond to the feedback through the service channels disclosed in each business unit or the Bank's website, and communication channels are smooth. |

| Evaluation Item | Implementation Status | | Summary | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|---|-----------------------|----|---|---|
| | Yes | No | | |
| a stakeholders section on its corporate website? Does the Company promptly respond to the concerns of stakeholders regarding important corporate social responsibility issues? | | | | |
| V. Information disclosure | | | | |
| (I) Does the Bank have a corporate website to disclose information of financial standing, business and the status of corporate governance? | ✓ | | (I) The Bank has disclosed financial and business-related information on the Company's website About King's Town/Investor Relations, and corporate governance-related information on the About King's Town/Corporate Governance. | (I) No deviation. |
| (II) Does the Bank have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)? | ✓ | | (II) The Bank has disclosed financial information, corporate briefing materials and procedures, and established a spokesperson system and internal procedures for handling material information on its website in both Chinese and English. An Investor Relations section has also been established for foreign investors to access relevant information. | (II) No deviation. |
| (III) Does the Bank publicly announce and file the annual financial reports within two months after the close of the | ✓ | | (III) the Bank announces and reports its financial statements and revenue for each month in advance of the prescribed deadline. | (III) No deviation. |

| Evaluation Item | Implementation Status | | Summary | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|--|-----------------------|----|--|---|
| | Yes | No | | |
| given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline? | | | | |
| VI. Is there any other important information which facilitates a better understanding of the company's implementation of corporate governance (e.g. including but not limited to employee rights, employee wellbeing, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation standards, the implementation of customer policies, and purchasing of liability insurance for directors and supervisors)? | ✓ | | <p>(I) the Bank considers basic human rights and avoids sex discrimination for the recruitment of employees, and also hires persons with disabilities and indigenous peoples. In addition, the head office has labor-management meetings held and an employee welfare Committee organized to appropriately reflect the issues regarding employees' rights and interests and to have them resolved accordingly.</p> <p>(II) In order to stimulate employees' loyalty to the Company and encourage employees to save money, the Board of Directors resolved on 2009.12.02 to establish an employee welfare savings trust system with a fixed amount appropriated correspondently as a reward to employees.</p> <p>(III) The Bank has established a channel for stakeholders to contact, which provides a smooth communication channel with the suppliers and stakeholders to help safeguard the rights and interests of all those involved.</p> <p>(IV) The Bank acquired liability insurance for all directors since 2019, and renewed regularly every year, with the latest renewal occurring in June 2024.</p> <p>(V) According to Article 4 of the "Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies," at least 12 hours of continuing education should be</p> | No deviation. |

| Evaluation Item | Implementation Status | | Summary | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|-----------------|-----------------------|----|---|---|
| | Yes | No | | |
| | | | <p>arranged for newly-elected directors in the year they took office and at least 6 hours of continuing education should be arranged annually thereafter. The directors had achieved the required hours of continuing education in 2024.</p> <p>(VI) The scope of "Regulations Governing the Performance Evaluation of the Board of Directors and Functional Committees by King's Town Bank" includes the performance evaluation of the entire Board, individual director, and the functional committees, and the evaluation is conducted in the first quarter of each year.</p> <p>In 2024, both the Board of Directors and all Functional Committee Performance Evaluation were all rated as "excellent" in their performance evaluations, and the reports of the Committee and the Board of Directors were submitted on February 24, 2025.</p> <p>(VII) The Bank shall conduct a performance evaluation every three years by an external professional independent organization or a team of external experts and scholars. The previous evaluation was carried out in January 2022 for the preceding year. From December 2024 to January 2025, Ernst & Young Corporate Management Consulting Services Co., Ltd. was commissioned to conduct the performance evaluation for 2024. The evaluation results indicate that the Bank achieved a comprehensive performance level of "Advanced" in the areas of board structure and members, while processes and information were rated as "Benchmark." This report was submitted to the Nomination Committee and the Board of Directors on February 24, 2025.</p> | |

| Evaluation Item | Implementation Status | | | The implementation status of Corporate Governance Best-Practice Principles for Banking Industry and reasons for deviation |
|---|-----------------------|----|---------|---|
| | Yes | No | Summary | |
| <p>VII. Please provide an explanation of the improvements made based on the recent annual corporate governance evaluation results published by the Corporate Governance Center of the Taiwan Stock Exchange Corporation. Additionally, identify priority areas and measures for further enhancement where improvements have not yet been made. The results of the Bank's 10th corporate governance evaluation place us among the top 5% of listed companies. We have conducted a thorough review of the latest published indicators and made adjustments and enhancements accordingly. These include: policies linking the disclosure of senior management remuneration to ESG-related performance assessments; the approval of the sustainability report by the Board of Directors; the disclosure of greenhouse gas emissions for the past two years with external verification; the establishment of a greenhouse gas reduction management policy that includes reduction targets, implementation measures, and achievement status; and the preparation of a sustainability report in accordance with the GRI Standards published by the Global Reporting Initiative (GRI), which has been uploaded to MOPS and the company website.</p> | | | | |

(VII) Operation of the Remuneration Committee

1. Information on the members of the Remuneration Committee

| Title | Criteria | Professional Qualifications and Experience | Status of Independence | Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member |
|----------------------|----------------|--|---|---|
| | | | | |
| Independent Director | Chuan-Fu Hou | At least five years of working experience in business, legal, finance or banking Work experience: President of King's Town Bank | (I) Not an employee of the Company or any of its affiliates. (II) Not a Director or supervisor of the Company or any of its affiliates. (III) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings. | None |
| Independent Director | Chao-Long Chen | At least 5 years of working experience required for commerce, law, finance, accounting or banking profession. Experience: Chairman of the Board of Directors of Cho Pharma Inc. | | 2 |

| Title | Criteria | Professional Qualifications and Experience | Status of Independence | Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member |
|----------------------|--------------|---|--|---|
| | Name | | | |
| Independent Director | Ping-Sung Wu | At least 5 years of working experience required for commerce, law, finance, accounting or banking profession. Experience: Manager of Kaohsiung Branch, Fengshan Branch, and Tainan Branch, Bank of Taiwan | (IV) Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the managers stated in preceding paragraphs, (V) Not a director, supervisor or employee of the companies with which the Bank has a specific relationship. (VI) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for CHAINTECH or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration more than NT\$500,000 in the past two years. | 1 |

2. Information on the operation of the Remuneration Committee

- (1) The Bank's Remuneration Committee consists of 3 members.
- (2) The current term of members: From June 5, 2023 to May 22, 2026, the 2024 Remuneration Committee had 6 meetings held. The qualifications and attendance of the members are as follows:

| Title | Name | Actual Attendance Times | Attendance by proxy | Attendance Rate (%) | Remarks |
|------------------|----------------|-------------------------|---------------------|---------------------|---------|
| Convener | Chuan-Fu Hou | 6 | 0 | 100% | |
| Committee Member | Chao-Long Chen | 5 | 1 | 83.33% | |
| Committee Member | Ping-Sung Wu | 5 | 1 | 83.33% | |

Other mentionable items:

I. Discussions and results of resolutions of the Remuneration Committee and the Company's handling of opinions of the committee members:

| Remuneration Committee | Proposal content and subsequent treatment | Resolution | The Company's treatment of the Remuneration Committee's opinion |
|--|--|--|--|
| 4th meeting of the 5th Board 2024.01.22 | The Bank's 2023 annual manager evaluation results and bonus payment criteria | Passed by the agreement of all committee members | Reported to the Board of Directors and approved by the unanimous decision of the directors present |
| | The Bank's 2023 annual bonus payment standards for the Chairman and Vice Chairman of the Board of Directors | Passed by the agreement of all committee members | Reported to the Board of Directors and approved by the unanimous decision of the directors present |
| 5th meeting of the 5th Board 2024.02.26 | Report on the Remuneration Received by Directors of 2023 | Passed by the agreement of all committee members | Relevant operations have been handled in accordance with the resolution |
| | Performance Evaluation Report for the Responsible Person and the Director/Supervisory Positions of the Investment Company, Concurrently Held by the Bank in 2023 | Passed by the agreement of all committee members | Relevant operations have been handled in accordance with the resolution |
| | Proposal on the review of Employee and Director compensation distributions for 2023 | Passed by the agreement of all committee members | Relevant operations have been handled in accordance with the resolution |
| 6th meeting of the 5th Board 2024.04.15 | Proposal to revise the "Regulations on the Employee Benefit Payment" and the "Table of Rank and Salary (including Job Title Comparison)" | Passed by the agreement of all committee members | Relevant operations have been handled in accordance with the resolution |
| | Changes, Promotion and Salary Adjustment for Managers in 2024 | Passed by the agreement of all committee members | Reported to the Board of Directors and approved by the unanimous decision of the directors present |
| | Manager Salary Adjustment Plan for 2024 | Passed by the agreement of all committee members | Reported to the Board of Directors and approved by the unanimous decision of the directors present |
| 7th meeting of the 5th Board 2024.08.12 | Reference Table for the Remuneration of Directors and President and the Performance of the Company's Operations in the Financial Industry in 2023 | Passed by the agreement of all committee members | Relevant operations have been handled in accordance with the resolution |
| 8th meeting of the 5th Board 2024.11.25 | Revised the Company's "Regulations Governing Retirement of Employees" | Passed by the agreement of all committee members | Reported to the Board of Directors and approved by the unanimous decision of the directors present |
| 9th meeting of the 5th Board 2024.12.23 | Proposal to review the "Regulations on the Annual Employee Performance Evaluation" and "Annual Bonus Measures" | Passed by the agreement of all committee members | Reported to the Board of Directors and approved by the unanimous decision of the directors present |
| | Comparison of the Company's 2023 Remuneration of Directors and President and Operational Performance with Competitors in the Financial Industry | Passed by the agreement of all committee members | Relevant operations have been handled in accordance with the resolution |
| | Proposal for the review and evaluation of Directors' monthly remuneration | Passed by the agreement of all committee members | Reported to the Board of Directors and approved by the unanimous decision of the directors present |
| | Proposal for the review and evaluation of Independent Directors' monthly remuneration | Passed by the agreement of all committee members | Reported to the Board of Directors and approved by the unanimous decision of the directors present |

| |
|--|
| <p>II. If the Board of Directors refuses to adopt or amend a recommendation of the remuneration committee, the date of the meeting, session, the content of the motion, resolution by the Board of Directors, and the Bank's response to the remuneration committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified) shall be specified: None</p> <p>III. When any of the members of the Remuneration Committee holds objection or reservation to a resolution and such objection or reservation is on record or raised through a written statement, the date, term, content of proposals, opinion from every member and the Company's response to the members' opinions shall be provided in detail: None</p> |
|--|

3. Scope of responsibilities of the Remuneration Committee

The Remuneration Committee shall exercise the care of a prudent administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion:

- (1) Periodically reviewing this Charter and making recommendations for amendments.
- (2) Establish and periodically review the annual and long-term performance goals, and the policies, systems, standards, and structure for the remuneration of the directors and managerial officers of the Company.
- (3) Regularly assess the degree to which performance goals for the directors, and managerial officers of the Company have been achieved, setting the types and amounts of their individual compensation.

The Committee shall perform the functions referred to in the preceding paragraph in the following manners:

- (1) Ensure that the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
- (2) Performance assessments and compensation levels of directors, supervisors, and managerial officers shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.
- (3) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
- (4) For directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
- (5) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

The remuneration mentioned in the preceding two paragraphs includes cash remuneration, warrants, bonus and stock ownership, retirement benefits or severance pay, various allowances and stipends, and other substantive incentive measures; and it shall be consistent with the remuneration paid to Directors and managerial officers recorded in the Rules for Records in Annual Report of Public Companies. When the Board of Directors discuss the Committee's suggestions, it shall consider the amount of remuneration, payment methods, and the Company's future risks comprehensively.

If the Board does not accept or amends the recommendations of the Committee, it shall require a majority vote at a meeting attended by over two-thirds of the Directors. An explanation shall be provided in the resolution based on the aforementioned overall considerations and specifics and whether the remuneration passed in the resolution is superior to the recommendations of the Committee.

If the remuneration passed in the Board of Directors meeting is superior to the recommendations of the Committee, the differences and causes shall be recorded in the meeting minutes of the Board of Directors and published on an information reporting website designated by the competent authority within two days of the meeting.

If the decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the Board of Directors of the Company, the Committee shall be asked to make recommendations before the matter is submitted to the Board of Directors for deliberation.

(VIII) Implementation of sustainable development and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons |
|---|----------------|----|--|---|
| | Yes | No | Summary | |
| I. Has the Bank established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is delegated by the Board of Directors to senior management, and is supervised by the Board of Directors? (The bank should report on the implementation status, which is not subject to compliance or interpretation.) | ✓ | | <p>In 2017, the Bank established the functional committee on Corporate Governance and Nomination Committee as the highest guiding unit for the promotion of sustainable development. In 2023, it was renamed as the Sustainable Development and Nomination Committee in response to international trends. In 2024, two functional committees were established: the Sustainable Development Committee and the Nomination Committee. The Sustainable Development Committee is composed of at least three directors selected by the Board of Directors from among themselves, and a majority of the Committee members shall be independent directors. In addition, the Bank has also established a "ESG Task Force" (also known as the ESG Working Group), which holds quarterly meetings with the Vice Chairman serving as the convener, and the Strategy and Operations Department is the integrating unit. Together with other departments and offices in the head office, the group is responsible for formulating and reviewing ESG policies, systems, and management guidelines, compiling and planning bank-wide ESG activities, and reporting on the implementation results and future plans for sustainable development to the Sustainable Development Committee for discussion and presentation to the Board of Directors. The Board considers factors such as domestic and international trends, industry performance and regulatory changes to assess the feasibility of strategies and their actual implementation. It also requests the working group to make adjustments as necessary.</p> <p>A total of 4 meetings of the ESG Task Force were held in 2024. After discussing the implementation plans and results with the Sustainable Development Committee on February 26, 2024 and August 12, 2024, the proposals were submitted to the Board of Directors. The contents of the proposals are as follows: material issue analysis, communication with stakeholders, implementation of sustainable development in 2023, planning for sustainable development in 2024, implementation of sustainable development in the first half of 2024, financial disclosure report on climate risk, and</p> | No deviation. |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons | | | | | | |
|--|----------------------|---|--|---|----------------------|---|------------|-----------------|---|---------------|
| | Yes | No | Summary | | | | | | | |
| | | | implementation of greenhouse gas inventory. The proposals were approved by all members of the Sustainable Development Committee and all Board members present. | | | | | | | |
| <p>II. Does the Bank follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management-related policy or strategy? (The bank should report on the implementation status, which is not subject to compliance or interpretation.)</p> | ✓ | | <p>This information is disclosed for the period from January 1 to December 31, 2024, focusing on the activities and services of all the Bank's operations and not including its subsidiaries.</p> <p>In order to effectively identify, assess, and manage the Bank's material ESG issues, an annual review of international sustainable development trends, regulatory policy directions, key industry issues both domestically and internationally, and material positive and negative stakeholder impacts is conducted to establish a list of the Bank's material environmental, social and governance principles. Following a stakeholder survey, eight material issues were identified as reaching a critical level of importance. Subsequently, mid- to senior-level management evaluated the potential impacts of these eight sustainability issues on the Company in terms of costs, revenues, reputation, and risk. We integrated data on external impact levels and internal financial significance to create a double materiality matrix. This matrix was then submitted to the Sustainability Development Committee and the Board of Directors, which assessed the risks and opportunities of each issue and formulated appropriate management strategies and action plans to mitigate impacts and effects.</p> <p>After assessment, the risks, risk management policies, and strategies are as follows:</p> <table border="1"> <thead> <tr> <th>Material issue</th> <th>Risk Assessment Item</th> <th>Risk management policies and strategies</th> </tr> </thead> <tbody> <tr> <td>Governance</td> <td>Risk Management</td> <td> 1. Comprehensive risk management mechanism and structure. 2. Carry out regular internal inspections to ensure the operation of internal control. </td> </tr> </tbody> </table> | Material issue | Risk Assessment Item | Risk management policies and strategies | Governance | Risk Management | 1. Comprehensive risk management mechanism and structure. 2. Carry out regular internal inspections to ensure the operation of internal control. | No deviation. |
| Material issue | Risk Assessment Item | Risk management policies and strategies | | | | | | | | |
| Governance | Risk Management | 1. Comprehensive risk management mechanism and structure. 2. Carry out regular internal inspections to ensure the operation of internal control. | | | | | | | | |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons | | | | | | | | | | | | | | | | | | |
|-----------------|------------------------------------|---|--|---|----------------------|---|------------|----------------------|---|------------|------------------------------|--|---------|------------------------------------|--|---------|------------------------|---|---------|---------------------------------|--|--|
| | Yes | No | Summary | | | | | | | | | | | | | | | | | | | |
| | | | <table border="1"> <thead> <tr> <th>Material issue</th> <th>Risk Assessment Item</th> <th>Risk management policies and strategies</th> </tr> </thead> <tbody> <tr> <td>Governance</td> <td>Information Security</td> <td> <ol style="list-style-type: none"> Mitigate threats of cyber-attacks through internal information security advocacy and assessment, social engineering email attack drills, and information security emergency response drills. Pay attention to the development of information security, and establish key indicators. </td> </tr> <tr> <td>Governance</td> <td>Ethical Corporate Management</td> <td> <ol style="list-style-type: none"> Organize regular ethical management training and advocacy to internalize ethical management. Formulate regulations to handle internal and external complaints channels. </td> </tr> <tr> <td>Society</td> <td>Talent Cultivation and Development</td> <td> <ol style="list-style-type: none"> Organize education training that corresponds to the employees' work content and the organization's plans. Establish a clear and fair performance assessment policy. </td> </tr> <tr> <td>Society</td> <td>Fintech and Innovation</td> <td> <ol style="list-style-type: none"> Innovation and optimization of FinTech products and services Based on customer requirements, plan and develop digital financial products and their associated services </td> </tr> <tr> <td>Society</td> <td>Talent attraction and retention</td> <td> <ol style="list-style-type: none"> Focus on personal traits, professional abilities, and appropriate job arrangements, and treat all employees with fairness and respect. Promote gender equality and provide equal opportunities for competition and development. </td> </tr> </tbody> </table> | Material issue | Risk Assessment Item | Risk management policies and strategies | Governance | Information Security | <ol style="list-style-type: none"> Mitigate threats of cyber-attacks through internal information security advocacy and assessment, social engineering email attack drills, and information security emergency response drills. Pay attention to the development of information security, and establish key indicators. | Governance | Ethical Corporate Management | <ol style="list-style-type: none"> Organize regular ethical management training and advocacy to internalize ethical management. Formulate regulations to handle internal and external complaints channels. | Society | Talent Cultivation and Development | <ol style="list-style-type: none"> Organize education training that corresponds to the employees' work content and the organization's plans. Establish a clear and fair performance assessment policy. | Society | Fintech and Innovation | <ol style="list-style-type: none"> Innovation and optimization of FinTech products and services Based on customer requirements, plan and develop digital financial products and their associated services | Society | Talent attraction and retention | <ol style="list-style-type: none"> Focus on personal traits, professional abilities, and appropriate job arrangements, and treat all employees with fairness and respect. Promote gender equality and provide equal opportunities for competition and development. | |
| Material issue | Risk Assessment Item | Risk management policies and strategies | | | | | | | | | | | | | | | | | | | | |
| Governance | Information Security | <ol style="list-style-type: none"> Mitigate threats of cyber-attacks through internal information security advocacy and assessment, social engineering email attack drills, and information security emergency response drills. Pay attention to the development of information security, and establish key indicators. | | | | | | | | | | | | | | | | | | | | |
| Governance | Ethical Corporate Management | <ol style="list-style-type: none"> Organize regular ethical management training and advocacy to internalize ethical management. Formulate regulations to handle internal and external complaints channels. | | | | | | | | | | | | | | | | | | | | |
| Society | Talent Cultivation and Development | <ol style="list-style-type: none"> Organize education training that corresponds to the employees' work content and the organization's plans. Establish a clear and fair performance assessment policy. | | | | | | | | | | | | | | | | | | | | |
| Society | Fintech and Innovation | <ol style="list-style-type: none"> Innovation and optimization of FinTech products and services Based on customer requirements, plan and develop digital financial products and their associated services | | | | | | | | | | | | | | | | | | | | |
| Society | Talent attraction and retention | <ol style="list-style-type: none"> Focus on personal traits, professional abilities, and appropriate job arrangements, and treat all employees with fairness and respect. Promote gender equality and provide equal opportunities for competition and development. | | | | | | | | | | | | | | | | | | | | |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons | | | | | | | | | |
|---|---|--|---|---|----------------------|---|---------|---|--|-------------|---------------------|--|--|
| | Yes | No | Summary | | | | | | | | | | |
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| Material issue | Risk Assessment Item | Risk management policies and strategies | | | | | | | | | | | |
| Society | Service Quality and Customer Experience | <ol style="list-style-type: none"> Optimize operation procedures and improve operation efficiency. Improve customer experience with the aid of technology. | | | | | | | | | | | |
| Environment | Sustainable Finance | <ol style="list-style-type: none"> Support credit and investment targets that have a positive impact on the environment and society. Promote inclusive finance to ensure that all segments of society have access to diverse financial services. | | | | | | | | | | | |
| <p>III. Environmental Issues</p> <p>(I) Has the Bank established proper environmental management systems based on the characteristics of the industries?</p> <p>(II) Is the Bank committed to improving energy efficiency and using recycled materials that have a low impact on the environment?</p> | <p>✓</p> <p>✓</p> | | <p>(I) The Bank has completed a comprehensive greenhouse gas inventory in accordance with ISO 14064-1 standards and has had it verified by a third party. This data is also published in the Sustainability Report. By the start of 2025, the inventory and verification of all related companies were completed. The headquarters building has also received third-party certification for the ISO 50001 Energy Management System and the ISO 14001 Environmental Management System to effectively manage energy consumption and ensure that the Bank considers the environmental impact of its business activities.</p> <p>(II) The Bank has established net-zero targets for Scope 1 and Scope 2 emissions, in alignment with the principles of Science-Based Targets (SBT). Using 2023 as the baseline year, the Bank aims to reduce carbon emissions by 4% each year compared to the previous year, with 3% of this reduction derived from the use of renewable energy and 1% from self-managed carbon reduction efforts. We are committed to achieving net-zero emissions by 2050. In addition, the Bank has responded to the green energy policy by initiating preparations in 2011 to install a solar power generation system on the rooftop of the Head Office, with</p> | <p>(I) No deviation.</p> <p>(II) No deviation.</p> | | | | | | | | | |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons |
|---|----------------|----|--|---|
| | Yes | No | Summary | |
| (III) Does the Bank evaluate current and future climate change potential risks and opportunities and take measures related to climate-related topics? | ✓ | | <p>a capacity of 9.87 kW. This system was connected to the grid in 2012. Subsequently, we have been actively seeking suitable branch locations to expand our green power generation capacity. In 2024, for the first time, we purchased renewable energy from electricity suppliers. Renewable energy usage reached 138,300 kWh in 2024, successfully achieving the annual target. Looking ahead, we plan to increase our renewable energy usage by 120,000 kWh each year, thereby raising the proportion of renewable energy in our overall energy consumption.</p> <p>(III) The Board of Directors is the highest governance unit for the Bank's risk management, overseeing the effective operation of the risk management system and mechanism, and approving policies and regulations related to risk management. The "Sustainable Development Committee" under the Board of Directors is responsible for overseeing the implementation of the Bank's sustainable management, including climate governance-related issues.</p> <p>The "ESG Working Group" is established under the Sustainable Development Committee, with the Vice Chairman serving as the convener. The ESG Working Group also includes the "Climate Action Team," which is responsible for promoting the Bank's environmental performance management and green finance strategies. The team will submit its implementation plan and results to the Sustainable Development Committee every six months and report to the Board of Directors.</p> <p>The "Risk Management Committee" is established under the President, with the President serving as the chairman. The "Risk Management Department" is the executing and promoting unit, and it will report the Bank's risk management situation to the Board of Directors every quarter.</p> <p>In accordance with the TCFD proposal framework, the Bank identified a total of 12 climate risks and 5 climate opportunities associated with the Bank, and invited members of the Climate Action Team to assess the level of impact (influence) on the</p> | (III) No deviation. |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons | | | | | | | | | | | | | | | | | | |
|--|----------------------|------------------|--|---|----------------------|------------------|-------------------------------|-----|-----|-------------------------------|-------|-------|-------|-------|-------|---|------|------|---|------|------|--------------------|
| | Yes | No | Summary | | | | | | | | | | | | | | | | | | | |
| (IV) Does the Bank inspect its greenhouse gas (GHG) emissions, water consumption and total weight of wastes in the past two years? Does the Bank formulate policies on GHG reduction, water reduction or waste management? | ✓ | | <p>Bank's business, strategy or financial planning and the likelihood of occurrence, and to draw up a materiality matrix for the Bank's risks and opportunities.</p> <p>A detailed description of the Bank's climate change risk and opportunity analysis is disclosed in the sustainability report. (https://customer.ktb.com.tw/new/about/download)</p> <p>(IV) The Bank has set annual and five-year reduction targets for electricity consumption, greenhouse gas emissions, water consumption, and waste generation (the scope of which is the Bank's main building): starting from 2023 as the baseline year, per capita electricity savings, per capita carbon reduction, per capita water savings, and per capita waste reduction should decrease by 1% from the previous year; the cumulative per capita reduction from 2023 to 2027 should reach 5% of the baseline year. Starting from 2024, the environmental objectives will be extended to encompass the entire Group. Greenhouse gas emissions and intensity in the last two years:</p> <table border="1"> <thead> <tr> <th></th> <th>2023 (only the Bank)</th> <th>2024 (the Group)</th> </tr> </thead> <tbody> <tr> <td>Scope 1 (t-CO₂e)</td> <td>304</td> <td>312</td> </tr> <tr> <td>Scope 2 (t-CO₂e)</td> <td>1,892</td> <td>1,905</td> </tr> <tr> <td>Total</td> <td>2,196</td> <td>2,217</td> </tr> <tr> <td>Greenhouse gas emissions per unit net income (t-CO₂e/NT\$ million)</td> <td>0.23</td> <td>0.23</td> </tr> <tr> <td>GHG emissions per capita (t-CO₂e per capita)</td> <td>2.27</td> <td>2.00</td> </tr> </tbody> </table> <p>Note 1: The verification institution in 2024: Ernst & Young Global Limited; for assurance report, please refer to: https://customer.ktb.com.tw/new/about/0e4ff2e5</p> <p>Note 2: Energy reduction: In 2024, the per capita emissions decreased by 11.89% compared to the baseline year.</p> | | 2023 (only the Bank) | 2024 (the Group) | Scope 1 (t-CO ₂ e) | 304 | 312 | Scope 2 (t-CO ₂ e) | 1,892 | 1,905 | Total | 2,196 | 2,217 | Greenhouse gas emissions per unit net income (t-CO ₂ e/NT\$ million) | 0.23 | 0.23 | GHG emissions per capita (t-CO ₂ e per capita) | 2.27 | 2.00 | (IV) No deviation. |
| | 2023 (only the Bank) | 2024 (the Group) | | | | | | | | | | | | | | | | | | | | |
| Scope 1 (t-CO ₂ e) | 304 | 312 | | | | | | | | | | | | | | | | | | | | |
| Scope 2 (t-CO ₂ e) | 1,892 | 1,905 | | | | | | | | | | | | | | | | | | | | |
| Total | 2,196 | 2,217 | | | | | | | | | | | | | | | | | | | | |
| Greenhouse gas emissions per unit net income (t-CO ₂ e/NT\$ million) | 0.23 | 0.23 | | | | | | | | | | | | | | | | | | | | |
| GHG emissions per capita (t-CO ₂ e per capita) | 2.27 | 2.00 | | | | | | | | | | | | | | | | | | | | |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|----------------------|------------------|---|---|----------------------|------------------|-------------------------------|-----------|-----------|--|--------|-------|---|----------|----------|------------------------|--------|--------|---|------|------|--|-------|-------|--|------|------|---------------|------|------|----------------|------|------|-------------|-------|-------|---|-------|-------|--|
| | Yes | No | Summary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <p>Water consumption and electricity consumption and intensity in the last two years:</p> <table border="1"> <thead> <tr> <th></th> <th>2023 (only the Bank)</th> <th>2024 (the Group)</th> </tr> </thead> <tbody> <tr> <td>Electricity consumption (kWh)</td> <td>3,821,580</td> <td>3,993,367</td> </tr> <tr> <td>Electricity consumption per unit net income (kWh/NT\$ million)</td> <td>398.18</td> <td>415.6</td> </tr> <tr> <td>Electricity consumption per capita (kWh/person)</td> <td>3,947.91</td> <td>3,594.39</td> </tr> <tr> <td>Water consumption (KL)</td> <td>19,386</td> <td>19,799</td> </tr> <tr> <td>Water consumption per unit net income (m3/NT\$ million)</td> <td>2.02</td> <td>2.06</td> </tr> <tr> <td>Water consumption per capita (m3/person)</td> <td>20.58</td> <td>18.43</td> </tr> </tbody> </table> <p>Note 1: The water consumption target for the year 2024 was met. Relevant measures will continue to be implemented in 2025 to further reduce water consumption.</p> <p>Total weight of waste from the Bank's headquarter for the past two years:</p> <p style="text-align: right;">Unit: metric tons</p> <table border="1"> <thead> <tr> <th></th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>General Waste</td> <td>9.75</td> <td>9.39</td> </tr> <tr> <td>Recycled waste</td> <td>2.07</td> <td>2.32</td> </tr> <tr> <td>Total waste</td> <td>11.82</td> <td>11.71</td> </tr> <tr> <td>Per capita waste generation (kg/person)</td> <td>39.45</td> <td>39.46</td> </tr> </tbody> </table> <p>Note 1: Main cause of increase in resource recycling volume in 2024 compared to 2023: increase of 211 kilograms in cardboard and increase of 105 kilograms in metal, aluminum, and glass. The Bank has enhanced internal advocacy, urging employees to reuse cardboard boxes, adjust consumption patterns, and reduce the purchase of excessively packaged items to lessen environmental burden. We will continue to monitor waste data.</p> | | 2023 (only the Bank) | 2024 (the Group) | Electricity consumption (kWh) | 3,821,580 | 3,993,367 | Electricity consumption per unit net income (kWh/NT\$ million) | 398.18 | 415.6 | Electricity consumption per capita (kWh/person) | 3,947.91 | 3,594.39 | Water consumption (KL) | 19,386 | 19,799 | Water consumption per unit net income (m3/NT\$ million) | 2.02 | 2.06 | Water consumption per capita (m3/person) | 20.58 | 18.43 | | 2023 | 2024 | General Waste | 9.75 | 9.39 | Recycled waste | 2.07 | 2.32 | Total waste | 11.82 | 11.71 | Per capita waste generation (kg/person) | 39.45 | 39.46 | |
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| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons |
|-----------------|----------------|----|--|---|
| | Yes | No | Summary | |
| | | | <p>Specific actions are as the following: Greenhouse gas emissions from the Banking services industry are generally low, so if we can effectively achieve energy saving and carbon reduction, it will help to reduce emissions, and the Bank will incorporate energy saving and carbon reduction measures simultaneously when formulating environmental management policies.</p> <p>Renewable energy usage, energy conservation and carbon reduction:</p> <ol style="list-style-type: none"> 1. Renewable energy usage. 2. Newly installed and replaced lighting fixtures are fully equipped with energy-saving LED light fixtures. 3. the Bank installed variable speed air conditioners, which as a constant temperature control device, and sets the average indoor air temperature at no lower than 26 degrees Celsius. 4. Regulate the billboard light on and off time period according to the daylight time and season. 5. The use of some elevators will be suspended during non-peak hours. 6. Electrical appliances or equipment, such as photocopiers, shredders, computers, lights, elevators, etc., are set to sleep, standby, or auto-sensing functions. <p>Reduction of water use:</p> <ol style="list-style-type: none"> 1. Purchase and use products with the Water Conservation Label. 2. Monthly review of the water consumption of the head office and each business unit for any irregularities. 3. Launched a business unit water and electricity conservation competition to raise employee awareness of everyday water conservation and promote sustainable lifestyles. <p>Waste management:</p> <ol style="list-style-type: none"> 1. Eliminate individual garbage bins, enhance the promotion of garbage sorting and recycling, and advocate for waste reduction at the source. For example, the cafeteria at the head office has banned disposable utensils and established a food-saving LINE group to encourage colleagues to wrap leftover food to reduce food waste. They also weigh garbage and keep accurate records to manage waste disposal in a data-driven manner. 2. Through technology, we have reduced the | |

| Evaluation Item | Implementation | | Summary | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons | | | | | | |
|---|---|----|---|---|----------------|---|---|--|---|-------------------|
| | Yes | No | | | | | | | | |
| | | | extensive use of paper in our business operations. For example, in 2023, we implemented an online form system, fully implemented an electronic document system, and optimized the process of the credit investigation and review system. | | | | | | | |
| IV. Social issues (I) Does the Bank formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | ✓ | | <p>(I) The Bank's "Sustainable Development Best Practice Principles" stipulates that the Company shall comply with international human rights and related laws and regulations, and at the same time make reference to the spirit and basic principles of human rights protection as outlined in various international human rights conventions, including the United Nations "Universal Declaration of Human Rights," the "Global Covenant," the "Guiding Principles on Business and Human Rights," and the "International Labor Organization Declaration on Fundamental Principles and Rights at Work," and has established the "King's Town Bank Co., Ltd. Human Rights Policy" to protect the basic human rights of all employees, customers and stakeholders, and commit to promoting gender equality and eliminating discrimination. Both of these policies are posted on the Bank's website.</p> <p>The Bank's policies and specific implementation:</p> <table border="1"> <thead> <tr> <th>The Bank's policies</th> <th>Implementation</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Respect for workplace human rights and support for assembly and association</td> <td>1. Abide by the Act of Gender Equality in Employment, and other employment-related laws and regulations</td> </tr> <tr> <td>2. Employees have the right to organize and join various types of social organizations</td> </tr> <tr> <td>3. Hold quarterly labor-management meetings to implement labor-management communication</td> </tr> </tbody> </table> | The Bank's policies | Implementation | Respect for workplace human rights and support for assembly and association | 1. Abide by the Act of Gender Equality in Employment, and other employment-related laws and regulations | 2. Employees have the right to organize and join various types of social organizations | 3. Hold quarterly labor-management meetings to implement labor-management communication | (I) No deviation. |
| The Bank's policies | Implementation | | | | | | | | | |
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| Evaluation Item | Implementation | | Summary | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons | | | | | | |
|--|--|----|--|---|----------------|-----------------------------|---|---|--|--------------------|
| | Yes | No | | | | | | | | |
| (II) Does the Bank formulate and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately reflect operational performance or | ✓ | | <table border="1"> <thead> <tr> <th>The Bank's policies</th> <th>Implementation</th> </tr> </thead> <tbody> <tr> <td>Workplace safety and health</td> <td> <ol style="list-style-type: none"> 1. Develop safety and health measures 2. Implement safety and health education and training 3. Relevant prevention measures are taken every year for abnormal workloads and human-related hazards </td> </tr> <tr> <td>Enhancing Supplier Awareness of Human Rights Protection</td> <td> <ol style="list-style-type: none"> 1. The contract includes provisions to safeguard human rights. 2. Promoted 21 suppliers to complete their corporate social responsibility self-assessments. The self-assessment results did not contradict the Bank's corporate social responsibility principles 3. There were 4 field visits and inspections performed without any special or significant non-conformity detected </td> </tr> </tbody> </table> | The Bank's policies | Implementation | Workplace safety and health | <ol style="list-style-type: none"> 1. Develop safety and health measures 2. Implement safety and health education and training 3. Relevant prevention measures are taken every year for abnormal workloads and human-related hazards | Enhancing Supplier Awareness of Human Rights Protection | <ol style="list-style-type: none"> 1. The contract includes provisions to safeguard human rights. 2. Promoted 21 suppliers to complete their corporate social responsibility self-assessments. The self-assessment results did not contradict the Bank's corporate social responsibility principles 3. There were 4 field visits and inspections performed without any special or significant non-conformity detected | (II) No deviation. |
| | | | The Bank's policies | Implementation | | | | | | |
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| <p>The Bank holds regular education and training every year to promote awareness of human rights. In 2024, the promotion rate was 100%. Additionally, the Bank conducts due diligence investigations on human rights every year, identifies risks for potential issues and subjects, and discloses the implementation of subsequent risk mitigation measures.</p> <p>(II) Employee compensation and operational performance reflected in employee compensation: the Bank has established the "King's Town Bank Working Rules," "Regulations on the Annual Employee Performance Evaluation of King's Town Bank," "Regulations on the Employee Benefit Payment," and "Regulations on the Distribution of Annual bonus" to evaluate employees' attitude, work performance, learning and growth, leadership and management, reward and punishment records</p> | | | | | | | | | | |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons |
|-----------------------------------|----------------|----|---|---|
| | Yes | No | Summary | |
| results in employee compensation? | | | <p>every six months, and effectively link the evaluation results with employees' year-end bonuses, salary adjustments, and promotions. Overall compensation: In 2024, the Bank adjusted overall compensation based on factors such as employee performance, professional knowledge and skills, industry salaries, and inflation trends, with a basic adjustment rate of 3.3%. Special salary adjustments were implemented for entry-level employees, with an average adjustment of 9.38% and a maximum of 25%.</p> <p>Staff benefit measures:</p> <ol style="list-style-type: none"> 1. The Bank has established the "King's Town Bank Enforcement Rules for Employee Benefits," "Rules for Special Leave for King's Town Bank Employees," and "King's Town Bank Employee Stock Ownership Association Charter" to provide employees with various welfare measures, including employee stock ownership trusts, marriage and maternity benefits, childcare allowance, bonuses for three festivals, subsidies for diseases or injuries, and allowance for funeral. 2. Retirement system: the Bank has established an employee stockholding association, and employees who have been employed for more than three months can apply for membership. Members are required to contribute a portion of their monthly salaries as personal savings, and the Bank also contributes its incentive funds as a trust fund for acquiring the Bank's stocks. the Bank has also established the "Regulations Governing Retirement of Employees" and provides for the payment of retirement benefits in accordance with the Labor Standards Act. <p>Diversity and Equality in the Workplace:</p> <ol style="list-style-type: none"> 1. Female employee support plan: the Bank has legally established the number of days for maternity leave, prenatal examination leave, and paternity leave, as well as a childcare leave system. It also provides a childbirth subsidy of NT\$5,000 per birth, a KTB babies childcare allowance for children aged 0-6, and offer family care leave, childcare leave, and breastfeeding | |

| Evaluation Item | Implementation | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons |
|---|----------------|----|--|
| | Yes | No | |
| (III) Does the Bank provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? | ✓ | | <p>breaks.</p> <p>2. The Bank implements the concept of gender equality and continues to build a gender-friendly workplace, with 64.95% female employees and 56.25% female supervisors in 2024.</p> <p>3. The Bank controls the number and percentage of employees with disabilities, personnel appointments, and management procedures. In 2024, it met the legal requirements for hiring employees with disabilities.</p> <p>(III) the Bank is committed to building a safe and healthy working environment and has obtained ISO 45001 certification for occupational health and safety management system to regularly implement relevant education and training to reduce the risk factors of employee safety and health.</p> <p>Health promotion:</p> <p>1. Health screening activities are held every two years, and consultation services are provided based on the results of the screening.</p> <p>2. In order to create a healthy workplace environment, we have established the "Abnormal Load-Promoting Disease Prevention Program," "Workplace Maternal Health Protection Program," "Ergonomic Hazard Prevention Program," and "Unlawful Assault Prevention Program in the Performance of Duty" to prevent physical and mental damage caused by unsatisfactory working conditions, improper working hours, or other unlawful assaults in the workplace.</p> <p>Environmental safety:</p> <p>1. The Occupational Safety and Health Policy has been established as the highest standard for occupational safety and health. It focuses on the regular maintenance and inspection of equipment or apparatus, and clearly defines work safety and hygiene standards to reduce the probability of risk occurrence. Additionally, annual hazard identification and risk assessments are conducted to decrease the likelihood of personnel injuries, property damage, or accidents.</p> |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons |
|--|----------------|----|--|---|
| | Yes | No | Summary | |
| (IV) Has the Bank established effective career development training plans? | ✓ | | <p>2. Conducted 2 fire self-defense formation drills with a total of 64 participants; conducted 40 occupational safety trainings with a total of 1,262 participants; conducted 18 first aid personnel trainings with a total of 24 participants.</p> <p>3. Occupational safety and health education and training for new recruits.</p> <p>4. In 2024, there were 3 recorded cases of occupational injuries (did not meet reporting standards and accounted for 0.3% of total employees). There were 13 commuting accidents with 13 persons (1.3% of the total number of employees at the end of 2023), which occurred on their way to work, and we provided health education counseling and traffic safety promotion through follow-up telephone interviews.</p> <p>5. No fire incidents occurred in 2024.</p> <p>(IV) The Bank has established training programs for staff at all levels and conducts or encourages participation in various internal and external courses according to the qualifications, duties, and professional abilities of employees.</p> <p>1. We organized various on-the-job training for new employees, operation managers and operation supervisors, and be familiar with practical operations.</p> <p>2. We sent our staff to participate in various professional courses conducted by external organizations to strengthen their abilities in the professional field.</p> <p>3. We hired external professional lecturers to train middle and senior executives and to improve leadership, execution, and organization. The training hours for 2024 are outlined below:</p> <p>(1) Regarding professional training for personnel at all levels, a total of 46,734 individuals participated in 548 classes, accumulating 33,799 hours.</p> <p>(2) A total of 46 individuals participated in 2 training sessions for new employees, accumulating 2,872 hours.</p> <p>(3) A special training program titled "Prevention of Workplace Violations</p> | (IV) No deviation. |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons |
|---|----------------|----|---|---|
| | Yes | No | Summary | |
| (V) Does the Bank comply with relevant laws and regulations and international standards on customer health and safety, customer privacy, marketing and labeling of products and services? Does the Bank develop relevant consumer protection policies and complaint procedures? | ✓ | | <p>for Supervisors" has been established to enhance the professional awareness and preventive handling capabilities of supervisors regarding issues such as gender equality. This initiative aims to protect employee rights and mental well-being, thereby promoting a healthy workplace culture.</p> <p>(4) In addition, a total of 865 courses were offered for the 304 management positions, amounting to 31,328 hours.</p> <p>(V) Handle the Bank's marketing and labeling of products and services in accordance with the relevant regulations and circulars of the competent authorities and international standards, and the relevant fees, risks and other cautions are stated in the forms. Regarding customer privacy, we have established institute management policies such as "King's Town Bank Co., Ltd. and Affiliated Enterprises Personal Data Management Objective and Policy," "King's Town Bank Co., Ltd. Mandatory Disclosure Regarding the Collection, Processing, and Use of Personal Data," "Personal Data File Security Maintenance Regulation," "Guidelines for Personal Data Risk Assessment Process," "Guidelines for Crisis Management during Personal Data Leakage," "Self-regulatory Guidelines for Customer Data Confidentiality," etc. to implement the protection, management, and utilization of customer personal information.</p> <p>Consumer Rights Policy and Implementations:</p> <p>The Bank has established "Financial Friendly Service Guidelines," "King's Town Bank Policies and Strategies for Fair Treatment of Customers," "King's Town Bank Regulations for Consumer Protection" and "Operational Guidelines for Handling Customer Grievances" to set out the measures to be implemented in consumer protection policies, and has designated a dedicated unit to review the effectiveness of the consumer protection mechanism and report regularly to the Board of Directors.</p> <p>In addition, to ensure that customers are treated reasonably and fairly throughout the</p> | (V) No deviation. |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons |
|---|----------------|----|--|---|
| | Yes | No | Summary | |
| (VI) Does the Bank formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? How is the implementation? | ✓ | | <p>entire transaction process and to deepen the Bank's core corporate culture of fair treatment of customers, the Board of Directors approved and established the "Fair Treatment of Customers and Friendly Service Promotion Committee" on February 26, 2024. Its main tasks include reporting on the implementation status of principles of fair treatment of customers and friendly service, analyzing significant consumer disputes or customer complaint cases, discussing preventive measures, and reporting to the Board of Directors on a regular basis each year.</p> <p>Consumer rights grievances procedures: Consumer disputes are handled in accordance with the "Operational Guidelines for Handling Customer Grievances." We have set up a customer complaint service hotline and e-mail address to provide consumers with procedures for filing complaints, and a "Customer Service & Operations Department" was established at the end of 2023 to oversee related matters.</p> <p>(VI) the Bank has established the "Supplier Management Regulations," which require suppliers to follow relevant regulations on environmental protection, labor health and safety, human rights and ethical risks, and to work with suppliers to promote sustainable development and demonstrate a quality image.</p> <p>Implementation:</p> <ol style="list-style-type: none"> 1. Contracts are signed only after having full comprehension of the status of implementation of ethical management of the other party and contract terms shall include clauses stipulating compliance to the Bank's ethical management policies to prevent any business transactions with agents, suppliers, or other business partners involved in unethical behavior. 2. When we enter into contracts with suppliers, we stipulate human rights and environment sustainability clauses in the contracts. 3. We have established the "King's Town Bank Supplier CSR Self-assessment Form," which covers: Aspects such as energy conservation management, occupational safety and health, human rights protection and environmental | (VI) No deviation. |

| Evaluation Item | Implementation | | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons |
|-----------------|----------------|----|--|---|
| | Yes | No | Summary | |
| | | | <p>protection, etc. We actively promote suppliers to conduct self-assessment, and through the self-assessment mechanism, we understand the status of suppliers' fulfillment of sustainable development, which serves as a reference item for continuous cooperation with suppliers. In 2024, 21 suppliers have completed the self-assessment, and all the self-assessment results were not in violation of the Bank's ESG philosophy.</p> <p>4. For suppliers, such as construction and renovation co-contractors, engaged in high-risk tasks, relevant advocacy was carried out in accordance with "King's Town Bank Contractor Handover Procedure Hazardous Factors Notice" during the kick-off meeting. In addition to requiring contractors to comply with Occupational Safety and Health Act, on-site personnel was provided with occupational safety and health training as well as outreach and guidance on preventing hazardous events to reduce workplace injuries. Total of 4 outreach sessions were organized in 2024 and there were no casualties due to workplace accidents.</p> <p>5. For suppliers engaged in high-risk work, such as, contractor for building construction and renovation, visit the worksite from time to time; also, the responsible personnel of the Bank shall conduct an onsite inspection with an inspection record kept in accordance with the inspection items of the "King's Town Bank Contractor Safety and Health Checklist." The main contents of the inspection include whether the provisions of the Occupational Safety and Health Act have been implemented, and the important safety propaganda of the Bank's Contractor Handover Procedure Hazardous Factors Notice. There were 4 field visits and inspections performed in 2024 without any special or significant non-conformity detected.</p> | |

| Evaluation Item | Implementation | | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons | |
|---|----------------|----|---|---------------|
| | Yes | No | | Summary |
| V. Does the Bank refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Bank? Has the said Report acquire third party certification or statement of assurance? | ✓ | | The 2023 Sustainable Development Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Options issued in 2021, Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Standards Governing Commercial Banks issued by the SASB. The report has been audited by an independent third-party assurance organization, SGS Taiwan, using the AA1000 AS v3 Type 1 Moderate level, focusing on the inclusivity, materiality, responsiveness, and impact of the information disclosed in the report. We have also engaged Ernst & Young Global Limited (EY Taiwan) to provide limited assurance for the report in accordance with the International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information published by the Accounting Research and Development Foundation and the ISAE 3000 Assurance Standards issued by the International Auditing and Assurance Standards Board (IAASB). | No deviation. |
| VI. If the Bank has its own code of ethics in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the differences between its operation and the code: None | | | | |
| VII. Other important information for understanding the implementation of sustainable development: 1. The Bank issued its first CSR report in 2015, which was renamed as the sustainability report in 2022, and has been issuing it for ten years since then. The eleventh report is expected to be issued in June 2025. The report mainly covers operational governance, customer value, social prosperity, happy workplace and environment sustainability, etc. Through the annual publication of the report, stakeholders and outsiders can better understand the Bank's sustainable development and operation. 2. Please refer to the website of the Bank under the section of "Sustainable Development": "Sustainable Development": https://customer.ktb.com.tw/new/about/b0b73fac . | | | | |

(IX) Climate-related Information of this Bank

| Item | Implementation |
|--|--|
| 1. The Board of Directors and senior management are responsible for monitoring and managing climate-related risks and opportunities. | <p>I. The Board of Directors' oversight: The Board of Directors is the highest governance unit for the Bank's risk management, overseeing the effective operation of the risk management system and mechanism, and approving policies and regulations related to risk management. The Board of Directors oversees the implementation of sustainable business practices, including climate governance issues, through the Sustainable Development Committee.</p> <p>II. Management hierarchy roles: The "ESG Working Group" is established under the Sustainable Development Committee, with the Vice Chairman serving as the convener. The ESG Working</p> |

| Item | Implementation |
|---|---|
| | <p>Group also includes the "Climate Action Team," which is responsible for promoting the Bank's environmental performance management and green finance strategies. The team will submit its implementation plan and results to the Sustainable Development Committee every six months and report to the Board of Directors. The "Risk Management Committee" is established under the president, with the president serving as the chairman. The "Risk Management Department" is the executing and promoting unit, and it will report the Bank's risk management situation to the Board of Directors regularly.</p> |
| <p>2. Explain how identified climate risks and opportunities impact the company's business, strategy, and finances (in the short, medium, and long term).</p> | <p>I. Risk level:</p> <p>(I) Transition risks: The political, legal, technological, consumer preference/market, and corporate reputation changes that may occur during the low-carbon transition process and the use of these changes to mitigate and adapt to climate change.</p> <ol style="list-style-type: none"> 1. Short/Medium term: Government implementation of stricter sustainability regulations or carbon reduction targets has led to increased operating costs and the replacement of products or services with low-carbon technologies. 2. Medium term: Policy restrictions have led to premature write-offs or scrapping of existing assets, as well as litigation risks arising from personnel injuries and deaths caused by climate-related damage to subsidiary assets. Financing and investment clients are unable to make low-carbon transitions, and government implementation of higher carbon taxes or carbon pricing affects the profitability and repayment capacity of subsidiary borrowers. 3. Long-term: The involvement of the Investment and Financing Department in significant sustainability controversies has affected stakeholders' perception of the Bank. <p>(II) Physical risks: The actual risks posed by immediate extreme weather events and long-term climate change. May have financial implications for the organization.</p> <ol style="list-style-type: none"> 1. Short-term: The operational facilities have been affected by natural disasters, resulting in damage to buildings and equipment. 2. Short/Medium term: An increase in the number of hot days has led to an increase in electricity demand. Heavy rains and flooding have caused borrowers to suspend operations, resulting in damage to assets or loss of collateral value. The prolonged drought has also affected the production capacity of companies and incurred additional water costs, thereby eroding the profitability of the borrowers. 3. Long-term: Rising sea levels expose operations to flooding. <p>II. Opportunity aspect:</p> <p>(I) Short-term:</p> <ol style="list-style-type: none"> 1. Expanding the use of energy- and water-saving equipment and promoting electronic billing can help reduce operating costs. 2. Delivering digital products and services that meet customers' growing demands for efficiency, convenience, and a low carbon footprint helps drive revenue growth. <p>(II) Mid-term:</p> <ol style="list-style-type: none"> 1. Increasing the use of low-carbon energy and reducing reliance on fossil fuels to avoid potential price increases can help reduce operating costs. 2. Increasing the number of electronic transactions and extending the reach to different customer segments can contribute to revenue growth. |

| Item | Implementation |
|---|---|
| | <p>(III) Long-term:</p> <ol style="list-style-type: none"> 1. By implementing green financing and investment policies, we can seize new market opportunities, which will contribute to an increase in revenue. |
| <p>3. Clarifying the Impact of Extreme Weather Events and Transition Actions on Finances.</p> | <p>In accordance with the "Guidelines for Climate Risk Financial Disclosure by Domestic Banks" issued by the Financial Supervisory Commission, the Bank disclosed financial information related to climate risk for the previous year. Based on the assessment results of the Bank's operational plan for climate change scenario analysis, the Bank disclosed the relevant data on the expected losses of general enterprises and individuals under the orderly transition to net zero, disorderly transition, and passive transition in 2030 and 2050, expressed in terms of the ratio of net assets and pre-tax profit in the reference year. The results of the assessment indicate that all relevant impacts are manageable. For more information on the relevant use scenarios, parameters, analysis factors and results, please refer to this year's Sustainability Report.</p> |
| <p>4. Clarify how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</p> | <p>To ensure sustainable operations, the Bank has established the "King's Town Bank Risk Management Policies" to establish an independent and effective risk management mechanism. In conducting various business activities, the Bank assesses risk tolerance, monitors risk exposure, and determines risk response strategies, including climate risk. In addition, the "Climate Risk Management Guidelines" were promulgated in February 2023 to implement the Bank's assessment of the potential risks and opportunities of climate change, to develop mitigation and adaptation measures related to climate risks, and to enhance the Bank's risk management capabilities for climate change risks. Climate Risk Management Procedure is as follows:</p> <ol style="list-style-type: none"> I. Identification: Refer to domestic and international climate change reports, regulatory guidelines from relevant authorities, etc. to gather climate-related issues. The designated unit will then examine the relationship between risks and opportunities in relation to the company's business operations. II. Measurement: Each business unit evaluates the potential impact, likelihood, and timing of climate risks and opportunities on their operations. The Climate Action Team assesses the potential financial implications and develops a matrix to determine the significance of climate risks and opportunities. III. Supervision, Reporting, and Internal Control: Compare climate risks with existing risks and formulate risk management measures or response strategies. Subsequently, establish qualitative or quantitative objectives based on this analysis. The Climate Action Team will review the outcomes, while the Risk Management Committee will oversee the overall execution and coordination of climate risk management, providing annual reports to the Board of Directors. |
| <p>5. If using scenario analysis to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors, and major financial impacts should be explained.</p> | <p>Based on the 2023 scenario framework produced by the Network for Greening the Financial System (NGFS), King's Town Bank selects Net Zero 2050, Delayed Transition and Current Policies as the main transformation scenario factors. It then integrates the physical risk factors produced by SPP from IPCC's Sixth Assessment Report (AR6) in connection with RCP scenarios.</p> <ol style="list-style-type: none"> I. Situation Assumption Approach <ol style="list-style-type: none"> (I) Domestic and external credit positions, bond and equity holdings are classified into six scenarios: "Orderly Transition," "Disorderly Transition," and "Passive Transition" for the years 2030 and 2050. (II) The "Orderly Transition" and "Disorderly Transition" scenarios both aim to achieve net-zero carbon emissions by 2050. The |

| Item | Implementation |
|---|---|
| | <p>"Passive Transition" scenario assumes that climate policies are delayed and divergent ("too little, too late"), resulting in a failure to meet carbon reduction targets and leading to more severe global warming.</p> <p>II. Types of climate risks, impact factors, and linkage elements:</p> <p>(I) Types of climate risks:</p> <ol style="list-style-type: none"> 1. Consideration of physical risks includes the impact of drought, extreme precipitation, flooding, landslides, and heatwaves on revenue, as well as the effects of flooding and landslides on the value of real estate collateral. 2. Transition risk primarily involves the additional expenses incurred by enterprises due to carbon pricing, supplemented by the carbon reduction pathways of various industries under different scenarios. Revised Text: "The transformation risk primarily encompasses the additional costs incurred by enterprises as a result of 'carbon pricing,' along with the carbon reduction pathways of various industries across different scenarios." <p>(II) Impact factor:</p> <ol style="list-style-type: none"> 1. The macroeconomic approach focuses primarily on the impact of carbon pricing and temperature rise on economic growth rates, which subsequently affects individual economies. 2. The impacts of individual economic approaches are as follows: <ol style="list-style-type: none"> (1) The "drought" has led to an increase in water costs for businesses. (2) "Extreme rainfall" will result in losses due to work stoppages. (3) "Flooding" and "landslides" will result in damage to assets and loss of collateral value. (4) "Carbon pricing" generates additional costs based on customer carbon emissions, further impacting their financial performance. <p>III. Linkage elements: The above individual economic approaches will affect the borrower's loan-to-value ratio, full collateral coverage ratio, and current loan-to-collateral value (CLTV) ratio, thereby generating PDs under stress scenarios. In addition, collateral value impairment will affect the loss given default (LGD) under stressed scenarios.</p> <p>IV. Risk calculation: Based on the existing regulatory stress testing framework, the estimation is performed by incorporating the factors and approaches related to climate change mentioned above. Expected loss (EL) is calculated by combining probability of default (PD), loss given default (LGD) and exposure at default (EAD) under stressed scenarios.</p> |
| <p>6. If there is a transition plan to address climate-related risks, please provide a description of the plan's content, as well as the indicators and objectives used to identify and manage physical and transitional risks.</p> | <p>In response to global climate action, King's Town Bank signed up to the Task Force Climate-related Financial Disclosure (TCFD) in July 2021. the Bank has incorporated the TCFD framework into its 2021 Sustainability Report, disclosing information on governance, strategy, risk management, indicators and targets. Since 2023, climate risk reports have been submitted to the Risk Management Committee and the Board of Directors for reporting purposes. The related plans and targets are listed below:</p> <ol style="list-style-type: none"> I. Complete the greenhouse gas inventory for the entire bank and obtain assurance, furthermore, it is expected to complete the inventory and verification of the Group in 2025. II. Measure the impact of credit customers of industries with high carbon emissions on the Bank's credit risk based on the 5P principles during the credit investigation process, and conduct |

| Item | Implementation |
|---|---|
| | <p>regular post-loan management to check the volatility of their profitability.</p> <p>III. Assess the overall digital development trend and the characteristics of its own customer base, and create digital products that truly meet market needs</p> |
| <p>7. If using internal carbon pricing as a planning tool, the basis for price determination should be explained.</p> | <p>To reduce carbon emissions during operations, King's Town Bank will implement an energy-saving program for its business units starting in 2024. This program will integrate the electricity and water savings of each operational site with performance evaluations, rewarding those business units that demonstrate superior energy-saving results. The Bank adopts an implicit price for carbon by calculating the cost of replacing air conditioning equipment and the associated carbon savings. The price for one ton of carbon is set at NT\$6,000, which serves as the internal carbon price for evaluating the effectiveness of various energy-saving and carbon-reduction initiatives undertaken by our business units. We convert the amount of electricity and water saved into carbon reduction equivalents, which are subsequently translated into monetary value to reflect the benefits of carbon reduction. In 2024, across the entire Bank, based on market fundamentals, Scope 1 and 2 were collectively reduced by 108 tons, resulting in an estimated savings of 648,000 in carbon pricing costs. However, the scope of the inventory for 2024 has expanded to encompass the entire group, resulting in an overall increase of 21.53 tons in GHG emissions. In the future, the Bank will continue to implement energy and water conservation projects and strengthen the promotion of internal carbon pricing. Through increased employee training and education, we aim to start with each employee and collectively work towards reducing carbon emissions during our operational processes.</p> |
| <p>8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule and annual progress should be explained. If carbon offsets or renewable energy certificates (RECs) will be used to meet targets, the source and quantity of carbon offsets or RECs should be identified.</p> | <p>As shown in Table 1-1 and 1-2.</p> |
| <p>9. Inventory and Confirmation of Greenhouse Gas Emissions, Reduction Targets, Strategies, and Action Plans.</p> | <p>As shown in Table 1-1 and 1-2.</p> |

Table 1-1 Recent Two-Year Bank Greenhouse Gas Inventory and Verification Status

(1) 1-1-1 Greenhouse Gas Inventory Information

(GHG emissions (in metric tons CO₂e), intensity (in metric tons CO₂e per million dollars), and data coverage for the past two years are shown.)

| | | |
|---|-------|-------|
| Greenhouse Gas Emissions (t-CO ₂ e) | 2023 | 2024 |
| Scope 1 | 304 | 312 |
| Scope 2 (location-based) | 1,892 | 1,973 |
| Scope 2 (market-based) | 1,892 | 1,905 |
| Total (market-based) | 2,196 | 2,217 |
| Emission per capita | 2.27 | 2.00 |
| Greenhouse gas emissions per unit net income (t-CO ₂ e/NT\$ million) | 0.23 | 0.23 |
| Scope 3 | 3 | 3 |

Scope of Data Coverage: Parent Company of King's Town Bank in 2023; entire Group in 2024

(2) 1-1-2 Greenhouse Gas Assurance Information

| |
|---|
| A description of the confirmed engagements for the two most recent fiscal years preceding the date of printing of the annual report, including the scope of the engagement, the attesting entities, the confirming criteria, and the confirming opinions. |
| <ol style="list-style-type: none"> For 2023, the scope of the assurance is the parent company of King's Town Bank. The assurance work was planned and performed by Ernst & Young Certified Public Accountants in accordance with engagement number 3410, "Assurance Engagement on Greenhouse Gas Statement," and resulted in a limited assurance conclusion. For 2024, the scope of the assurance is the parent company of King's Town Bank and three sub-subsidiaries. The assurance work was planned and performed by Ernst & Young Certified Public Accountants in accordance with engagement number 3410, "Assurance Engagement on Greenhouse Gas Statement," and resulted in a limited assurance conclusion. |

Table 1-2: Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

| | | | | |
|---|-----------------------------|---|---|---|
| Provide the baseline year and data, reduction targets, strategies, specific action plans, and the achievement of reduction targets for greenhouse gas emissions. | | | | |
| I. Baseline year and data for greenhouse gas reduction, reduction targets, and achievement status: Per capita carbon emissions reduced by 1% compared to previous year | | | | |
| 2023 | 2024 | | | 2027 |
| Per capita carbon emissions | Per capita carbon emissions | Weight Reduction Target | Achievements | Weight Reduction Target |
| 2.27 (t-CO ₂ e) | 2.00 (t-CO ₂ e) | Per capita carbon emissions decreased by 1% from the baseline year. | Per capita carbon emissions decreased by 11.89% from the baseline year. | Cumulative per capita carbon reduction has reached 5% of the baseline year. |
| Note 1: The 2023 disclosure boundaries were Scope 1 and Scope 2 for the entire Bank; in 2024, Scope 1 and Scope 2 for the entire Group | | | | |
| Note 2: The cumulative per capita carbon reduction target for the year 2027, with a cumulative time period from 2023 to 2027. | | | | |
| II. Strategy | | | | |
| With the global trend toward net-zero emissions, King's Town Bank has formulated four key strategies to reduce its operational carbon emissions and plans to review them annually to gradually achieve the net-zero goal. | | | | |
| (I) Implementation of carbon reduction plans: Continuously reduce carbon emissions in operational processes. | | | | |

(II) Greenhouse gas inventory: Understanding the Greenhouse Gas Emissions in the Operational Process.
 (III) External verification: Verify the data obtained through rigorous methods of investigation.
 (IV) Set carbon reduction/net-zero goals: Based on rigorous and scientific data, set net zero goals and consistently implement practical carbon reduction measures.

III. Specific Action Plan

In pursuit of the goal of sustainable environmental management, King's Town Bank has implemented the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System to reduce environmental pollution risks and improve energy efficiency. Internally, the Bank has also issued the "Sustainable Development Best Practice Principles," the "Implementation Guidelines for Energy Conservation and Environmental Protection Behavior," and the "Energy Operation Control Manual" as specific action guidelines to promote environmental protection and energy conservation.

In order to effectively reduce greenhouse gas emissions, our Bank has formulated the following energy-saving measures:

(I) Procured renewable energy sources and installed solar panels for self-use.
 (II) Newly installed and replaced lighting fixtures are fully equipped with energy-saving LED light fixtures.
 (III) the Bank installed variable speed air conditioners, which as a constant temperature control device, and sets the average indoor air temperature at no lower than 26 degrees Celsius.
 (IV) Adjust computer room space configuration and reorganize wiring to improve energy efficiency in the computer room.
 (V) Regulate the billboard light on and off time period according to the daylight time and season.
 (VI) The use of some elevators will be suspended during non-peak hours. Electrical appliances or equipment, such as photocopiers, shredders, computers, lights, elevators, etc., are set to sleep, standby, or auto-sensing functions.
 (VII) Prioritize purchasing products with the Water Efficiency Label and promote the correct concept of water usage.
 (VIII) Reduce the use of plastic or disposable utensils and cups, and implement proper waste sorting and resource recycling.
 (IX) Reduce the use of paper for business use by introducing systems, and promoting double-sided printing and waste paper reuse.
 (X) Join the green procurement campaign to support low-carbon products, green building materials, and sustainable goods enterprises.

In 2024, 138,300 kilowatt-hours of green electricity were utilized, accounting for approximately 3.43% of the total electricity consumption for that year. In the future, our institution plans to increase this usage by 120,000 kilowatt-hours annually and will continue to assess suitable branch locations to expand the solar power generation system, gradually enhancing the proportion of renewable energy usage.

(X) Implementation of the Bank's ethical corporate management performance and its difference from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation

| Evaluation Item | Implementation Status | | Summary | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations |
|---|-----------------------|----|---|---|
| | Yes | No | | |
| I. Establishment of ethical management policy and measures | | | | |
| (I) Does the Bank have policies and practices for ethical corporate management passed by the Board of Directors and clearly state them in | ✓ | | (I) In order to implement a policy of integrity in business operations and actively prevent dishonest behavior, the Bank has formulated the "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical | (I) No deviation. |

| Evaluation Item | Implementation Status | | Summary | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations |
|--|-----------------------|----|--|---|
| | Yes | No | | |
| <p>regulations and publicly available documents? Do the Board of Directors and management make commitments to actively implement those business policies?</p> <p>(II) Does the Bank establish an evaluation mechanism for the risk of unethical conduct that regularly analyzes and evaluates business activities with higher risks of unethical conduct in the business scope? Does the Company formulate a plan to prevent unethical conducts, which at least covers the precautionary measures prescribed in Article 7 Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> | ✓ | | <p>Management and Guidelines for Conduct" with the approval of the Board of Directors as the Company's ethical corporate management policy. It clearly states that "directors, managers, employees, or persons with substantial control may not commit any unethical conduct in the course of business operations; there must be no unethical conduct. The directors, senior management, and all employees signed the "Ethical Conduct Statement"; also, the "ethical corporate management, anti-corruption, and anti-bribery policy and commitment" was disclosed on the Bank's global website.</p> <p>(II)</p> <ol style="list-style-type: none"> 1. The "Procedures for Ethical Management and Guidelines for Conduct" specify the prevention programs and measures for accepting improper benefits, political contributions, donations or sponsorships, infringement on intellectual property rights, conflict of interests, disclosure of confidential information, and insider trading. 2. Every year, the Board of Directors approves the Bank's "Dishonesty Risk Assessment Report," which analyzes and assesses the business activities within the Bank's business scope that have a higher risk of dishonesty or are more prone to dishonesty, including the prevention mechanism and internal control measures related to the behaviors in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies." The Bank also formulates a plan to prevent unethical conducts. | (II) No deviation. |

| Evaluation Item | Implementation Status | | | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations |
|--|-----------------------|----|---|---|
| | Yes | No | Summary | |
| (III) Does the Bank establish relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequences of violation and complaint procedures in such policies? | ✓ | | (III) <ol style="list-style-type: none"> 1. In addition to the "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," the Bank has also established the "Code of Ethics and Conduct," "implementation Measures of the Whistleblowing System," "King's Town Bank Working Rules" and "Employee Service Ethics and Code of Ethical Conduct" that include reporting, disciplinary actions and appeals system, so that both employers and employees are committed to the establishment of corporate ethics and professional ethics, and request directors and managerial officers to lead and set a good example and strictly abide by the principle of good faith. 2. The Bank signs confidentiality agreements with all employees. Employees are responsible for the absolute confidentiality of the business, matters, documents, and customer information under their custody, and may not arbitrarily read or copy the accounting data and documents irrelevant with their job duty; also, that they may not have such information disclosed without complying with the law or being approved and the same requirement applies after their resignation. 3. The Bank has integrated ethical corporate management into employee performance evaluations and human resources policies. According to the "Regulations on the Annual Employee Performance Evaluation," any violations of ethical corporate management-related regulations will result in the employee's performance rating for that year being classified as below Grade B (inclusive). Furthermore, the "King's Town Bank Working Rules" explicitly state that | (III) No deviation. |

| Evaluation Item | Implementation Status | | Summary | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations |
|-----------------|-----------------------|----|---|---|
| | Yes | No | | |
| | | | <p>violations of ethical corporate management-related regulations may lead to a major demerit. In cases of significant violations of relevant labor contracts or work regulations, where such violations are verified, the Bank reserves the right to terminate employment without prior notice.</p> <p>4. The Bank has established an HR Review Committee to conduct review and retrial of employee-related disciplinary action.</p> <p>5. The Bank has established the Responsibility Map Implementation Guidelines which stipulates that in the event of significant acts of dishonesty by senior management personnel, accountability procedures should be initiated, and subsequent accountability matters should be addressed following the resolution of the accountability process.</p> <p>6. The Bank has established a whistleblower system to encourage internal and external personnel to report unethical conduct or misconduct, and regularly publicizes and educates subordinates about the whistleblowing system.</p> <p>7. In order to prevent the Directors, Managers, and Employees from conducting unethical conducts such as benefiting from information inaccessible to the public market, the Bank has formulated internal regulations including the "Corporate Governance Best-Practice Principles," "Procedures for Handling Material Inside Information and Insider Trading Prevention Education Advocacy," and "Self-Regulatory Rules on Disclosure of Merger and Acquisition Information" stipulating that the insiders shall not use undisclosed information to buy or sell the securities, including (but not limited to) directors not trading their</p> | |

| Evaluation Item | Implementation Status | | Summary | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations |
|---|-----------------------|----|--|---|
| | Yes | No | | |
| | | | <p>stocks during the 30 days before the annual financial report announcement and 15 days before each quarterly financial report announcement. Any organization or person outside of the Bank that is involved in any corporate action of the Bank relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and carry out all matters accordingly.</p> <p>8. The Bank regularly reviews and amends plans to prevent unethical conducts every year.</p> | |
| <p>II. Implementation of ethical corporate management</p> <p>(I) Does the Bank evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?</p> | ✓ | | <p>(I) According to the Bank's "Ethical Corporate Management Best Practice Principles" and ethical corporate management operating procedures and guidelines, before entering into business relationships with other parties, the Bank should conduct a thorough assessment of the legality, ethical corporate management policies, and any history of dishonest behavior of agents, suppliers, customers, or other business counterparts. This is to ensure that their business operations are conducted in a fair, transparent, and bribery-free manner, without engaging in solicitation, provision, or acceptance of bribes. Furthermore, when entering into contracts with trading partners, all relevant matters concerning ethical corporate management clauses must be included in the contract. The contracts are reviewed for good faith provisions during the contract review process.</p> | <p>(I) No deviation.</p> |

| Evaluation Item | Implementation Status | | | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations |
|---|-----------------------|----|---|---|
| | Yes | No | Summary | |
| (II) Has the Bank established an exclusively (or concurrently) dedicated unit under the Board of Directors to implement ethical corporate management, and report to the Board of Directors on a regular basis (at least once per year) on ethnic operation policies as well as precautionary measures against unethical conduct and their implementation information? | ✓ | | (II) The Bank has designated the Sustainable Development Committee, which is under the Board of Directors as a dedicated unit to drive ethical management of the Bank. The Committee provided assistance in incorporating ethics and moral values into the Bank's business strategy and in adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. The committee also reported on a regular basis to the Board of Directors on supervision of ethical management policy implementation and unethical behavior prevention plans. Last reported on August 12, 2024. | (II) No deviation. |
| (III) Does the Bank establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policy properly? | ✓ | | (III) <ol style="list-style-type: none"> The Bank has established guidelines in the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Anti-Corruption and Anti-Bribery Policy," and "Rules of Procedure for Board Meetings." These guidelines stipulate that board members, managers, and other stakeholders attending or participating in board meetings must disclose any significant interests related to the matters discussed, particularly if such interests may conflict with the interests of the company. In cases where there is a potential detriment to the company's interests, these individuals are prohibited from participating in discussions and voting on the relevant matters. Furthermore, they must recuse themselves from discussions and voting and are not permitted to delegate their voting rights to other board members. When Bank personnel encounter situations during the execution of company business that present a | (III) No deviation. |

| Evaluation Item | Implementation Status | | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations | |
|--|-----------------------|----|---|--------------------|
| | Yes | No | | Summary |
| (IV) To implement relevant policies on ethical management, has the Bank established effective accounting and internal control systems and assign an internal audit unit to develop relevant auditing plans according to the assessment results of unethical conduct risks? Does the Bank inspect the implementation of such auditing plans or assign CPAs to implement the auditing? | ✓ | | <p>conflict of interest for themselves or the legal entity they represent, or that may result in improper benefits for themselves, their spouses, parents, children, or individuals with whom they have a vested interest, they should report the relevant circumstances to their immediate supervisor. The immediate supervisor is responsible for providing appropriate guidance and notifying the Human Resources Department.</p> <p>(IV) The Bank has established an effective accounting system in accordance with the "Regulations Governing the Preparation of Financial Reports by Listed Banks" by the competent authority, which is available for audit. The Bank has indeed complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" to establish an internal control system. An independent and impartial audit department establishes a rigorous annual audit plan according to the results of a dishonesty risk assessment to carry out inspections, and CPAs are entrusted each year to perform an audit of internal control systems in order to ensure that the design and implementation of the system are effective continuously.</p> | (IV) No deviation. |
| (V) Does the Bank regularly hold internal and external educational trainings on ethical management? | ✓ | | <p>(V) the Bank conducts regular education and training for directors, senior management and all employees related to ethical management, including:</p> <ol style="list-style-type: none"> 1. Internal Education Training Status: workshops such as "Procedures for Handling Material Inside Information and Insider Trading Prevention Education Advocacy," "Fair Treatment of Customers and Financial Friendliness," "Education Training on Fair Treatment of Customers (including Elderly + CRPD)," "Annual Whistleblowing System for Financial Service | (V) No deviation. |

| Evaluation Item | Implementation Status | | Summary | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations |
|--|-----------------------|----|--|---|
| | Yes | No | | |
| | | | <p>Industries to Treat Clients Fairly," "Human Rights Policy," "Illegal Infringement," "Employee Service Ethics and Code of Ethical Conduct," " Self-Regulatory Regulations On Merger And Acquisition Information Disclosure," "Personal Data Protection Act," "Intellectual Property Rights Education Training," "Ethical Corporate Management, Anti-Corruption, and Anti-Bribery Policy Education," and "Information Security Advocacy," among others. In 2024, there were a total of 23,169 visits, totaling 28,875.25 hours.</p> <p>2. External Education Training Status: "Personal Privacy Seminar," "Ethical Corporate Management and Executive Accountability," "Legal Matters Board Directors Should Know About Ethical Corporate Management Best Practice Principles," "Information Security Professional Series," "Internal Audit, Internal Controls, and Personal Information Protection Act," "Case Studies on Breach of Trust and Transactions Not in Accordance with Business Norms: Discussing the Professional Ethics of Corporate Auditors and Strategies for Fraud Prevention," "Responsibility Map," "Insider Trading Promotion." In 2024, there were a total of 21 visits, totaling 72 hours.</p> | |
| <p>III. Grievance System (I) Has the Bank established a grievance and rewards system and a reporting hotline? Can the employees with alleged violations be reached by an appropriate contact person for follow-up?</p> | ✓ | | <p>(I) The Bank has established the "King's Town Bank Regulations on the Implementation of the Whistleblower System" to regulate the specific reporting system and has set up two convenient reporting channels, including written and email, on the global information network and the Bank's internal network. The Compliance Department has been designated as the dedicated unit of the whistleblower system and is supervised by the Head of</p> | <p>(I) No deviation.</p> |

| Evaluation Item | Implementation Status | | Summary | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations |
|---|-----------------------|----|---|---|
| | Yes | No | | |
| (II) Has the Bank established standard operating procedures and confidentiality measures for the investigation of reported incidents? | ✓ | | <p>Compliance of the Head Office, responsible for receiving, assigning, replying, tracking and improving, and keeping records.</p> <p>(II)</p> <ol style="list-style-type: none"> 1. The special unit of the Bank shall review the types of reported cases and submit them to the investigation unit for investigation and report, and the special unit shall make a report on the reported cases, investigation results and review and improvement measures, and submit it to the president for review or report to the Audit Committee for review according to the subject of the report, and shall notify the complainant of the handling situation in writing or in other ways, and shall notify or report to the relevant authorities if a major incidental or illegal case is found after the investigation. Closing reports should also be compiled and presented to the Board of Directors on a regular basis. 2. The Bank keeps the process of the whistleblowing cases confidential. The identity of the whistleblower, investigation procedures, and related documents are kept confidential and protected by the Bank. The personnel involved in the acceptance and investigation of a case shall declare in writing that the identity of the informant and the contents of the report shall be kept confidential and that no information identifying the informant shall be divulged. We will also keep records of the acceptance, investigation process, investigation results and related documents in confidential files for at least five years. | (II) No deviation. |

| Evaluation Item | Implementation Status | | Summary | Implementation of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons for deviations |
|--|-----------------------|----|---|---|
| | Yes | No | | |
| (III) Does the Bank have proper measures in place to protect whistleblowers from reprisals? | ✓ | | (III) the Bank undertakes to protect internal whistleblowers from improper treatment or dismissal, discharge, demotion, reduction in salary, impairment of their rights and interests under law, contract or custom, or other adverse action as a result of the whistleblower. | (III) No deviation. |
| IV. Enhancing information disclosure Does the Bank disclose its ethical corporate management policies and results of implementation on the Company's website and the Market Observation Post System, and state its commitment to its integrity management policy? | ✓ | | The Bank discloses the "Code of Ethical Corporate Management," "Procedures for Ethical Management and Guidelines for Conduct" and "Corporate Governance Best-Practice Principles" on its website and the Market Observation Post System. The Bank also discloses its ethical management practices and measures through its website, annual reports, sustainability reports, and other external documents, and discloses its "Ethical Corporate Management, Anti-Corruption, and Anti-Bribery Policy and Commitment" on its website. | No deviation. |
| V. If the Bank has its own code of ethics in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe the differences between its operation and the code: None | | | | |
| VI. Other important information which facilitates a better understanding of the Company's ethical corporate management practices: None | | | | |

(XI) Other important information that is sufficient to enhance the understanding of the Bank's implementation of corporate governance

Please refer to MOPS (website: <http://mops.twse.com.tw/mops/web/index/>) or our official website (website: <https://customer.ktb.com.tw/new/>) for information about King's Town Bank.

(XII) Status of internal control

Please refer to MOPS > Single Company > Corporate Governance > Internal Control Section > Announcement of Internal Control Declaration

(Website: <https://mops.twse.com.tw/mops/#/web/t06sg20>)

(XIII) Significant Resolutions of the Shareholders' Meeting and the Board of Directors for the year of 2024 and as of the end of January 2025

| Classification | Date | Case | Resolution | Implementation |
|-----------------------|------------|---|--|---|
| Shareholders' Meeting | 2024.06.07 | Recognition of 2023 financial statements | 738,395,25 rights voted in favor, and 260,973 votes against, 49,590,978 votes deemed invalid, abstained or not casted, so the proposal was approved through a vote, as per the original Board of Directors' proposal. | Relevant reports and statements have been filed with the competent authority for inspection and announcement in accordance with the law and regulations of the Company Act and the Securities and Exchange Act. |
| | | Recognition of 2023 profit distribution plan | 739,610,082 rights voted in favor, and 181,863 votes against, 48,455,264 votes deemed invalid, abstained or not casted, so the proposal was approved through a vote, as per the original Board of Directors' proposal. | The distribution base date was scheduled on July 2, 2024 and the payment date was scheduled on July 18, 2024. (Cash dividend per share: NT\$3.0) |
| Board of Directors | 2024.02.26 | Produced and submitted the Bank's 2023 parent company only financial statements and consolidated financial statements and business reports | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |
| | | Independence and competence evaluation of the Bank's Certified Public Accountants | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |
| | | 2023 Distribution of Earnings | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |
| | 2024.03.25 | Discussion of the "Statement of Internal Control System of King's Town Bank" for 2023 | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |
| | | "Statement on Internal Control System for Anti-Money Laundering and Countering the Financing of Terrorism" 2023 | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |
| | 2024.06.11 | Separated the Bank's Sustainable Development and Nomination Committee into two independent functional committees, and established the "Sustainable Development Committee Charter" and "Nomination Committee Charter" | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |
| | | Proposal to separate the Bank's Sustainable Development and Nomination Committee into two independent functional committees and amend the Bank's organizational chart, organizational procedures and the breakdown of responsibilities by level | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |
| | 2024.07.22 | Proposal of bad debts written-off | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |
| | 2024.12.09 | The Taichung Branch has relocated to a newly constructed building (No. 299, Section 4, Wenxin Road, Beitun District, Taichung City) and will continue its operations | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |

| Classification | Date | Case | Resolution | Implementation |
|----------------|------------|---|--|---|
| | 2024.12.27 | Proposal to enter into a share conversion agreement with SinoPac Holdings (hereinafter referred to as "SinoPac"). Under this agreement, each common share of the Bank will be exchanged for 1.15 common shares of SinoPac and cash amounting to NT\$26.75. Upon completion of the share conversion, the Bank will become a wholly-owned subsidiary of SinoPac | Passed by the attending directors unanimously by being consulted by the Chairman | Relevant operations have been handled in accordance with the resolution |

(XIV) During 2024 and until the end of January 2025, there were recorded or written statements from directors or supervisors expressing different opinions on important resolutions passed by the Board of Directors. However, during 2024 and until the end of January 2025, there were no dissenting opinions from directors or independent directors.

IV Information on CPA Professional Fees

(I) CPA Professional Fees

Unit: NT\$ thousand

| Name of the CPA firm | Name of CPA | Audit Period | Audit fees | Non-audit fees | Total | Remarks |
|------------------------------|------------------------------|-----------------------|------------|----------------|-------|---------|
| Ernst & Young Global Limited | Kuo-Sen Hung, Sheng-An Hsieh | 2024.01.01~2024.12.31 | 3,340 | 2,720 | 6,060 | |

Note: Non-audit public expenses include: anti-money laundering and counter-terrorism financing mechanism NT\$700 thousand, tax certification NT\$110 thousand, review of salary information of non-executive staff NT\$20 thousand, correction of unappropriated retained earnings declaration NT\$40 thousand, ISO27001 verification service NT\$580 thousand, SWIFT assessment consulting service NT\$740 thousand, sustainability report assurance service NT\$230 thousand, and assurance service for greenhouse gas inventory: NT\$300 thousand.

(II) Change of CPA firm and the audit fees for the year of the change less that of the previous year, and the amount of audit fees before and after the change, and reasons for the change: None.

(III) Audit fees were 10% less than that of the previous year: None.

V Information on replacement of CPAs within the past two fiscal years or any subsequent interim period: None.

VI Information about Chairman, President, and Financial or Accounting Manager of the Company who has worked with the CPA firm which conducts the audit of the Company or affiliate to said firm in the most recent year:None.

VII Changes in the share transfer and share mortgage of the directors, supervisors, managerial officers and the individual or affiliated party holding a certain percentage of the voting shares of one bank met the requirements of reporting according to Article 11 of the regulations

(I) Changes in shareholdings:

Unit: shares

| Title | Name | 2024 | | As of January 31, 2025 | |
|-----------------------------------|---|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| | | Shareholding increase (decrease) | Pledged share increase (decrease) | Shareholding increase (decrease) | Pledged share increase (decrease) |
| Chairman (major shareholder) | Tiangan Investment Co., Ltd. Representative: Chen-Chih Tai (major shareholder) | 0 | (3,000,000) | 0 | 0 |
| | | 0 | 0 | 0 | 0 |
| Vice Chairman (major shareholder) | Tiangan Investment Co., Ltd. Representative: Chiung-Ting Tsai | 0 | Note | 0 | 0 |
| | | 0 | 0 | 0 | 0 |
| Director | Fu Chiang Investment Co., Ltd. Representative: Ching-Shun Ou | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 |
| Director | Fu Chiang Investment Co., Ltd. Representative: Yi-Li Chuang | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 |

| Title | Name | 2024 | | As of January 31, 2025 | |
|--|-------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| | | Shareholding increase (decrease) | Pledged share increase (decrease) | Shareholding increase (decrease) | Pledged share increase (decrease) |
| Independent Director | Chuan-Fu Hou | 0 | 0 | 0 | 0 |
| Independent Director | Chao-Long Chen | 0 | 0 | 0 | 0 |
| Independent Director | Ping-Sung Wu | 0 | 0 | 0 | 0 |
| President | Hung-Liang Chiang | (26,000) | 0 | 0 | 0 |
| Chief Auditor | Ching-Chu Pai | 0 | 0 | 0 | 0 |
| Senior Vice President | Qi-Wei You | 0 | 0 | 0 | 0 |
| Senior Vice President and Chief Information Security Officer | Hung-Sung Shen | 0 | 0 | 0 | 0 |
| Senior Vice President | Chung-Cheng Lin | 0 | 0 | 0 | 0 |
| Vice President | Ying-Shih Lu | (20,000) | 0 | (15,000) | 0 |
| Vice President | Kai-Ming Liu | (16,000) | 0 | 0 | 0 |
| Vice President | Chien-Ko Yang | (209,444) | 0 | 0 | 0 |
| Vice President | Chi-Chia Chang | (100,000) | 0 | 0 | 0 |
| Finance Manager | Shih-Chi Chuang | 0 | 0 | 0 | 0 |
| Corporate Governance Officer | Tzu-Yun Chen | (19,000) | 0 | 0 | 0 |
| Accounting Executive | Yu-Hsuan Chen | 0 | 0 | 0 | 0 |

Note: The number of shares pledged by Tiangang Investment Co., Ltd. is in the same column as the chairman of the Board of Directors in 2024.

(II) Transfer of Equity Interests:

Base date: 2025.01.31

| Name | Reasons for Share Transfer | Transaction Date | Counterparty | Relationship between the counterparties and the bank, as well as its directors, managers, and shareholders who hold more than ten percent of the shares | No. of shares (shares) | Transaction Price (NT\$) |
|---------------|----------------------------|------------------|----------------|---|------------------------|--------------------------|
| Chien-Ko Yang | Gift | 2024.04.17 | Shu-Ching Yang | Child of internal personnel | 59,444 | 40.70 |
| Chien-Ko Yang | Gift | 2024.06.17 | Ying-Miao Li | Spouse of internal personnel | 150,000 | 61.00 |

(III) Pledge of equity: The counterparties of equity pledge are not related parties, thus it is not applicable.

VIII Relationship information, if among the Company's ten largest shareholders anyone is a related party or a relative within the second degree of kinship of another

Relationships among the company's ten largest shareholders

Base date: 2025.01.31

| Name | Share Ownership | | Shares Held by Spouse & Dependents | | Shares Held under Nominee Accounts | | Among ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship | | Remarks |
|--|------------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|--|--------------|---------|
| | No. of shares (shares) | Ratio of Shareholding | No. of shares (shares) | Ratio of Shareholding | No. of shares (shares) | Ratio of Shareholding | Title/name | Relationship | |
| Capital Tip Customized Taiwan Select High Dividend ETF | 110,373,000 | 9.93% | 0 | 0% | 0 | 0% | None | None | |
| Chen-Chih Tai (*) | 78,209,000 | 7.04% | 5,890,000 | 0.53% | 0 | 0% | None | None | |

| Name | Share Ownership | | Shares Held by Spouse & Dependents | | Shares Held under Nominee Accounts | | Among ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship | | Remarks |
|--|------------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|--|---|---------|
| | No. of shares (shares) | Ratio of Shareholding | No. of shares (shares) | Ratio of Shareholding | No. of shares (shares) | Ratio of Shareholding | Title/name | Relationship | |
| Tien-Tsan Tsai | 72,752,033 | 6.55% | 10,346,139 | 0.93% | 0 | 0% | Tiangang Investment Co., Ltd. | Spouse of the representative | |
| | | | | | | | Tianlai Investment Company | Representative's relative within the second degree of kinship | |
| | | | | | | | Hsien-Tsung Wang Yi-Ying Chen | Kinship within second-degree | |
| Hsinray Investment Co., Ltd. | 55,205,869 | 4.97% | 0 | 0% | 0 | 0% | None | None | |
| Representative of the aforementioned companies: Yi-Li Chuang | 0 | 0% | 0 | 0% | 0 | 0% | None | None | |
| Jincheng Construction Co., Ltd. | 48,340,000 | 4.35% | 0 | 0% | 0 | 0% | None | None | |
| Representative of the aforementioned companies: Chun-Chun Chiu | 0 | 0% | 0 | 0% | 0 | 0% | None | None | |
| Tiangang Investment Co., Ltd. (*) | 39,399,025 | 3.55% | 0 | 0% | 0 | 0% | None | None | |
| Representative of the aforementioned companies: Mei-Yun Tsai | 10,346,139 | 0.93% | 72,752,033 | 6.55% | 0 | 0% | Tien-Tsan Tsai | Spouse; | |
| | | | | | | | Hsien-Tsung Wang Yi-Ying Chen | Kinship within second-degree | |
| | | | | | | | Tianlai Investment Company | Representative's relative within the second degree of kinship | |
| Tianlai Investment Company | 34,690,325 | 3.12% | 0 | 0% | 0 | 0% | None | None | |
| Representative of the aforementioned companies: Yi-Ying Chen | 23,756,000 | 2.14% | 0 | 0% | 0 | 0% | Tien-Tsan Tsai | Kinship within second-degree | |
| | | | | | | | Tiangang Investment Co., Ltd. | Representative's relative within the second degree of kinship | |

| Name | Share Ownership | | Shares Held by Spouse & Dependents | | Shares Held under Nominee Accounts | | Among ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship | | Remarks |
|--|------------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|--|---|---------|
| | No. of shares (shares) | Ratio of Shareholding | No. of shares (shares) | Ratio of Shareholding | No. of shares (shares) | Ratio of Shareholding | Title/name | Relationship | |
| Hsien-Tsung Wang | 29,277,882 | 2.63% | 12,419,667 | 1.12% | 0 | 0% | Tien-Tsan Tsai | Kinship within second-degree | |
| | | | | | | | Tiangang Investment Co., Ltd. | Representative's relative within the second degree of kinship | |
| KGI Taiwan Premium Selection High Dividend 30 ETF | 25,749,000 | 2.32% | 0 | 0% | 0 | 0% | None | None | |
| CTBC Bank Trust Account for King's Town Bank Employee Stock Ownership Trust. | 24,525,887 | 2.21% | 0 | 0% | 0 | 0% | None | None | |

Note: (*) denotes the number of shares held reported to the regulatory authority by internal personnel.

IX Quantity of shareholdings of the same investee by the Bank and directors, supervisors, presidents, senior vice presidents, vice presidents, supervisors of the various departments and branches, and direct or indirect subsidiaries in proportion to the combined holdings of all

Base date: 2024.12.31

| Invested Companies | Investment made by the Bank | | Investment made by directors, supervisors, presidents, vice presidents, assistant vice presidents, heads of branches, and direct or indirect subsidiaries | | Total Ownership | |
|---|-----------------------------|--------------------|---|--------------------|------------------------|--------------------|
| | No. of shares (shares) | Shareholding ratio | No. of shares (shares) | Shareholding ratio | No. of shares (shares) | Shareholding ratio |
| Taiwan Depository and Clearing Corp. | 2,835,489 | 0.36% | 0 | 0% | 2,835,489 | 0.36% |
| Taipei Forex Inc. | 80,000 | 0.40% | 0 | 0% | 80,000 | 0.40% |
| Taiwan Futures Exchange | 3,110,226 | 0.50% | 0 | 0% | 3,110,226 | 0.50% |
| Financial Information Service Co., Ltd. | 8,413,879 | 1.24% | 0 | 0% | 8,413,879 | 1.24% |
| Taiwan Stock Exchange Corporation | 38,229,297 | 2.87% | 0 | 0% | 38,229,297 | 2.87% |
| Sunshine Asset Management Co., Ltd. | 37,211 | 0.62% | 0 | 0% | 37,211 | 0.62% |
| King's Town International Leasing Co., Ltd. | 208,448,542 | 100% | 0 | 0% | 208,448,542 | 100% |
| King's Town Securities Co, Ltd. | 90,000,000 | 100% | 0 | 0% | 90,000,000 | 100% |
| Taiwan Incubator SME Development Co. | 3,417,440 | 4.84% | 0 | 0% | 3,417,440 | 4.84% |

Chapter 3 Capitalization

I. Capital and Shares

(I) Sources of capital

Base date: 2025.01.31

Unit: NT\$

| Year and month | Issue price | Authorized capital | | Paid-in share capital | | Remarks | |
|----------------|-------------------|--------------------|---------------|-----------------------|---------------|--|---|
| | | Shares | Amount | Shares | Amount | Sources of capital | Others |
| 1978.01 | | 20,000,000 | 200,000,000 | 20,000,000 | 200,000,000 | | Reformed as a bank by order |
| 1980.03 | | 24,000,000 | 240,000,000 | 24,000,000 | 240,000,000 | Shareholder dividend of NT\$30.4 million, special reserve of NT\$9.6 million | MOEA (69) Commerce No. 19797 dated 06.19.1980 |
| 1981.05 | | 30,000,000 | 300,000,000 | 30,000,000 | 300,000,000 | Dividends of NT\$14.4 million, bonus of NT\$25.2 million, special reserve of NT\$20.4 million | MOEA (71) Commerce No. 09006 dated 03.18.1982 |
| 1982.03 | | 40,200,000 | 402,000,000 | 40,200,000 | 402,000,000 | Value-added reserve of NT\$45.9 million and special reserve of NT\$56.1 million | MOEA (71) Commerce No. 47072 dated 12.17.1983 |
| 1983.10 | | 42,500,000 | 425,000,000 | 42,500,000 | 425,000,000 | Special reserve of NT\$23 million | MOEA (72) Commerce No. 51587 dated 12.29.1983 |
| 1984.09 | | 45,000,000 | 450,000,000 | 45,000,000 | 450,000,000 | Special reserve of NT\$25 million | MOEA (73) Commerce No. 43814 dated 11.10.1984 |
| 1985.07 | | 47,500,000 | 475,000,000 | 47,500,000 | 475,000,000 | Special reserve of NT\$25 million | MOEA (74) Commerce No. 40767 dated 09.17.1985 |
| 1986.06 | | 50,000,000 | 500,000,000 | 50,000,000 | 500,000,000 | Special reserve of NT\$25 million | MOEA (75) Commerce No. 37468 dated 08.25.1986 |
| 1987.07 | | 52,500,000 | 525,000,000 | 52,500,000 | 525,000,000 | Special reserve of NT\$25 million | MOEA (76) Commerce No. 41397 dated 08.18.1987 |
| 1988.05 | | 63,000,000 | 630,000,000 | 63,000,000 | 630,000,000 | Special reserve of NT\$105 million | MOEA (77) Commerce No. 18642 dated 06.30.1988 |
| 1989.06 | | 80,000,000 | 800,000,000 | 73,080,000 | 730,800,000 | Special reserve of NT\$100.8 million | MOEA (78) Commerce No. 123964 dated 06.14.1989 |
| 1989.11 | NT\$180 per share | 80,000,000 | 800,000,000 | 80,000,000 | 800,000,000 | Capital increase in cash for NT\$69.2 million | MOEA (78) Commerce No. 134390 dated 12.16.1989 |
| 1990.06 | | 200,000,000 | 2,000,000,000 | 120,350,000 | 1,203,500,000 | Capital surplus of NT\$240 million, special reserve of NT\$160 million, and employee bonus of NT\$3.5 million | MOEA (79) Commerce No. 115085 dated 07.13.1990 |
| 1991.06 | | 200,000,000 | 2,000,000,000 | 171,500,000 | 1,715,000,000 | Earnings and special reserve of NT\$228.665 million, capital surplus of NT\$277.835 million, and employee bonus of NT\$5 million | MOEA (80) Commerce No. 1199766 dated 09.10.1991 |
| 1992.11 | | 227,300,000 | 2,273,000,000 | 227,300,000 | 2,273,000,000 | Earnings and special reserve of NT\$274.4 million, capital surplus of NT\$277.83 million, and employee bonus of NT\$5.77 million | (81) MOF. Sec. (I) No. 02348 dated 09.14.1992 |
| 1993.08 | | 270,000,000 | 2,700,000,000 | 270,000,000 | 2,700,000,000 | Earnings and special reserve of NT\$281.232 million, capital surplus of NT\$144.768 million, and employee bonus of NT\$1 million | (82) MOF. Sec. (I) No. 01649 dated 05.17.1993 |
| 1994.03 | NT\$53 per share | 335,000,000 | 3,350,000,000 | 335,000,000 | 3,350,000,000 | Earnings of NT\$390.415 million, capital surplus of NT\$9.585 million, and capital increase in cash of NT\$250 million | (83) MOF. Sec. (I) No. 28035 dated 07.05.1994 |
| 1995.03 | NT\$43 per share | 440,130,000 | 4,401,300,000 | 440,130,000 | 4,401,300,000 | Capital increase in cash of NT\$100 million, earnings of NT\$599.204 million, capital surplus of NT\$332.096 million, and employee bonus of NT\$20 million | (84) MOF. Sec. (I) No. 31862 dated 06.10.1995 |

| Year and month | Issue price | Authorized capital | | Paid-in share capital | | Remarks | |
|----------------|--------------------|--------------------|----------------|-----------------------|----------------|--|--|
| | | Shares | Amount | Shares | Amount | Sources of capital | Others |
| 1996.10 | | 545,762,200 | 5,457,622,000 | 545,762,200 | 5,457,622,000 | Earnings of NT\$624.985 million and capital surplus of NT\$431.327 million | (85) MOF. Sec. (I) No. 41979 dated 07.12.1996 |
| 1997.11 | | 646,727,022 | 6,467,270,220 | 646,727,022 | 6,467,270,220 | Earnings of NT\$578.507 million and capital surplus of NT\$431.151 million | (86) MOF. Sec. (I) No. 65313 dated 08.16.1997 |
| 1998.12 | | 724,334,265 | 7,243,342,650 | 724,334,265 | 7,243,342,650 | Earnings of NT\$523.849 million and capital surplus of NT\$252.223 million | (87) MOF. Sec. (I) No. 79377 dated 09.15.1998 |
| 2005.10 | NT\$10.7 per share | 1,800,000,000 | 18,000,000,000 | 1,084,334,265 | 10,843,342,650 | Capital increase in cash of NT\$3.6 billion | (94) FSC. I. Tzi No. 0940132082 dated 08.15.2005 |
| 2008.11 | | 1,800,000,000 | 18,000,000,000 | 1,069,334,265 | 10,693,342,650 | Treasury stock shares canceled for an amount of NT\$150,000,000 | (97) FSC. III Tzi, dated Sep. 17, 2008 No. 0970050338 dated 09.17.2008 (97) FSC. III Tzi, dated Oct. 20, 2008 No. 0970055145 dated 10.20.2008 |
| 2008.12 | | 1,800,000,000 | 18,000,000,000 | 1,051,234,265 | 10,512,342,650 | Treasury stock shares canceled for an amount of NT\$181,000,000 | (97) FSC. III Tzi, dated Dec. 15, 2008 No. 0970068208 dated 12.15.2008 |
| 2013.03 | NT\$10 per share | 1,800,000,000 | 18,000,000,000 | 1,201,234,265 | 12,012,342,650 | Private placement of convertible financial bonds converted into equity for NT\$1,500,000,000 | (102) MOEA. So.Sun.Tzi No. 10201059550 dated 04.01.2013 |
| 2016.02 | | 1,800,000,000 | 18,000,000,000 | 1,164,234,265 | 11,642,342,650 | Treasury stock shares canceled for an amount of NT\$370,000,000 | (105) MOEA. So.Sun.Tzi No. 10501037030 dated 02.24.2016 |
| 2016.03 | | 1,800,000,000 | 18,000,000,000 | 1,151,234,265 | 11,512,342,650 | Treasury stock shares canceled for an amount of NT\$130,000,000 | (105) MOEA. So.Sun.Tzi No. 10501053730 dated 03.18.2016 |
| 2018.02 | | 1,800,000,000 | 18,000,000,000 | 1,141,234,265 | 11,412,342,650 | Treasury stock shares canceled for an amount of NT\$100,000,000 | (108) MOEA. So.Sun.Tzi No. 10801016600 dated 02.27.2019 |
| 2019.10 | | 1,800,000,000 | 18,000,000,000 | 1,131,234,265 | 11,312,342,650 | Treasury stock shares canceled for an amount of NT\$100,000,000 | (108) MOEA. So.Sun.Tzi No. 10801141640 dated 10.21.2019 |
| 2020.05 | | 1,800,000,000 | 18,000,000,000 | 1,121,234,265 | 11,212,342,650 | Treasury stock shares canceled for an amount of NT\$100,000,000 | (109) MOEA. So.Sun.Tzi No. 10901076840 dated 05.22.2020 |
| 2022.10 | | 1,800,000,000 | 18,000,000,000 | 1,111,234,265 | 11,112,342,650 | Treasury stock shares canceled for an amount of NT\$100,000,000 | (111) MOEA. So.Sun.Tzi No. 11101198600 dated 10.18.2022 |

Type of shares

Base date: 2025.01.31

Unit: shares

| Type of shares | Authorized capital | | | Remarks |
|------------------|--------------------|-----------------|---------------|--------------|
| | Outstanding shares | Unissued shares | Total | |
| Ordinary share | 1,111,234,265 | 688,765,735 | 1,800,000,000 | Common stock |
| Preference stock | 0 | 0 | 0 | |

(II) List of major shareholders

Base date: 2025.01.31

| Name of major shareholders | Number of shares held (share) | Ratio of Shareholding (%) |
|--|-------------------------------|---------------------------|
| Capital Tip Customized Taiwan Select High Dividend ETF | 110,373,000 | 9.93% |
| Chen-Chih Tai | 78,209,000 | 7.04% |
| Tien-Tsan Tsai | 72,752,033 | 6.55% |
| Hsinray Investment Co., Ltd. | 55,205,869 | 4.97% |
| Jincheng Construction Co., Ltd. | 48,340,000 | 4.35% |
| Tiangang Investment Co., Ltd. | 39,399,025 | 3.55% |
| Tianlai Investment Company | 34,690,325 | 3.12% |
| Hsien-Tsung Wang | 29,277,882 | 2.63% |
| KGI Taiwan Premium Selection High Dividend 30 ETF | 25,749,000 | 2.32% |
| CTBC Bank Trust Account for King's Town Bank Employee Stock Ownership Trust. | 24,525,887 | 2.21% |

Note: The top ten shareholders are listed.

(III) Dividend Policy and Implementation

1. Dividend policy

the Bank's dividend policy is specified in Article 33-1 of the Articles of Incorporation as follows

If there is a surplus in the Bank's annual final accounts after all taxes have been paid, it should be applied to make up for the losses of previous years, and then appropriate 30% legal reserve; also, after having the special reserve appropriated according to law, for the balance amount, if any, thereafter, along with the retained earnings, the Board of Directors shall propose a distribution plan to the shareholders meeting for approval. For the distribution of dividends, the cash dividends must not be less than 10% of the total dividends of the current year. The aforementioned dividends distribution principles regarding the cash dividend ratio may be by the Board of Directors and submitted to the shareholders' meeting for approval, depending on the Bank'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 Bank's accumulated legal reserve equals or exceeds the Company's paid-in capital, or when it meets the sound financial standard set by the competent authority under Article 50, Paragraph 2 of the Banking Act, and the legal reserve is provided in accordance with the Company Act, the legal reserve restrictions on deposits and maximum cash surplus distribution shall not apply.

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

In summary, the Bank's dividend distribution policy is to apply the annual net income to pay tax lawfully, make up for the losses of previous years, and appropriate legal reserve and special reserve, then for the remaining distributable earnings net of the fund reserved for business operation planned is to be distributed as dividend to the shareholders of common stock; also, 0%-60% of the distributable amount shall be appropriated for distribution according to the proposal plan presented by the Board of Directors to be resolved in the shareholders meeting.

In addition, if there is one of the situations listed in Article 44-1, Paragraph 1 of the Banking Act, it is prohibited to have cash profit distributed or shares repurchased. Before the accumulated legal reserve equals or exceeds the Company's paid-in capital, the maximum cash dividends distribution shall not exceed 15% of the total capital.

2. Proposed dividends distribution at this shareholders' meeting: the Bank's appropriation and distribution of earnings for 2024 have not been proposed.

(IV) The impact of the stock dividends proposed at the shareholders' meeting on the Bank's operational performance and earnings per share: the Bank's appropriation and distribution of earnings for 2024 have not been proposed.

(V) Remuneration of employees, directors and supervisors

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the Bank's Articles of Incorporation:
According to Article 33 of the Bank's Articles of Incorporation, if there are earnings in 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. The employees with stock or cash received as remuneration as stated in the preceding paragraph include employees of subsidiary companies that meet certain conditions.
2. Basis for the estimation of the remuneration of employees, directors and supervisors in current period, basis for the calculation of stock shares distributed to employees as remuneration, and accounting treatment for the difference between the actual distribution amount and the estimated amount: The difference is treated as changes in accounting estimates in the next year.
3. Proposal of distribution passed by the Board:
 - (1) Amount of remuneration to employees and directors and supervisors with cash or stock distributed: It was resolved in 2024 to issue cash remuneration for NT\$650,000 to employees, NT\$0 to directors and supervisors that has no significant difference from the estimated annual expense amount.
 - (2) The ratio of the employee remuneration amount with stock distributed to the net income and total employee remuneration on the parent company only or individual financial report in the current period: None
4. Actual distribution of employee, director, and supervisor remuneration for the previous year: the Bank, through a resolution passed at the shareholders' meeting on June 7, 2024, approved the distribution of director and supervisor remuneration of NT\$0 and employee cash bonus of NT\$730,000 for 2023 surplus distribution.

(VI) The Bank's stock shares repurchased:

1. Repurchase of the Bank's stock shares in 2024 and as of the end of January 2025: None.
2. The Bank's stock shares repurchased (transaction not yet completed): None.

II. Issuance of financial bond: None.**III. Issuance of preferred shares: None.****IV. Issuance of overseas depositary receipt: None.****V. Issuance of employee stock warrant and restricted employee shares: None.****VI. Merger and acquisition or transfer of other financial institutions:**

- (I) For any mergers or acquisitions of other financial institutions in the last year, the CPAs' opinion on the fairness of the share exchange ratio should be disclosed:

To enhance competitiveness and achieve operational synergy, the Bank's Board of Directors convened an extraordinary meeting on December 27, 2024, and resolved to approve the share conversion proposal with SinoPac Holdings (hereinafter referred to as "SinoPac"). This share conversion proposal complies with the Financial Holding Company Act, the Business Mergers and Acquisitions Act, and other relevant regulations. Under this proposal, SinoPac intends to exchange each share of the common shares of the Bank for 1.15 shares of SinoPac's common shares, along with a cash consideration of NT\$26.75 (hereinafter referred to as "transaction consideration") to be paid to all shareholders listed in the shareholder register of the Bank as of the share conversion base date.

On December 9, 2024, during the 15th meeting of the 5th Audit Committee, it was resolved to appoint Li Kuo-Ming, an accountant from Crowe (TW) CPAs, as an independent expert (hereinafter referred to as "Independent Expert"). The Independent Expert was tasked with providing an opinion on the reasonableness of the share conversion price. After comprehensive consideration of the market price method and the price-to-book ratio method of comparable publicly listed companies, as well as the impact of control rights on valuation, the reasonable range for the bank's per-share value was determined to be between NT\$50.74 and NT\$55.46. The transaction price was approximately NT\$53.5 per share, which falls within the aforementioned assessed per-share value range and is deemed appropriate and reasonable.

The share conversion was approved at the inaugural extraordinary shareholders' meeting held on March 3, 2025.

According to the conditions outlined in the Share Conversion Agreement signed between the Bank and SinoPac, if any of the conditions are not fulfilled or waived on or before December 31, 2025 (hereinafter referred to as the "Final Transaction Date"), the agreement will automatically terminate on the Final Transaction Date, unless both parties' boards of directors resolve in writing to extend the Final Transaction Date.

- (II) Banks listed on the stock exchange or over-the-counter are required to disclose any mergers or acquisitions involving other financial institutions that have occurred in the past five years: None.
- (III) Banks that are not publicly listed or traded on the over-the-counter market are required to disclose the execution status of mergers or acquisitions of shares in other financial institutions, as well as the impact on shareholder equity for the most recent quarter: Not applicable.
- (IV) In the most recent year and as of the annual report publication date, where the Board of Directors has approved the issuance of new shares through mergers or acquisitions of other financial institutions, the execution status and basic information of the does not require disclosure concerning the implementation status and fundamental information of the merged or transferred financial institution shall be disclosed: Not applicable.

VII. Implementation of the Bank's capital allocation plans

- (I) Plan content: the Bank did not issue financial bonds or handle cash replenishment in 2024.
- (II) Implementation: None.

Chapter 4 Operational Overview

I. Business activities

(I) Principal business of the Bank by business type:

1. Deposit business

Accept check deposits, savings deposits, time deposits, general deposits, agency collection/payment, and domestic exchanges

2. Loan Business

It is classified as corporate finance and consumer finance. Corporate financing business deals with various lending, bill discounting, issuance of domestic letters of credit, and domestic guarantee businesses; also, consumer financing business deals with personal home mortgage loans and consumer financial operations.

3. Foreign Exchanges Business

Handle foreign exchange deposits, exchanges, imports, exports, foreign currency loans, and guarantee services for foreign currency guarantee payments.

4. Investment Service Business

Help position the risk attributes of customers and provide customers with customized financial planning (including insurance and funds) through the analysis of investment attributes.

5. Trust Business

Handle specific money trust investments in domestic and foreign securities, advance receipt trusts and property trust business.

6. Financial and Investment Operations

Handle capital movement in New Taiwan Dollar and foreign currency, investment in securities and issuance of financial bonds.

7. Insurance Agent Business

Agent selling life insurance products and property insurance products, etc.

(II) The ratio of each business asset and/or revenue to total assets and/or revenue and its growth and changes

1. Asset by business and its growth and changes

Unit: NT\$ thousand; %

| Item | 2024.12.31 | 2023.12.31 | Amount of increase/decrease | Growth rate (%) |
|---|-------------|-------------|-----------------------------|-----------------|
| Taiwan Dollar Deposit Business balance | 266,260,730 | 264,520,709 | 1,740,021 | 0.66% |
| Foreign Currency Deposit Business balance | 31,230,836 | 33,307,866 | (2,077,030) | (6.24%) |
| Loan Business balance | 243,091,015 | 233,672,114 | 9,418,901 | 4.03% |
| Balance of trust | 45,054,997 | 45,939,233 | (884,236) | (1.92%) |

Unit:NT\$ million %

| Item | 2024.12.31 | 2023.12.31 | Amount of increase/decrease | Growth rate (%) | |
|---------------------|--|------------|-----------------------------|-----------------|---------|
| Investment Business | CD of Central Bank of the Republic of China (Taiwan) | 13,380 | 19,400 | -6,020 | -31.03% |
| | Domestic treasury bonds | 42,588 | 41,927 | 661 | 1.58% |
| | Domestic treasury bonds | 1,350 | 300 | 1,050 | 350.00% |
| | Domestic corporate bonds | 1,100 | 1,100 | 0 | 0.00% |
| | Stock | 2,078 | 2,589 | -511 | -19.74% |
| | Foreign currency securities (excluding foreign stocks) | 35,301 | 33,561 | 1,740 | 5.18% |
| | Long-term equity investments | 3,463 | 3,463 | 0 | 0.00% |
| | Total | 99,260 | 102,340 | -3,080 | -3.01% |

2. Proportion of Revenue by Business Segment (Note: Operating income is the number of individual financial statements)

Unit: NT\$ thousand; %

| Item | 2024 | | 2023 | |
|----------------------------|-----------|-----------|-----------|-----------|
| | Amount | Ratio (%) | Amount | Ratio (%) |
| Operating revenue | 9,049,318 | 100.00% | 9,597,572 | 100.00% |
| Credit Business | 6,583,395 | 72.75% | 6,280,706 | 65.44% |
| Corporate Finance | 6,280,174 | 69.40% | 6,001,969 | 62.54% |
| Consumer Banking | 303,221 | 3.35% | 278,737 | 2.90% |
| Trust Business | 49,824 | 0.55% | 39,391 | 0.41% |
| Foreign Exchanges Business | 448,687 | 4.96% | 535,925 | 5.58% |
| Wealth Management Business | 314,951 | 3.48% | 235,417 | 2.45% |
| Investment Business | 1,621,770 | 17.92% | 2,467,252 | 25.71% |
| Others | 30,690 | 0.34% | 38,881 | 0.41% |

(III) 2025 Business Plan

1. Deposit business

- (1) We will continue to cultivate our core deposit customers by combining the advantages of localized branches and industry development characteristics. We will deepen and expand the small and medium-sized enterprise customer base to increase the Bank's market competitiveness and market share, optimize deposit structure, and reduce deposit costs.
- (2) We will continue to design diverse mobile payment options that are more aligned with the digital personalization business model required for daily life, providing a superior customer experience, expanding our customer base while increasing the engagement of existing customers, and offering comprehensive service functionalities.
- (3) With a customer-centric approach, we design products that meet market needs and provide exclusive goods and services to large, medium and small business customers to meet their financial needs and increase satisfaction.
- (4) We will deepen engagement with corporate customers, integrating corporate online banking services to provide more convenient payment and collection processes, employee payroll, and bill payment services. This comprehensive service solution assists corporate customers in enhancing their capital management efficiency, improving customer satisfaction and loyalty, and ultimately realizing sustainable development in line with ESG principles.
- (5) To enhance the efficiency of over-the-counter operations and the convenience of digital business, meeting the daily financial service needs of customers to improve the customer experience, nurture customer relationships, and better meet the needs of the general public.
- (6) Focusing on customer needs, we will actively develop digital financial services through the joint management of physical and digital channels, providing customers with a more convenient digital service experience.
- (7) To implement the principle of fair treatment of customers, we work with industry, government, and academia to educate our bank's customers, school-age children, and community elders about fraud techniques and prevention, to promote financial literacy, and to work together to protect the public's asset security.
- (8) To implement and strengthen specific actions for the fair treatment of customers, we are launching the "King's Uninhibited Preferred Deposit Program", a dedicated deposit initiative aimed at ensuring fair treatment of customers and promoting financial-friendly measures.

2. Credit Business

- (1) The credit business expansion strategy will continue to provide customized and diversified professional financial services while balancing risk management, generate income relative to risk, and use its sources to cope with future changes in the financial market.

- (2) Review the income of credit products, continue to develop innovative financial products in order to increase the functions and added value of the Bank's credit products.
 - (3) Focus on financing for both large businesses and SMEs, continue to promote financing for SMEs in line with government policies, and increase the financing limit for SMEs and micro-enterprises with the guarantee program of the credit insurance fund, so as to help SME owners (including startups and micro-enterprises) to obtain working capital, and to promote domestic economic development through government policies.
 - (4) In terms of corporate finance business, we continue to promote sources of self-liquidating repayment and business projects like transactional financing in addition to our existing business. In terms of consumer finance business, we promote consumer mortgage business with projects to increase the volume of our mortgage business, so as to continue to have stable income and to achieve a balanced development of credit business.
3. Foreign Exchanges Business
- (1) Continue to promote foreign currency digitalization products for Internet banking and mobile banking, thereby enhancing the customer experience.
 - (2) Continue to promote foreign exchange deposit products to attract and maintain stable foreign exchange funds.
 - (3) Promote and optimize our foreign exchange digital platform "King's Global Pass" to provide customers with the most innovative foreign exchange product solutions and satisfying the needs of different customers.
 - (4) Continue to streamline the foreign exchange operation process and various application forms for the public in order to enhance operational efficiency and service satisfaction.
 - (5) In line with regulatory efforts to promote fair treatment of customers, we conduct caring inquiries when handling foreign exchange transactions for specific demographics, assisting customers in avoiding fraud or losses.
 - (6) Strengthen the security measures of digital financial platforms and implement a comprehensive monitoring system to safeguard customer transactions.
4. Investment Service Business
- (1) Cultivate and train personnel for branch business development and headquarters planning and operations.
 - (2) Continue to optimize and digitize the internal audit and control management mechanism.
 - (3) Conduct customer investment seminars and briefings to convey financial management concepts and promote investing methods that prevent fraud.
 - (4) Provide comprehensive services to meet customers' overall needs for investment and wealth management as the core business objective.
5. Insurance Agent Business
- (1) In response to IFRS 17 and changes in the market environment, we refocus on the core principles of insurance by prioritizing customer life insurance protection and asset inheritance. Our product offerings will emphasize both interest-sensitive insurance products and dividend policies, supplemented by health insurance and small amount endowment insurance. We will persist in launching products that address the diverse needs of various customer segments.
 - (2) Strengthen the solicitation discipline, concept of consumer protection, and professional knowledge of our sales staff regarding insurance products to focus on customer perspective and provide appropriate insurance products for customers to meet their insurance needs.

- (3) Strengthen fair treatment of elderly and disabled customers by collaborating with high-quality insurance companies to offer financial-friendly insurance products that meet their needs.
 - (4) In accordance with the supervisory authorities' efforts to promote measures for the protection of the rights and interests of the elderly, we conduct caring phone calls to our elderly customers and regularly invite middle-aged and elderly customers to participate in promotional activities to promote financial insurance concepts.
 6. Trust Business
 - (1) Optimize the commodity trading platform and increase operational efficiency in line with the development of financial services.
 - (2) Meet the needs of personal or corporate financial planning, transaction security, asset transfer and property preservation through trust functions.
 - (3) To fulfill the fiduciary duty of the trustee in the Real Estate Investment Trust, and to provide long-term stable rental income returns and pursue long-term capital gains for the beneficiaries.
 - (4) In line with the regulatory authorities' promotion of the Trust 2.0 comprehensive trust promotion plan, we will integrate internal resources and engage in cross-industry collaborations to develop tailored trust services that are accessible to the general public.
 - (5) Utilizing trust mechanisms to assist vulnerable groups such as the elderly, people with dementia, and people with physical and mental disabilities in their daily care and asset preservation activities, fulfilling our corporate social responsibility and creating a niche for sustainable development in our organization.
 - (6) To increase the familiarity of trust business personnel with service processes and provide friendly financial services based on the principle of "fair treatment of customers" to meet the service needs of the aging society.
 7. Financial operations business
 - (1) Strengthen asset and liability management, strictly control liquidity risks and improve the efficiency of the Bank's overall capital utilization.
 - (2) Maintain a smooth and stable capital movement business in order to cope with the development of branch deposits business.
 - (3) Clearly stipulate the operating specifications and authorization scope of various securities investment and derivative financial instrument transactions in order to strictly control various transaction risks.
- (IV) Market Analysis
 1. The Bank's business operation regions

The Bank has 66 domestic business bases and 1 Overseas Banking branch currently that are located in Yunlin-Chiayi-Tainan area and major metropolitan areas with 14 offices in the northern region, 4 offices in the central region, 43 offices in the Yunlin-Chiayi-Tainan area, and 5 offices in the Kaohsiung area. All of the offices of the Bank are full-featured branches for a diversified business operation, including wealth management, personal finance and corporate finance, and other diversified banking businesses to provide customers with the highest quality financial services.

2. Future market supply/demand and growth potentials

In terms of the future supply and demand situation in the market, the impact of war and the pandemic has led to persistently high inflation rates. This has compelled major international central banks to begin a series of interest rate hikes starting in 2022. Following these rapid increases, the inflation situation has been brought under control. By the end of 2023, the Federal Reserve and the European Central Bank have paused interest rate hikes and adopted a wait-and-see approach. At the start of 2024, global economic fundamentals were constrained by persistently high interest rates. However, as inflation was brought under control, the Federal Reserve announced the commencement of a rate-cutting cycle in the third quarter of 2024, which bolstered support for the global economy. The domestic economic environment has been influenced by its interconnectedness with the international landscape. Beginning in 2022, Taiwan's central bank followed the lead of major international central banks by raising interest rates, a trend that continued until March 2024, when the rate hikes were paused. During this period of increasing interest rates, the interest margin of domestic banks expanded, alongside a robust domestic stock market that contributed to investment returns. Consequently, the overall performance of the domestic banking sector in 2024 demonstrated positive operational results. Looking ahead to 2025, with the inauguration of a new President of the United States, there may be an implementation of high tariffs and other trade barrier policies that could impact the international economy. Additionally, ongoing geopolitical conflicts are contributing to increased uncertainty in the financial markets. However, it is anticipated that the Central Bank of Taiwan will continue to maintain interest rates at a relatively high level. Furthermore, robust sales of AI and information technology products are expected to sustain export performance, along with stable private consumption, which should be beneficial for the future operating environment of banks.

3. Advantages and disadvantages of competitive niche and development prospects

(1) Competitive favorable factors of the Bank

- A. With the gradual easing of global inflationary pressures and the central bank's decision to temporarily postpone interest rate hikes, pressure on corporate financing costs has eased. In addition, the recovery of exports and the continued vitality of domestic demand industries have contributed to the restoration of business confidence and an increase in commercial activity, which is expected to provide momentum to bank lending.
- B. In response to the trend of digital finance development, the Bank has established relevant units in 2015 and launched a variety of digital financial services to meet the constantly changing needs of market technology and customers. Focuses on SME customers compared with its peers' digital finance strategies, assisting SMEs in managing funds, financing, and reducing operating costs through customized financial solutions, thereby improving the stickiness and return rate of SME customers, which in turn promote long-term profitability.

(2) Competitive unfavorable factors of the Bank

- A. The lagged effects of the high interest rate environment are still fermenting in the real economy and the corporate sector. The high cost of corporate funding, if not accompanied by a clear profit outlook, may lead to a slowdown in credit demand and should be monitored for credit default risks.
- B. Geopolitical risks continue to escalate. The new President of the United States has implemented high tariff policies and is reassessing strategies related to energy transition, foreign investment, and immigration, which will introduce a significant degree of uncertainty into the international landscape.

4. Response measures
 - (1) Adjust the composition of our credit business, and provide customized and diversified professional financial services with good risk management to obtain business with better yield.
 - (2) Continuously monitor and adjust asset portfolios in response to changes in domestic and international financial conditions, while maintaining strict control over asset quality.
 - (3) Design a variety of deposit products by anticipating future interest rate trends, and stabilize deposit sources by utilizing our unique geographical advantages to manage deposit spread.
- (V) Financial Instruments Research and Business Development Overview
 1. Major financial instruments and new business units, the operation scale, profit, and loss in the last two years
 - (1) Corporate finance:
 - A. Support the government's economic revitalization policy and strengthen corporate loans. For small and medium-sized enterprises with insufficient guarantee capabilities, they will be transferred to the SME Credit Guarantee Fund of Taiwan (Taiwan SMEG) for loans. As of the end of 2024, the balance of loans to SMEs was NT\$151,956,851 thousand.
 - B. Remain to focus on corporate finance in terms of the main objective of the credit business, assisting SME owners, as well as the financial technology industry (biotechnology, optoelectronics, etc.), to obtain short- and medium-term credit and working capital with tangible/intangible assets, cooperate with the SME credit guarantee projects promoted by the credit guarantee fund to increase the financing amount and improve loan terms for SME owners, maintain the quality of credit loans and avoid over-concentration of risks through the credit guarantee fund, so as to ensure the soundness of credit business.
 - C. Actively promote supply chain financing business and regional core industry credit business to enhance product competitiveness.
 - (2) Consumer finance:
 - A. This year, the Bank will continue to promote consumer mortgage business and offer competitive mortgage projects for the public to choose from, aiming to increase the volume of mortgage business and further promote correlative businesses. As of the end of 2024, the overall mortgage balance was NT\$20,098,097 thousand.
 - B. The home mortgage loan business is aimed at a stable development, providing customers with product requirements at different stages, developing local customers in-depth, strengthening customer relationship maintenance and service quality, etc., which is conducive to the long-term and stable development of the home mortgage loan business.
 - (3) Trust business:

Overview of the trust business for the year of 2024: as of the end of December 2024, the balance of specific money trust (fund business) asset was NT\$11,743,285 thousand, and the balance of other trust (including real estate trust and other money trust businesses) asset was NT\$33,311,712 thousand. The total trust assets were NT\$45,054,997 thousand, and the total trust fee income was NT\$147,919 thousand.
 - (4) Investment Service Business:
 - A. Enhance the diversity of financial products available on the market.
 - B. Prioritize the introduction of ESG-related financial products to support the concept of sustainable business operations.

- C. Expanding overseas bond products and protection-type insurance products to enhance the concept of comprehensive personal or family wealth planning and risk diversification management.
- D. The wealth management service fee income in 2024 was NT\$298,900 thousand.
2. Research and development expenses and results incurred over the last two years, and future research and development plans
- (1) Research and development expenses

Unit: NT\$ thousand

| Year | 2024 | 2023 |
|--------|--------|--------|
| Amount | 83,777 | 68,904 |

- (2) Research and development results
- A. Jinghao Qian Employee Project.
- B. Cross-border Remittance QSEND Project.
- C. Digital Multimedia Calling System Replacement.
- D. The statement provides transaction details.
- E. Jinghao Qian Financing Project.
- F. Systematization of Bad Debt Handling Process.
- G. Adjustment of numerical format in FISC STAN document.
- H. Improvement of E-commerce System Resource Efficiency.
- I. Establishment of the "Hawkeye Fraud Detection Alliance" model.
- J. Establishment of Accessible ATMs.
- K. Adjustment of interbank serial numbers for FISC ATMs.
- L. Establishment of a new Self-Inspection System.
- M. Establishment of a Text-Based Customer Service System.
- N. Establishment of the Batch Insurance System.
- (3) Future research and development plans and estimated research cost

| Project in the most recent year | Further R&D expense (NT\$ thousand) | Projected date for completion |
|--|-------------------------------------|-------------------------------|
| Simple installation of Corporate Online Banking | 0 | January 2025 |
| AI Intelligent Customer Service System Implementation | 0 | February 2025 |
| Review System_Enhancement of the Review Operations Process | 0 | March 2025 |
| Corporate Online Banking: 500,000 Currency Exchange | 0 | April 2025 |
| FISC Expands Interbank Serial Numbers | 0 | December 2025 |
| Enhancement of ACS/AMS | 2,850 | June 2025 |
| Kneeling ATM | 2,140 | December 2025 |
| Bilingualization of Mobile Banking | 0 | December 2025 |
| Online Banking System Upgrade | 0 | December 2025 |
| Fund and Financial Management System Upgrade | 0 | December 2025 |
| Data Warehouse Upgrade | 0 | December 2025 |
| Optimization of Online Banking Loan Services | 0 | December 2025 |
| Standardization of Open System Configuration | 0 | December 2025 |

Note: The estimated completion time is based on the original planning and design, and will be adjusted depending on business process changes or other project schedules.

(VI) Long-term and short-term business development plans

1. Short-term business development plan

- (1) Continue to enhance digitalized financial development to meet the evolving customer needs and consumption habits, including optimizing user interfaces, providing more diversified mobile services, and strengthening information security measures.
- (2) Grasping interest rate trends, diversify funding sources and improve the stability of funding sources in response to the rising interest rate environment, and dynamically adjust loan pricing strategies based on market conditions, credit risks, and competition, in order to continue improving overall performance of deposit spread.

2. Long-term business development plan

- (1) Focus on niche financial instruments and promote businesses that focus on service fee income in response to changes in the financial environment and business needs.
- (2) Support sustainable finance and promote financial inclusion, working with society to address climate change issues and promote sustainable growth.
- (3) Continuously introduce digital systems and streamline operational processes, to reduce operational risks, improve service efficiency, and provide customers with quality financial services.
- (4) Value the cultivation of talents at all levels, to embrace the challenges of the digital era, and to attract outstanding talent and promote innovative thinking.

II. Employees

(I) Information on Employees

| Year | | 2023 | 2024 | As of January 31, 2025 |
|--|---|--------|--------|------------------------|
| No. of Employees | Managerial positions | 305 | 304 | 302 |
| | Employees | 690 | 706 | 706 |
| | Total | 995 | 1,010 | 1,008 |
| Average age | | 40.1 | 39.03 | 39.96 |
| Average year of services | | 12.32 | 12.29 | 12.40 |
| Education Background Ratio | Master degree and above | 10.15% | 11.39% | 11.51% |
| | College, Institute and University | 83.14% | 82.67% | 82.64% |
| | Below senior high school | 6.73% | 5.94% | 5.85% |
| Names of professional certifications held by employees | Qualification exams for Securities Specialists | 225 | 251 | 255 |
| | Qualification exams for Senior Securities Specialists | 96 | 110 | 109 |
| | Professional qualification exams for Securities Investment Analysts | 3 | 3 | 3 |
| | Securities Investment Advisory Salesperson | 66 | 68 | 68 |
| | Qualification exams for Futures Trading Analysts | 73 | 78 | 79 |
| | Proficiency Test for Trust Operations Personnel | 719 | 743 | 741 |
| | Proficiency Test for Financial Planning Personnel | 163 | 150 | 149 |
| | Proficiency Test for Bank Internal Control and Audit | 673 | 720 | 719 |
| | Basic Proficiency Test for International Banking Personnel | 107 | 101 | 99 |
| | Basic Proficiency Test for Bank Lending Personnel | 241 | 234 | 232 |
| Advanced Proficiency Test for Bank | 7 | 6 | 6 | |

| Year | 2023 | 2024 | As of January 31, 2025 |
|---|------|------|------------------------|
| Lending Personnel | | | |
| Qualification exams for Personal insurance agent | 4 | 6 | 6 |
| Qualification exams for Property insurance agent | 3 | 5 | 5 |
| Qualification exams for Personal insurance broker | 3 | 3 | 3 |
| Qualification exams for Property insurance broker | 3 | 3 | 3 |
| Qualification exams for Personal insurance representative | 851 | 857 | 858 |
| Qualification exams for Property insurance representative | 828 | 837 | 840 |
| Qualification exams for Investment-orientated insurance product representative | 508 | 487 | 485 |
| Qualification exams for Foreign Currency Payment and Non-Investment Commodity Test | 544 | 510 | 507 |
| Certified Financial Specialist for Small and Medium Enterprises | 23 | 20 | 18 |
| Qualifications of structured product sales personnel | 128 | 112 | 111 |
| Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist | 291 | 296 | 299 |
| Basic Competency Test for Risk Management | 12 | 24 | 24 |
| Basic Test on the FinTech Knowledge | 38 | 55 | 55 |
| Basic Competency Test for Corporate Governance | 8 | 12 | 12 |
| Chartered Financial Analyst (CFA) | 5 | 5 | 5 |
| Financial Risk Management Analyst (FRM) | 2 | 4 | 4 |
| Advanced Financial Management Associate (AFMA) | 2 | 1 | 1 |
| Certified Anti-Money Laundering Specialist (CAMS) | 3 | 3 | 3 |
| Certified Global Sanctions Specialist (CGSS) | 1 | 1 | 1 |
| Lawyer | 2 | 1 | 1 |
| International Certified Internal Auditor | 1 | 1 | 1 |
| Certified Information Systems Auditor | 1 | 1 | 1 |
| ISO 27001 Lead Auditor | 3 | 4 | 4 |
| ISO 22301 Operations Continuity Management | 1 | 2 | 2 |
| Certificate in Corporate Sustainability Management | 3 | 4 | 4 |
| Qualification Certificate for Sustainable Development Basic Competency Test | 0 | 8 | 8 |
| Sustainable Development Carbon Management Associate | 1 | 1 | 1 |
| ISO14064-1:2018 internal auditor and carbon management personnel training | 3 | 4 | 4 |
| ISO50001:2018 energy management system internal auditor training | 3 | 4 | 4 |

- (II) the Bank's personnel related to the transparency of financial information have obtained the relevant licenses specified by the competent authorities as follows:

| Relevant department | Relevant certifications specified by the competent authority | No. of person obtained |
|--------------------------------------|--|------------------------|
| Auditing Department | Bank Internal Controller and Internal Auditor Test (Taiwan Academy of Banking and Finance) | 15 |
| | CIA International Internal Auditor | 1 |
| | Certified Information Systems Auditor | 1 |
| | Certified Anti-Money Laundering Specialist | 1 |
| Administration Management Department | Bank Internal Controller and Internal Auditor Test (Taiwan Academy of Banking and Finance) | 14 |
| | Enterprise Internal Controller Competency Test (Securities and Futures Institute) | 2 |
| | Basic Competency Test for Corporate Governance | 7 |
| | Certificate of Competence for Energy Manager Training | 1 |
| | Sustainable Development Carbon Management Associate | 1 |
| | Qualification Certificate for Sustainable Development Basic Competency Test | 2 |
| Treasury Department | Bank Internal Controller and Internal Auditor Test (Taiwan Academy of Banking and Finance) | 14 |
| | Chartered Financial Analyst (CFA) Level 3 | 2 |
| Risk Management Department | Bank Internal Controller and Internal Auditor Test (Taiwan Academy of Banking and Finance) | 15 |
| | Basic Competency Test for Risk Management (Taiwan Academy of Banking and Finance) | 7 |
| | ISO 27001 Lead Auditor (SGS Academy) | 4 |
| | ISO 22301 Operations Continuity Management | 2 |
| Compliance Department | Bank Internal Controller and Internal Auditor Test (Taiwan Academy of Banking and Finance) | 7 |
| | Anti-Money Laundering and Counter-Terrorism Financing personnel test (Taiwan Academy of Banking and Finance) | 6 |

- (III) Employee education and training

In response to changes in the financial environment and to maintain corporate competitiveness, the Bank has strengthened the development of its human resources and promoted the concept of lifelong learning, encouraged employees to pursue growth through learning and stimulated their personal potential, and continued to commit resources training courses. The goal is to use training activities to improve knowledge and skills required for jobs, improve efficiency and service quality and facilitate personal career development of employees. Our results for 2024 education and training courses are as follows:

| Courses | Number of classes | Total number of persons | Total hours | Total Cost (\$) |
|--|-------------------|-------------------------|-------------|-----------------|
| Profession training | 548 | 46,734 | 33,799 | 5,187,361 |
| Training for new recruits | 2 | 41 | 2,872 | |
| Compliance and Anti-Money Laundering Act Compliance Course | 27 | 264 | 3,951 | |
| Legal Compliance Course for Trustees | 67 | 407 | 2,495 | |
| Information security education training | 29 | 3,163 | 3,693 | |
| Financial Consumer Protection Act/Principles for Fair Treatment of Customers | 134 | 21,392 | 29,676 | |
| Fintech training | 18 | 23 | 167 | |
| Labor safety/health education training | 78 | 3,712 | 6,325 | |
| Self-defense firefighting team training | 2 | 64 | 176 | |
| ESG/Sustainable Development | 51 | 4,940 | 3,909 | |
| Total | 956 | 80,740 | 87,063 | |

(IV) Managers participating in continuing education and training related to corporate governance

In 2024, 14 managers participated in a total of 94 hours of classes in corporate governance.

| Title | Name | Training date | Organizer | Course Name | Training hours |
|-----------------------|-------------------|---------------|---|--|----------------|
| President | Hung-Liang Chiang | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| | | 2024.10.23 | Chinese Association of Business and Intangible Assets Valuation | Corporate Mergers and Acquisitions: Law and Practice - 4 Hours | 4 |
| | | 2024.07.31 | | Standards on Valuation No. 16: Inventory Valuation | 3 |
| Chief Auditor | Ching-Chu Pai | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Senior Vice President | Qi-Wei You | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Senior Vice President | Hung-Sung Shen | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Vice President | Chien-Ko Yang | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Manager | Tzu-Yun Chen | 2024.10.04 | Securities and Futures Institute | 2024 Insider Trading Prevention Seminar | 3 |
| | | 2024.03.26 | Taiwan Corporate Governance Association | Legal Matters Board Directors Should Know About Ethical Corporate Management Best Practice Principles | 3 |
| | | 2024.03.12 | Taiwan Corporate Governance Association | Corporate Integrity and Executive Accountability: Global Trends and Best Practices | 3 |
| Manager | Chiu-Ching Kuo | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |

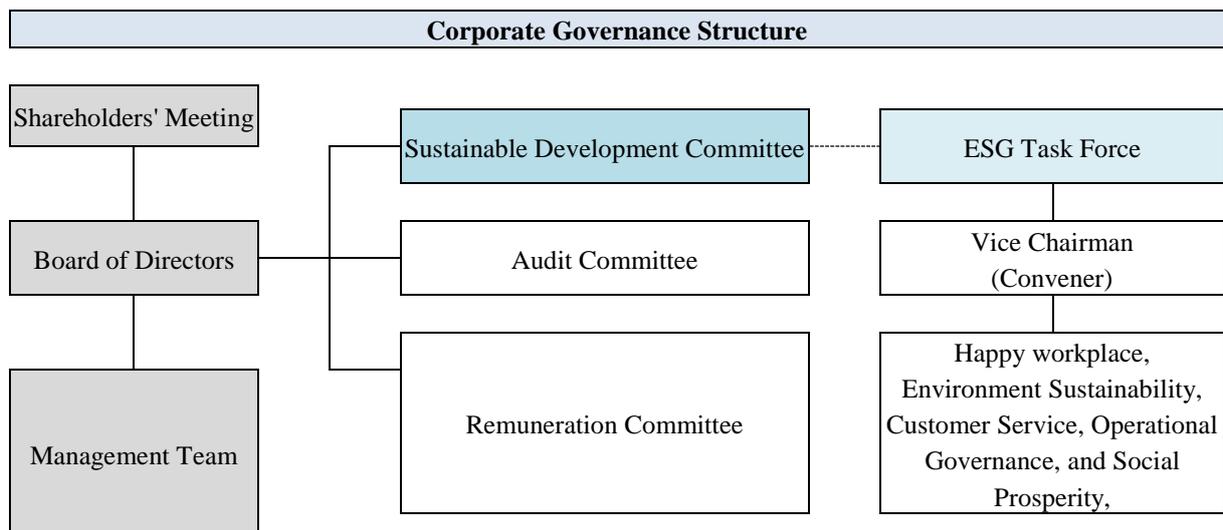
| Title | Name | Training date | Organizer | Course Name | Training hours |
|---------|-----------------|---------------|-------------------------------|--|----------------|
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Manager | Hui-Ju Lo | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Manager | Mei-Hui Wu | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Manager | Hung-Pei Hsien | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Manager | Shih-Chi Chuang | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Manager | Yun-Chia Peng | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Manager | Wan-Hsin Liu | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |
| Manager | Po-Heng Chen | 2024.11.11 | Taiwan Securities Association | Addressing Global Climate Change Risk: Policy Choices and the Concept of Sustainable Finance (Including Financial Friendliness and CRPD) | 3 |
| | | | | Examining the Benefits of Sustainable Development Goals (SDGs) and ESG Investments from the Perspective of Capital Markets | 3 |

- (V) Protection measures for employees' working environment and employees' personal safety
 1. the Bank has security systems and security personnel at its business premises to maintain the safety of the workplace and its employees.
 2. Establish occupational safety and health rules and hold occupational safety and health training for employees every year to achieve the goal of zero workplace accidents and ensure the safety and health of all employees.
 3. In 2024, we held two firefighting self-defense team exercises to enhance employees' general knowledge of firefighting and disaster prevention. In addition, we conducted 40 labor safety training sessions with 1,262 participants; 18 first-aid training sessions with 24 participants; 13 workplace violation prevention education sessions with 2,173 participants; and 13 health promotion activities with 400 participants, for a total of 6,325 hours.

III. Corporate social responsibilities and ethical conduct

The goal of "becoming a better company" is the goal that King's Town Bank strives to achieve. A successful company does not only pursue the growth of profits, but in the process, through the influence of the Company, allows the effective distribution of resources, the stability of society, and the vitality of the environment. In addition to the Sustainable Development Committee, which is the supervisory unit for ESG, King's Town Bank has also established the ESG Task Force, with the Vice Chairman as the convener, to plan, execute, promote and review the implementation of sustainable development. King's Town Bank's implementation of sustainable development is reflected in five aspects:

- (I) Strengthen corporate governance, implement compliance with laws and regulations, and optimize risk control.
- (II) Emphasizing fair treatment of customers, developing digital finance, and enhancing customer experience.
- (III) Cultivate local talents, constructing a happy workplace, and affirm gender equality.
- (IV) Serve the community, bridge the gap between urban and rural areas, and support arts and cultural activities.
- (V) Promote sustainable finance, create a green environment, and mitigate climate change.



King's Town Bank Summary of 2024 Sustainable Development Initiatives

Customer care

1. In recent years, the Bank has been committed to improving digital customer engagement. In 2024, the overall satisfaction of customer service in digital channels reached 94.8 points, an improvement of 0.8 points compared to last year. A total of 18,818 valid questionnaires were collected.
2. To promote inclusive finance and enhance financial friendliness, in addition to continuing to optimize "Web Accessibility," we participated in the Financial Supervisory Commission's accessibility survey of financial institutions in 2024. In collaboration with Tainan City's "Voiced", we provided on-site sign language interpretation and real-time transcription services to facilitate transactions for individuals with hearing and speech impairments. Furthermore, in partnership with the Taiwan Foundation for the Blind, we produced braille stickers and donated signature boards and reading assistance tools to improve reading and writing convenience for visually impaired individuals. All 66 branches of King's Town Bank have successfully completed their registration as dementia-friendly organizations. This achievement makes King's Town Bank the first financial institution in Taiwan to attain full registration, thereby enhancing our ability to provide financial services to individuals with dementia.
3. To actively promote the concept of sustainable finance, we launched the "Sustainable Deposit Project" in December 2023, which aims to connect with our customers to create a sustainable environment. In addition, in alignment with the Bank's policy of fair treatment of customers and financial friendliness, and in response to regulatory adjustments and changes in the market environment, as well as considering customer insurance needs, a total of 51 insurance products were reviewed and replaced for listing in 2024. Among these, 6 exclusive insurance products specifically designed for middle-aged, elderly, and disadvantaged customer groups were made available.
4. In July 2022, in collaboration with Western Union, we launched King's Pay, a fully digital small-amount cross-border remittance service platform. This platform primarily enables adults in our country to utilize online services for overseas remittances without being restricted by geographical location or time. In November of the same year, we upgraded our remittance platform, leading to the launch of King's Global Pass—a cross-border remittance platform. This platform serves as the Bank's exclusive, fully digital online foreign currency remittance service, providing a broader array of foreign currency remittance options. In 2024, 10,081 individuals successfully registered for King's Global Pass, with a total of 83,979 remittance transactions.
5. King's Town Bank values the customer experience and takes every feedback from our customers seriously, for which we continue to optimize our products and services. In 2024, a total of 1,782 questionnaires were collected for the customer satisfaction survey, resulting in a satisfaction rate of 92.5%. In 2024, a total of 20 customer complaints were received, all of which have been resolved. The resolution rate for complaints closed within the designated timeframe is 100%.

Environmental Protection

1. Completion of the ISO 14064-1 greenhouse gas inventory and external verification for the KTB Group.
2. In 2024, we made our first purchase of renewable energy from electricity suppliers. The total consumption of renewable energy in that year reached 138,300 kilowatt-hours, successfully meeting the annual target.
3. In 2024, the scope of greenhouse gas emissions disclosure was expanded from the Bank to the entire Group. The per capita emissions amounted to 2.00 (metric tons CO₂e/year), representing a decrease of 11.89% compared to the previous year, successfully achieving the reduction target.
4. The Dounan Branch is the third solar energy-powered branch of the Bank and the first to receive

King's Town Bank Summary of 2024 Sustainable Development Initiatives

certification for the "Green Building" Label. The capacity of the solar photovoltaic system, which is self-generated and self-used, is 19.6 kW, and it is anticipated to commence electricity generation in August 2025.

5. The Bank received the "Outstanding Green Procurement Enterprise Award" from Tainan City for four consecutive years, with a total green procurement amount of NT\$11,007,110 in 2024.
6. Proceeds from the "-1111 EcoRevolve Shopping Fair" charity sale organized by LITE-ON Technology totaled NT\$109,685. This amount was fully donated to Wetlands Taiwan and the Abandoned Baby Social Welfare Association. Unsold items were utilized in a charity sale held at the Head Office, generating proceeds of NT\$23,389 that, along with the unsold items, was entirely donated to the NanTaiNan Fund for Children and Families.
7. To promote environmental sustainability and address issues of environmental diversity, our Bank held a one-day leopard cat conservation event in collaboration with the Leopard Cat Association of Taiwan. A total of 22 managers from the central and northern regions participated, demonstrating our commitment to corporate social responsibility.
8. In response to World Earth Day, we organized a used-goods exchange event where 300 items were successfully exchanged in 2024, a 74% increase from 2023.

Social welfare and community participation

1. Honored with the Sustainability & Society Award at SGS 2024 ESG Awards.
2. Utilizing the characteristic of localization, the Bank actively invests in social resources, focusing on three main activities: academic education, caring for the underprivileged, and promoting humanities and arts. the Bank aims to positively influence every corner of society and realize the vision of social prosperity. In 2024, the total social investment amounted to NT\$30.73 million.
3. In 2024, the Bank successfully stopped 115 frauds with a value of approximately NT\$37.90 million, and the Bank's meritorious officers have been repeatedly awarded by local police units.
4. In 2024, the Bank organized and participated in 237 community care activities, with 1,494 volunteers, 3,624 volunteer hours, and 9,419 beneficiaries. 10 financial education seminars for children and university students were held, bringing together its outstanding bank staff from to serve as lecturers, allowing students to gain a better understanding of financial knowledge and business and benefiting 328 students.
5. The "2024 Financial Services Charity Carnival - Tainan" promotes social welfare through practical actions. A total of 14 volunteers from the Head Office and branches in the Tainan area participated. The interactive booths at the event engaged around 300 people, aligning with the policy of inclusive finance and further enhancing interaction between our bank and local communities.
6. The Bank has collaborated with 13 universities and colleges, including Tamkang University, Southern Taiwan University of Science and Technology, Chaoyang University of Technology, Nanhua University, National Chiayi University and National Kaohsiung University of Science and Technology, to offer career development courses, workshops, and internship programs for students.
7. Since August 2020, the Bank has participated in the "Youth Flagship Employment Program" of the Workforce Development Agency, with senior staff of the Bank serving as workplace training instructors to provide a "learning-by-doing" pathway for fresh graduates, helping young people to gain practical and useful professional skills for their future career development. As of November 30, 2024, a total of 235 people have been recruited.

IV. Number of full-time employees other than supervisors, full-time employee average salary and means:

| Item | 2023 | 2024 | Growth rate |
|--|------|------|-------------|
| Number of full time employees (person) | 843 | 840 | -0.36% |
| Full-time employee average salary (NT\$ thousands) | 892 | 949 | 6.39% |
| Full-time employee salary means (NT\$ thousands) | 805 | 867 | 7.70% |

V. Information equipment**(I) Configuration and maintenance of major information systems**

1. Taiwan Foreign Currency Core Host
 - (1) Hardware: Use IBM i Series P9 model 9009-41A host.
 - (2) Software: Use IBM OS/400, DB2/400.
2. Open system Microsoft platform part
 - (1) Hardware:
 - Open system servers: Use IBM, Lenovo or HP servers.
 - Disk drives: Use HP, IBM and Lenovo disk drives.
 - (2) Software:
 - Operating systems: Windows Server, Red Hat Enterprise Linux.
 - Database: Mainly MSSQL DB.

(II) Future development and purchase plan

1. Server host section: Upgrade of the VMware virtualization platform.
2. Network
 - (1) Bandwidth manager replacement and upgrade.
 - (2) Endpoint management system enhancement.
 - (3) Strengthen the information security monitoring system.

(III) Emergency backup and security protection measures

1. Emergency backup measures
 - (1) Host: use IBM POWER HA off-site redundancy solution to synchronize the local data to the DR redundancy center to ensure the DR data synchronization.
 - (2) Open system Microsoft platform part: important servers use Storage Area Network (SAN) technology for data redundancy offsite to ensure DR data synchronization.
 - (3) Network: Build the important routers and switches in HA mode in terms of network system redundancy to ensure the quality of network connection. Use fiber optic MPLS line with 4G redundancy for business unit line.
2. Safety protection measures
 - (1) In addition to implementing general security measures in the server room, strengthening fire safety facilities, environmental monitoring, and early warning functions, the Bank has strengthened its information security measures by using firewalls, anti-virus systems, intrusion detection, and other information security equipment from major international manufacturers, and by layering security measures in the external service system according to the service area of influence. We continue to build a safe and efficient internal operational management and external collaborative trading environment to enhance our core competencies.
 - (2) Network traffic contract with ISP to adopt information security fleet solution, and activate traffic cleaning service for website malicious attack protection when necessary.
 - (3) Cooperate with the automatic information security monitoring system mechanism to achieve effective monitoring and timely protection and maintain the security of the network and system environment.

VI. Information Security Management

Digital technology innovation changes people's life style, especially financial technology (FinTech); web application, mobile application, digital currency, block chain, mobile payment, API, biometrics..., prompting huge changes in the financial industry and creating many new opportunities, however, they also face many information security risk issues, such as: Cyber attacks, inadequate identification of users, money laundering or fraud, and leakage of personal information...etc.

To effectively address risks and opportunities brought by digital technologies, KTB has established a sound management structure and system, enhanced hardware and software strength, and conducted education and training, to take precautions and countermeasures. 2024 results are as follows:

1. Management Framework and System
 - (1) Obtained ISO 27001 international information security management standard
 - (2) Number of Information Security Committee meetings held in 2024: 4
 - (3) Report the overall information security execution of the previous year to the Board of Directors every year
 2. Continuity of Information System
 - (1) Number of core accounting system crashes: 0
 - (2) Personal Internet Banking/Mobile Internet Banking/Corporate Internet Banking Usage Rate: 100%
 3. Education Training and Certifications
 - (1) Held 2 internal information security advocacy sessions, 1 information security course evaluation, with 100% advocacy rate, 2,961 participants, average test score: 99 points
 - (2) Number of international information security certifications obtained: 6
- (I) Ares security risk management framework, Ares security policy, specific management plan and resources invested in Ares security management.

1. Information Security Risk Management Framework

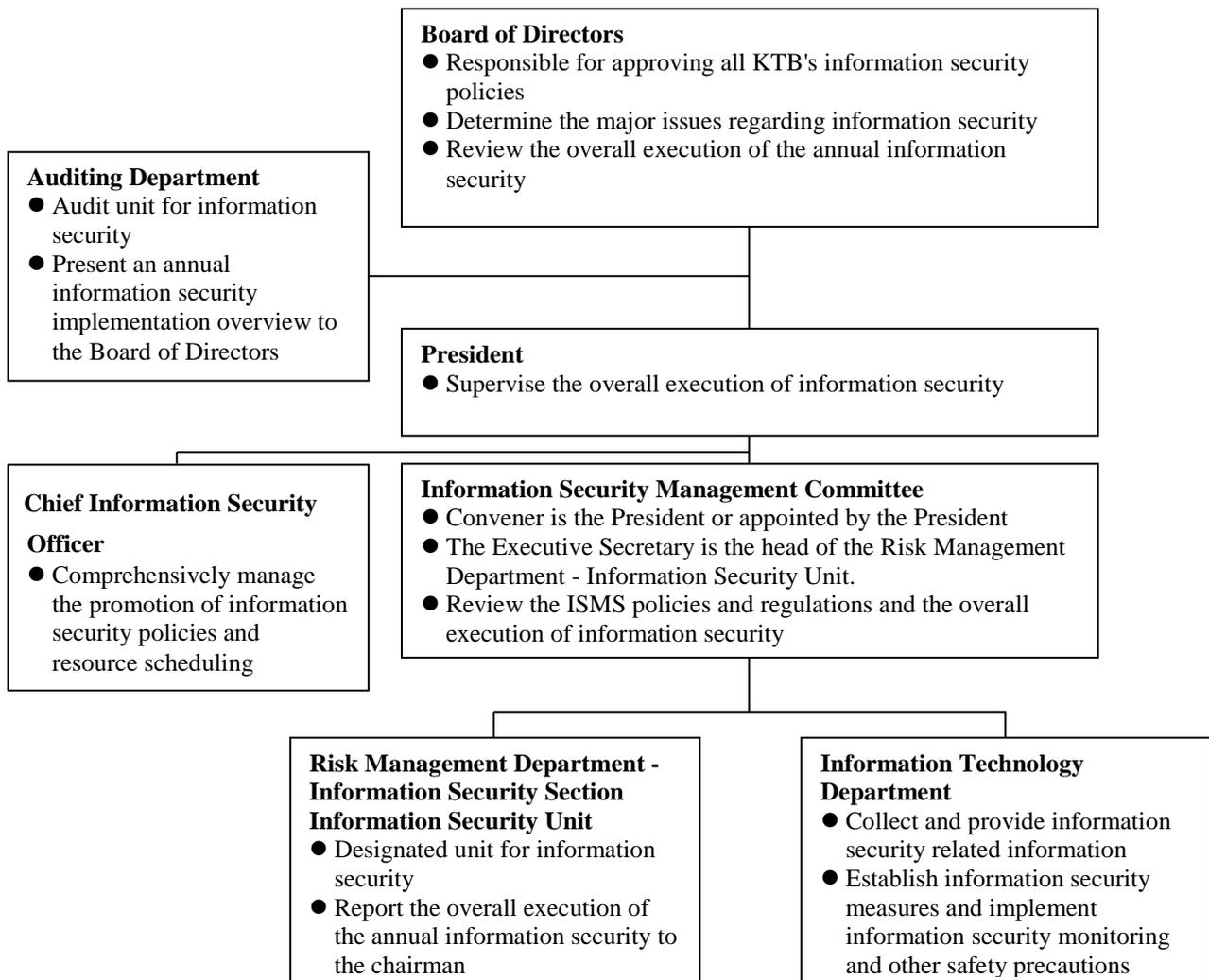
The Bank's information technology department is the information security enforcement unit and the first line of defense for information security internal control. In August 2015, the Board of Directors approved the establishment of the Information Security Section of the Risk Management Department as a special unit for information security, which is the second line of defense for information security internal control and is responsible for planning, promoting, monitoring and managing the information security management system (ISMS) in order to enhance information security management. The Auditing Department under the Board of Directors is an independent information security audit unit, which plays the role of the third defense line of information security internal control, and is responsible for information security audits to ensure the implementation of management operations. In order to improve the Bank's ISMS and comply with all changes in information security regulations and government regulations, and to reduce the impact of risks arising from information security, the Information Security Management Committee was established in November 2015 to review the policies and regulations of the ISMS and the overall implementation of information security, and the Information Security Section of the Risk Management Department, a dedicated unit for information security, reports annually to the Chairman of the Board of Directors. The auditing department then submits the review results to the Board of Directors. The committee has set up a convener, who is acted or designated by the president, and its members are acted or designated by heads of the Risk Management Department, Information Technology Department, Digital Service and Channel Management Department, Compliance Department and department heads of the units designated by

the convener. The Auditing Department is a non-voting member at meetings. The committee holds at least one management review meeting on a regular basis every year, or holds meetings irregularly as required. Main task of the meeting is as follows:

- (1) Propose the information security policy of the Bank.
- (2) Promote the information security management system.
- (3) Assess the infrastructure of the information security management system.
- (4) Handle and review major information security incidents.
- (5) Major issues or discussions related to information security proposed by each unit.
- (6) Annual review of the overall implementation of information security measures.
- (7) Discussion of other information security issues.

To strengthen the information security management structure, the Bank has established the post of Chief Information Security Officer on December 21, 2021 to oversee the promotion of information security policies and resource allocation.

Information Security Risk Management Framework



2. Information security policies

KTB has formulated the "Information Security Policy" to protect the confidentiality, integrity, and availability of KTB's information assets, to prevent risks including, inappropriate use, leakage, alteration, and damage, and to ensure the safety of the collection, handling, transmission, storage, and distribution of information. Moreover, KTB has formulated procedures and manuals in accordance with the "Information Security Policy," to specify the actions of employees, outsourced service providers, and visitors, and report relevant regulations to the Information Security Management Committee.

3. Specific Management Solutions

The Bank obtained the "Information Security Management System (ISMS) ISO/IEC 27001:2013" certification in December 2022, and subsequently acquired the revised certification for "Information Security Management System (ISMS) ISO/IEC 27001:2022" in December 2024 (valid until 2025-12-15). We will continue to review and improve to comply with the latest trends in information security-related laws, technologies, organizations, and operations. In addition, in accordance with the requirements of the competent authorities, laws and regulations, and the Bank's ISMS regulations, we will implement relevant control measures to build and strengthen the full range of information security capabilities. The specific management plan is as follows:

(1) Information Security Protection and Inspection Analysis

- Establish an information security inspection platform for real-time information monitoring and statistical data presentation.
- Establish backup routes and "Distributed Denial-of-Service (DDoS) Attack Monitor and Traffic Cleaning Protection" mechanism for Internet network of major businesses.
- Regular information security evaluations are conducted by external professional vendors, including information architecture review, network activity testing, security settings review, vulnerability scanning, penetration testing, compliance review, etc. In accordance with the internal information security management regulations established by King's Town Bank, the risky items in the evaluation report are regularly reviewed and improvement measures are tracked in the Information Security Management Committee to ensure information security is not compromised.
- Update information security protection software and hardware regularly to detect and blocks Internet attacks effectively and timely.
- Join the Financial Information Sharing and Analysis Center (F-ISAC), to become a member of domestic information security joint defense system, and establish a joint defense system to have instant access to financial security information.

(2) Information Security Emergency Response Drills

In order to minimize the impact on business and resume operation in the shortest time in case of major disasters occurring to the information service, KTB has formulated regulations including, "Business Continuity Management Manual," "Cyber Security Incident Management Procedure," "ATM Cyber Security Emergency Response Procedure," "Information Technology Department Denial-of-Service Attack Handling Manual," and "Open System Backup Exercise Plan," etc. Also, KTB conducts annual drills to minimize possible information security impacts through correct operation procedures. A total of 29 exercises have been conducted during the year, and a summary of the exercises is as follows, which have been submitted to the Information Security Committee for review:

| | |
|--|--|
| Personal Data Leakage Drill | Host System Backup Drill |
| ATM Information Security Incident Emergency Response Procedure Drill | DDoS Attack Emergency Response Procedure Drill |
| ATM Front-end Operating System Backup Switching Drill | SWIFT Information Security Incident Emergency Response Procedure Drill |
| Social Engineering Drill | SWIFT System Backup Drill |

- 4. Investing in resources for information and communications security management
 - (1) Human resources: There are 100 employees in total, including a chief of information security, 4 employees in the second line of defense information security promotion unit, and 95 employees in the first line of defense information security implementation unit.
 - (2) Cost: A total of NT\$67,403 thousand has been invested in information security.
 - (3) Education and training: the Bank's participation rate in information security testing and passing rate is 100%, and 3,693 hours of internal and external information security-related courses are completed, with 95.5% being internal training and 4.5% being external training courses. In addition, the information security promotion unit conducts information security awareness training twice a year for the whole company. The topics of the awareness training are planned according to the laws and regulations and current internal and external threat events, and the topics are as follows:
 - A. Risky Online Behavior
 - B. Social engineering (email) attacks
 - C. Internet of Things (IoT)
 - D. What is Information Security
 - E. Importance of Information Security Education Training
 - F. Notice for Sending Personal Data to External is included
 - G. Social Engineering Exercise Guidelines and Case Study Sharing
 - H. Notification Letter Regarding Information Security

(II) List the losses, possible impacts and responses to major information and communications security incidents suffered in 2024 and up to the end of January 2025, and if it is not reasonably estimable, state the fact that it is not reasonably estimable: From 2024 and the end of January 2025, there were no significant information and communication security incidents.

VII. Labor-management relations

- (I) Employee benefits
 - 1. Company's welfare measures
 - (1) Welfare: Employee deposit and loan privileges, group insurance, sports, recreational activities, etc.
 - (2) In addition to the establishment of Employee Benefits Committee by the Bank for handling related welfare matters, employees of the Bank may also apply for subsidies for marriage, childbirth, funeral, etc. in accordance with the regulations.
 - 2. Employee Benefits Committee

We have established Employee Benefits Committee. We deduct 0.5% from employees' salary and allocate 0.1% of our operating income to pool for the employee welfare funds. The Committee is responsible for handling matters related to employee benefits, such as:

 - (1) Subsidies for marriage, childbirth, funeral, illness or injury.
 - (2) Bonus for Spring Festival, Dragon Boat Festival and Mid-Autumn Festival.
 - (3) Club subsidies for activity clubs.

3. Employee benefit savings trust program

Our employees have formed the King's Town Bank Employee Stock Ownership Committee which withdraws a certain amount from members' salary to deposit into a trust to acquire and manage the Company's stocks on a long-term basis. The Company also allocates funds as bonuses to reinforce team cohesion, help members to accumulate wealth, and ensure their welfare after retirement or resignation.

(II) Retirement system

1. The Bank had instituted Regulations Governing Retirement of Employees in accordance with the Labor Standards Act and Labor Pension Act to handle employees' retirement matters. Employees who met any of the following criteria below may apply for voluntary retirement:

- Having served in the Bank for more than 15 years, and reached the age of 55 years old.
- Having served in the Bank for more than 25 years.
- Having served in the Bank for more than 10 years, and reached the age of 60 years old.

2. The Regulations Governing Retirement of Employees instituted in accordance with the Labor Standards Act is a defined benefit plan. Since 2012, 15% of the total salary has been allocated to the pension fund on a monthly basis and deposited in the Bank of Taiwan in the name of Supervisory Committee of Labor Retirement Reserve. When an employee retires, pension is calculated according to the base number of years of service and the average monthly salary of the half year before retirement.

3. The Regulations Governing Retirement of Employees is a defined contribution plan instituted in accordance with the Labor Pension Act, where 6% of employees' salary is allocated to labor pension every month. In 2024 and 2023, the amount of expenses recognized for defined contribution plan was NT\$37,710 thousand and NT\$36,122 thousand respectively.

(III) Employer-employee agreements and measures taken to safeguard employee interests

1. Employer-employee meetings: We hold employer-employee meetings on a quarterly basis in accordance with Article 83 of the Labor Standards Act and the Regulations for Implementing Labor-Management Meeting to facilitate harmony in the employer-employee relationship.

2. In order to clearly define the rights and obligations of both employees and employer, so that both parties can work together to create business sustainability, we have established the King's Town Bank Working Rules in accordance with Article 70 of the Labor Standards Act with which both parties shall comply.

3. The results of labor condition inspections conducted in 2024 have not shown violation of the Labor Standards Act, the Act of Gender Equality in Employment, and others, showing that we have fulfilled the maintenance of employees' rights and interests.

4. In December 2024, employees organized a union that was officially established in January 2025 to safeguard the rights and interests of both labor and management, enhance cooperation between the two parties, improve employee welfare, and promote company development.

(IV) Losses due to labor disputes in 2024 and as of the end of January 2025, and the estimates expected currently and for the future to be disclosed and their corresponding measures: None.

VIII. Important contracts

| Nature of contract | Counterparty | Term of contract | Major contents | Restriction clauses |
|---------------------|---|-----------------------|--|---------------------|
| Contract of mandate | Leader International Asset Management Service Co., Ltd. | 2024.10.27-2025.10.26 | Outsourced collections for overdue accounts | None |
| Contract of mandate | Jungshin Asset Management Co., Ltd. | 2024.10.27-2025.10.26 | | None |
| Contract of mandate | Asia Credit Management Co., Ltd. | 2024.10.27-2025.10.26 | | None |
| Contract of mandate | United Credit Services | 2024.10.27-2025.10.26 | | None |
| Contract of mandate | Taiwan APA Corporation | 2024.03.01-2026.02.28 | Printing and packaging of comprehensive account statements | None |
| Contract of mandate | Yuen Foong Paper Co., Ltd. | 2024.01.01-2025.12.31 | Printing and packaging of withholding tax vouchers | None |
| Contract of mandate | The Guardian Of Your Valuables Lee Bao Security Co., Ltd. | 2023.08.01-2026.07.31 | Cash transportation and ATM cash replenishment and troubleshooting | None |
| Contract of mandate | Chunghwa Express Co., Ltd. | 2024.10.01-2026.09.30 | Collection and delivery of bills and documents | None |

IX. Types and the related information regarding securitization products approved under the financial asset securitization act and the clauses of the real estate securitization act in recent years

| Name of beneficiary securities fund | Category | Date of being publicly listed (on OTC) | Total issued |
|-------------------------------------|--|--|---------------------|
| Millerful No. 1 REIT | Real estate investment trust (REIT) | 2018.12.05 | NT\$10.5817 billion |
| Millerful No. 1 REIT | Real estate investment trust (REIT) additional recruitment | 2021.12.05 | NT\$6 billion |

Chapter 5 Review and Analysis of Financial Condition and Financial Performance and Risk Management Matter

I. Financial status

Unit: NT\$ thousand; %

| Item | Year | 2023 | 2024 | Variation | |
|--|------|--------------------|--------------------|------------------|--------------|
| | | | | Amount | % |
| Cash and cash equivalents, due from the Central Bank and call loans to other banks | | 29,786,621 | 28,106,320 | (1,680,301) | (5.64%) |
| Financial assets measured at FVTPL | | 43,326,946 | 42,217,087 | (1,109,859) | (2.56%) |
| Financial assets at fair value through other comprehensive income | | 39,930,790 | 46,422,160 | 6,491,370 | 16.26% |
| Debt instrument investments measured at amortized cost | | 19,397,863 | 13,378,484 | (6,019,379) | (31.03%) |
| Receivables - net | | 12,979,400 | 14,804,837 | 1,825,437 | 14.06% |
| Discounts and advances - net | | 230,086,122 | 239,967,404 | 9,881,282 | 4.29% |
| Other financial assets - net | | 369 | 433 | 64 | 17.34% |
| Real estate and equipment - net | | 4,973,435 | 5,015,983 | 42,548 | 0.86% |
| Right-of-use assets | | 310,546 | 248,324 | (62,222) | (20.04%) |
| Investment property - net | | 991,524 | 518,902 | (472,622) | (47.67%) |
| Deferred tax assets | | 438,546 | 367,449 | (71,097) | (16.21%) |
| Other assets - net | | 2,125,897 | 1,821,912 | (303,985) | (14.30%) |
| Total assets | | 384,348,059 | 392,869,295 | 8,521,236 | 2.22% |
| Deposits from the Central Bank and other banks | | 13,308,286 | 16,365,383 | 3,057,097 | 22.97% |
| Funds borrowed from the Central Bank and other banks | | 5,399,000 | 5,549,000 | 150,000 | 2.78% |
| Financial liabilities measured at FVTPL | | 35,936 | 16,271 | (19,665) | (54.72%) |
| Bills and bonds sold under repurchase agreement | | 7,098,943 | 8,769,996 | 1,671,053 | 23.54% |
| Payables | | 3,487,260 | 2,091,307 | (1,395,953) | (40.03%) |
| Current income tax liabilities | | 551,676 | 808,761 | 257,085 | 46.60% |
| Deposits and remittances | | 297,684,898 | 296,669,322 | (1,015,576) | (0.34%) |
| Other financial liabilities | | 5,535,065 | 6,574,362 | 1,039,297 | 18.78% |
| Liability reserve | | 268,912 | 156,481 | (112,431) | (41.81%) |
| Lease liabilities | | 317,098 | 255,839 | (61,259) | (19.32%) |
| Deferred tax liabilities | | 54,940 | 51,054 | (3,886) | (7.07%) |
| Other liabilities | | 491,479 | 935,370 | 443,891 | 90.32% |
| Total liabilities | | 334,233,493 | 338,243,146 | 4,009,653 | 1.20% |
| Equity | | 11,112,343 | 11,112,343 | 0 | 0% |
| Capital surplus | | 55,192 | 55,192 | 0 | 0% |
| Retained earnings | | 37,676,980 | 39,384,955 | 1,707,975 | 4.53% |
| Other equity interest | | 1,270,051 | 4,073,659 | 2,803,608 | 220.75% |
| Equity attributable to shareholders of the parent company | | 50,114,566 | 54,626,149 | 4,511,583 | 9.00% |
| Non-controlling interest | | - | - | - | - |
| Total shareholders' equity | | 50,114,566 | 54,626,149 | 4,511,583 | 9.00% |

Description of Differences:

- The decrease in debt instrument investments measured at amortized cost is attributed to the reduction in subscriptions following the maturity of transferrable certificates of deposits from the Central Bank.
- The decrease in both the right-of-use assets and lease liabilities is attributable to the expiration of the subsidiary's lease agreements, which were not renewed during this period.
- The decrease in investment property, net was due to the disposal of investment property by subsidiary King's Town Bank International Lease Corporation.
- The increase in deposits from the Central Bank and other banks was due to the increase in the amount of interbank borrowings by the Bank.
- The decrease in financial liabilities measured at FVTPL was due to the decrease in negative foreign exchange translation amounts as a result of exchange rate fluctuations in the current period.
- The increase in securities sold under agreements to repurchase was due to an increase in commitments for overseas bonds with repurchase agreements.
- The decrease in payables is due to a decrease in the current period's payable investment delivery amount and outstanding exchange bill balance compared to the previous period.
- The increase in current income tax liabilities for the current period was due to a decrease in tax-exempt income and the surtax on unappropriated retained earnings for 2023.
- The decrease in liability reserve was due to the reversal of allowance for losses on guarantees and employee benefit liabilities in the current period.
- The increase in other liabilities was due to an increase in underwriting funds collected by the subsidiary, King's Town Securities, compared to the same period last year.
- The increase in other equity interest was due to the increase in revaluation of equity instruments measured at fair value through other comprehensive income (loss).

II. Financial Performance

Unit: NT\$ thousand; %

| Item | Year | 2023 | 2024 | Increase (Decrease) | |
|---|------|-------------|-------------|---------------------|------------|
| | | | | Amount | Proportion |
| Net interest income | | 5,735,643 | 6,029,583 | 293,940 | 5.12% |
| Non-interest net income | | 4,236,373 | 3,578,985 | (657,388) | (15.52%) |
| Bad debt expenses, commitment and guarantee liability provisions | | (83,837) | (490,141) | 406,304 | 484.64% |
| Operating expenses | | (2,529,174) | (2,555,538) | 26,364 | 1.04% |
| Net income before taxes from continuing operations | | 7,359,005 | 6,562,889 | (796,116) | (10.82%) |
| Net income from continuing operations | | 6,207,101 | 5,023,667 | (1,183,434) | (19.07%) |
| Profit or loss from discontinued operations | | - | - | - | - |
| Net profit (net loss) for the current period | | 6,207,101 | 5,023,667 | (1,183,434) | (19.07%) |
| Analysis of variance: The increase in bad debt expenses, commitment and guarantee liability provisions was mainly due to the increase in provision for bad debts as a result of bad debts written-off in the current period. | | | | | |

III. Cash flow**(I) Analysis on liquidity for the past two years**

| Item | Year | December 31, 2023 | December 31, 2024 | Variation (%) |
|---|------|-------------------|-------------------|---------------|
| Cash flow ratio (%) | | 66.91 | -4.00 | (105.97) |
| Cash flow adequacy ratio (%) | | 334.72 | 282.88 | (15.49) |
| Cash flow for operating to cash flow from investing ratio (%) | | 1,749.24 | -342.22 | (119.56) |
| Analysis of variance in increase/decrease: | | | | |
| 1. The cash flow ratio decreased compared to the previous period as a result of the increase in discounts and advances for the period, which led to a decrease in net cash inflow from operating activities compared to the previous period. The increase in interbank borrowings and repurchase agreements contributed to the increase in current liabilities. | | | | |
| 2. The cash flow adequacy ratio decreased compared to the previous period, due to the decrease in net cash inflow from operating activities in the current period, as well as the increase in capital expenditure and cash dividend compared to the previous period over the past five years. | | | | |
| 3. The cash flow adequacy ratio decreased compared to the previous period, due to a decrease in net cash inflow from operating activities in the current period. | | | | |

(II) Cash flow analysis for the next year

Unit: NT\$ thousand

| Cash balance amount at the beginning of the year (1) | Expected net annual cash flow from operating activities (2) | Expected annual cash flow (3) | Amount of cash surplus (deficit) (1)+(2)+(3) | Remedial measures for cash inadequacy | |
|--|---|-------------------------------|--|---------------------------------------|-----------------|
| | | | | Investment plans | Financing plans |
| 18,048,736 | 8,137,794 | (2,346,435) | 23,840,095 | - | - |

IV. Impact of major capital expenditures on financial operations in 2024

(I) Use of major capital expenditure and source of funds: None.

(II) Expected gains: None.

V. 2024 Re-investment policy, main reasons for profits or losses, improvement plans and investment plans for the next year**(I) Re-investment policy**

In order to meet the Bank's need for long-term operation and development, we engage in investments and assessment of potential re-investment opportunities, and effectively diversifying operational risks and improving the overall profitability are our goals.

(II) Main reasons for profits or losses of re-investment

The main source of profit in 2024 for reinvestment includes cash dividends distributed by the reinvestment companies and feedback from operational performance. If there are appropriate investment opportunities or investment in response to government policies in the future, we will conduct a thorough assessment before taking action in compliance with relevant regulations.

(III) Improvement plans

We update the operating efficiency and financial performance of our reinvestment companies on a quarterly basis, and produce annual performance appraisal reports to understand and monitor their status.

(IV) Investment plans for the next year

None.

VI. Risk management

(I) Organizational structure and policies of risk management

1. Organizational Structure of Risk Management



(1) Risk Management Committee

For the purpose of upgrading the risk management mechanism, improving various risks management, avoiding all possible adverse effects on the Group, and seeking maximized profits with limited risks, the Risk Management Committee is established with the President acting as the Chief Commissioner, and the department head of the Treasury Department, Digital Service and Channel Management Department, Risk Management Department, Credit Assessment Department, Administration Management Department, International Banking Department, Compliance Department, and the Strategy and Operations Department and other personnel designated by the President act as the Members of the Committee. The Chief Auditor may attend the Committee meeting, but is not entitled with voting rights. The Committee has a meeting held once a month with the following missions to fulfill:

- A. Add and amend the Bank's risk management policy.
- B. Coordinate the risk management issues of the Bank, such as credit risk, market risk, and operational risk.
- C. Review the ratio of the Bank's self-owned capital to risk assets (referred to as "capital adequacy ratio")
- D. Handle and review the major risk exposure and unauthorized events which occur.

- E. Major issues or discussions related to risk management proposed by each unit.
- F. Matters assigned by the Board of Directors, Chairman, and Vice Chairman.

(2) Information Security Management Committee

In November 2015, the Information Security Management Committee was established with the aim of reducing the risk and impact caused by information security issues, as well as to refine the Bank's ISMS, in response to all information security related laws and regulations and in compliance with relevant government regulations. The committee is responsible for the review of policies and regulations for ISMS and the overall implementation of information security. In addition, the Information Security Section of the Risk Management Department shall report to the Chairman on the implementation status annually, and the Auditing Department shall report the audit result to the Board of Directors. The Committee has one convener appointed who is the President or an individual appointed by the President. The members are the head of the Risk Management Department, the Information Technology Department, the Digital Service and Channel Management Department, the Compliance Department, and the department head or the designated individual of the department designated by the convener. The Auditing Department may attend the Committee meeting, but is not entitled with voting rights. The committee holds at least one management review meeting on a regular basis every year, or holds meetings irregularly as required. Main task of the meeting is as follows:

- A. Propose the information security policy of the Bank.
- B. Promote the information security management system.
- C. Assess the infrastructure of the information security management system.
- D. Handle and review major information security incidents.
- E. Major issues or discussions related to information security proposed by each unit.
- F. Annual review of the overall implementation of information security measures.
- G. Discussion of other information security issues.

2. Risk Management Policies

We have established policies and measures based on different risk levels, and they are "Credit Policy," "Various Credit Review and Authorization Measures," "Risk Management Policy" and others. We have also established management standards for the policies and measures, such as the "Credit Risk Management Guidelines," "Market Risk Management Guidelines" and "Operational Risk Management Guidelines" in accordance with "Risk Management Policy." We have established a capital adequacy assessment process which takes into consideration the risk status in order to maintain capital adequacy based on the company's business growth. In addition, we conduct appropriate overall capital allocation to establish management measures for a variety of business risks considering our overall risk exposure to reinforce our operational performance.

3. Information Security Policy

The Information Security Policy was instituted specifically as a means to protect the confidentiality, integrity, and availability of the Bank's information assets, including software, hardware, communications, personnel, documents, data, and the physical environment, from risk of breaches, damage, or loss due to external threats or improper management by internal personnel. In addition, in accordance with the policy, relevant procedures and manuals were instituted as reference for all employees, outsourced service providers, and visitors.

(II) Qualitative and quantitative information about the various risks

1. Credit risk management system and accrued capital:

Credit risk management system

2024

| Item | Contents |
|---|---|
| I. Credit risk strategies, goals, policies and procedures | <ol style="list-style-type: none"> 1. Credit risk strategy We have made appropriate adjustments in response to changes to the business environment and the associated risks. We make corrections in our strategy in consideration of the impact of economic cycles on the content and quality of overall credit portfolio, so we can ensure that the strategy can cover all major credit risks. 2. Credit risk goals Maintain adequate capital and create maximum risk-adjusted return within the scope of credit risk that the Bank can bear. 3. Credit risk policies We have established the Credit Policy to properly plan and control the issuance of credit to a same natural person, a same legal person, a same public enterprise, a same related party, a same associate company and a same related company within a corporate group. We have set limits to the ratios of the Company's net worth which they account for (among them, a same public enterprise shall not exceed the Company's net worth, and the limit may be adjusted for a same related company based on the credit rating, financial rating by Cmoney and prospects), in order to control the credit risk to a single party and enhance the efficiency of capital utilization. With respect to the proportion of the Company's total credit committed to the issuance of credit to a single industry, we assess the industry and the overall economy, the non-performing loan ratios in each industry and the future prospect to adjust the limit accordingly. In order to reinforce the risk control of credits to industries located in overseas and China regions, we have set industry-specific limits to those regions. With respect to the proportion of the Bank's total issuance of credit to those who use residential real estate as collateral, we set limits to fund uses such as house repairs and working capital, and dynamically adjust the credit amounts to mitigate overall risk and prevent excessive concentration of credit risk. 4. Credit risk procedures In order to maintain a safe and robust credit business and control its associated risk, we have established a credit risk control mechanism for a variety of businesses and follow the procedures of identification, measurement, communication and monitoring. Under a hierarchy of responsibility in credit management, each level conduct case review within its level of authorization in accordance with the Various Credit Review and Authorization Measures to ensure the quality of assets for credit. We also have established the "Essentials for Secondary Review of Credit" for which the Credit Assessment Department at the head office is responsible to reinforce management after issuing credit, effectively control the associated credit risk. We have established the "Regulations Governing the Procedures to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" to regulate internal system and procedures for assessment of asset quality, allocation of loss reserve, liquidation of collection of nonperforming loans and bad debt write-off. In order to accelerate liquidation of bad debt and reduce nonperforming loans, we have established the "Non-performing Loan Management Measures," so that we can achieve the goal of having a sound financial structure and reinforcing asset and liability management. |
| II. Credit risk management organization and framework | <ol style="list-style-type: none"> 1. The Board of Directors is our highest decision-making body for credit risk management and has the ultimate liability in terms of credit risk management. 2. Risk Management Committee is responsible for implementing decisions on credit risk management approved by the Board, reviewing credit risk regulations, coordinating credit risk management tasks and supervising the effectiveness of risk management implementation. 3. Credit Assessment Committee is responsible for reviewing and discussing credit cases at the Board's authorization level and reporting the review results to the Board for approval. After the establishment of accounts for cases for which the amount is at the Board's authorization level and have been approved by the Board, the Credit Assessment Committee is authorized to adjust the interest rate and fee rate accordingly, and provides summary reports to the Board for monthly review. 4. The Risk Management Department is responsible for planning, setting up and integrating the Bank's credit risk management operations, performing overall credit risk management monitoring of the Bank, regularly compiling credit risk information of the Bank and reporting it to the Risk Management Committee and the Board of Directors, and calculating credit risk capital and disclosing risk information in accordance with the regulations of the competent authorities. |

| Item | Contents |
|--|--|
| | <p>5. <u>All departments at headquarters</u> are responsible for establishing and managing the credit risk regulations and operational procedures for its business, monitoring their implementation, and assisting the Risk Management Department to complete the control of credit risk for the entire bank. The head office business units are responsible for identifying and managing the credit risk of all financial instruments and ensure that when engaging in new instruments or transactions</p> <p>6. <u>All departments in the Bank</u> are responsible for identifying, assessing and measuring risks and adopting appropriate risk management approaches. Comply with the Bank's rules on credit check, credit issuance and credit risk to conduct daily operations and credit risk management and report to the relevant units in accordance with the regulations in a timely manner. Incorporate the control of credit risk into daily operations and ensure the correctness and completeness of information of each operation.</p> <p>7. <u>The credit review team of the business unit</u> is responsible for holding credit review meetings for credit cases within the authority of the unit manager to strengthen the review of credit business in order to ensure credit rights and risk control.</p> |
| III. Scope and features of credit risk reporting and measurement system | <p>The Bank has established the Credit Risk Management Guidelines based on the overall risk management policy. Risk exposure is categorized to assess various risk-weighted assets and disclose them in risk control reports to be submitted to the Board on a quarterly basis. The content and scope are shown as follows:</p> <ol style="list-style-type: none"> Control of limits to counterparties (a same natural person, a same legal person, a same related party, a same associate company, a same related company within a corporate group and a same industry) Control of credit risk concentration (monitor the top 20 clients who receive credit) Analysis of credit business structure (according to types of loan) Asset quality (nonperforming loans, NPL ratio, allowance for bad debts, coverage ratio) <p>The credit risk measurement system includes credit rating maintenance, on-balance sheet risk-weighted asset maintenance and others.</p> |
| IV. Credit risk avoidance or mitigation polices, and monitoring the continued effectiveness of risk avoidance and mitigation tools | <ol style="list-style-type: none"> When conducting credit risk businesses, assess the probability of default and the loss amount of the event or transaction and adopt countermeasures, such as risk avoidance - high probability of default and large amount of loss, risk reduction or transfer - low probability of default and large amount of loss, risk control - high probability of default and small amount of loss and risk retention - low probability of default and small amount of loss. Set limit to a same natural person, a same legal person, a same related party, a same associate company, a same related company within a corporate group and a same industry in order to avoid excessive risk concentration. Add credit limit criteria, request for collaterals and guarantor or transfer to credit guarantee funds to reinforce the Bank's claims. Evaluate the fair value of collaterals and conduct on-site inspection of collaterals regularly or irregularly. Conduct credit check and re-evaluation of collaterals based on the current status of credit recipients. Assess the extent of guarantee provided by clients who receive credit and the legality of guarantors to ensure the effectiveness of credit protection. Regularly maintain and develop the credit risk management system based on the status of business and credit retention to ensure continuous and effective operation. |
| V. Approaches adopted for statutory capital charges | Standardized approach |

Note: This form is applicable to banks which adopt the standardized approach.

Risk exposure amount and accrued capital after risk mitigation under the credit risk standardized approach

December 31, 2024

Unit: NT\$ thousand

| Type of exposure | Risk exposure amount after risk mitigation | Accrued capital |
|--|--|-------------------|
| Sovereigns | 34,862,549 | 0 |
| Non-central government public sectors | 0 | 0 |
| Banks (including multilateral development banks and qualifying central counterparties) | 11,837,639 | 211,623 |
| Corporations (including securities and insurance companies) | 121,132,593 | 8,255,353 |
| Retail claims | 9,722,313 | 316,639 |
| Property risk exposure | 164,278,461 | 11,828,532 |
| Equity securities investments | 9,305,514 | 1,204,076 |
| Equity securities investments of funds and venture capital firms | 0 | 0 |
| Other assets | 8,880,444 | 505,367 |
| Total | 360,019,513 | 22,321,590 |

2. Risk management measures and risk exposure amount for asset securitization, and the management strategy and procedures for securitization of accrued capital.

Risk management system of securitization

2024

| Item | Contents |
|---|---|
| I. Securitization management strategies and procedures | <p>[Trading Book]:</p> <ol style="list-style-type: none"> In order to implement risk management, we conduct investment decisions and process management based on the Bank's relevant measures on marketable securities when investing in securitized products (such as REITs) on the trading book. We have not taken the role of an originator, service institution or credit enhancement institution. We shall first establish the relevant management policies if we wish to handle the related businesses in the future. <p>[Banking Book]:</p> <p>We have not invested in securitized products which are considered part of the Banking book and we have not taken the role of an originator.</p> |
| II. Securitization management organization and framework | <p>[Trading Book]:</p> <ol style="list-style-type: none"> We have established the Risk Management Committee responsible for implementing decisions on credit risk management approved by the Board and supervising the effectiveness of risk management implementation. We regularly hold the Asset and Liability Management Committee meetings to evaluate the Company's capital and investment operations and reviewing the implementation. We also regularly hold Investment Management Committee meetings to adjust our investment strategy as needed to control investment risk in response to changes in the domestic and overseas financial markets, further protecting the Bank's investment position and profitability. When investing in securitized products (such as REITs) on the trading book, we manage the associated risks based on the credit, market and other relevant risk management organizations and structure. <p>[Banking Book]:</p> <p>We have not invested in securitized products which are considered part of the Banking book and we have not taken the role of an originator.</p> |
| III. Scope and features of securitization risk reporting and measurement systems | <p>[Trading Book]:</p> <p>When investing in securitized products (such as REITs) on the trading book, we evaluate them daily and manage the associated risks based on the credit, market and other relevant risk management organizations and structure, and disclose the information on the risk control reports to be submitted to the Board of Directors every quarter.</p> <p>[Banking Book]:</p> <p>We have not invested in asset securitized products which are considered part of the Banking book and we have not taken the role of an originator.</p> |
| IV. Securitization risk hedging or mitigation policies, and monitoring the continued effectiveness of risk avoidance and mitigation tools | <p>[Trading Book]:</p> <ol style="list-style-type: none"> We have not taken the role of an originator, service institution or credit enhancement institution and have not established policies related to securitization hedging and risk reduction. We shall first establish the relevant management policies if we wish to handle the related businesses in the future. We currently adopt the following measures based on the credit, market and other relevant risk standards: risk avoidance - high probability of default and large amount of loss, risk reduction or transfer - low probability of default and large amount of loss, risk control - high probability of default and small amount of loss and risk retention - low probability of default and small amount of loss. <p>[Banking Book]:</p> <p>We have not invested in securitized products which are considered part of the Banking book and we have not taken the role of an originator.</p> |
| V. Approaches adopted for statutory capital charges | <p>[Trading Book]:</p> <p>Adopt the standardized approach for market risk.</p> <p>[Banking Book]:</p> <p>We have not invested in securitized products which are considered part of the Banking book and we have not taken the role of an originator.</p> |

Risk exposure amount for securitization and capital accrual
December 31, 2024

Unit: NT\$ thousand

| Bank's role | Type of risk exposure Type of book | Type of asset | Traditional | | | | Accrued capital (2) | Combination | | Total | | |
|----------------|---------------------------------------|---------------|----------------------|---------------------------------|----------------------------|--------------|---------------------|----------------------|---------------------|----------------------------------|-----------------------------|---------------------------------------|
| | | | Risk exposure amount | | | | | Risk exposure amount | Accrued capital (4) | Risk exposure amount (5)=(1)+(3) | Accrued capital (6)=(2)+(4) | Accrued capital before securitization |
| | | | Keep or buy | Provide liquid financing amount | Provide credit enhancement | Subtotal (1) | | | | | | |
| Non-originator | Banking Book | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Trading Book | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Subtotal | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Originator | Banking Book | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Trading Book | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Subtotal | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Note:

- The "Asset Category" column is broken down by the type of assets securitized (such as credit cards, net worth mortgage loans, auto loans) or the type of securities invested in (such as mortgage-backed securities, commercial real estate-backed securities, asset-backed securities, and collateralized debt obligations). RMBS is a type of beneficiary securities for mortgage securitization or asset-backed securities. REITs are real estate investment trust beneficiary securities.
 - For the exposure of the Banking book, the exposure after risk reduction shall be entered.
 - For the field of "Providing Liquidity Facility," the exposure of funds already appropriated and not yet appropriated shall be included.
3. Operational risk management system and accrued capital

Operational risk management system

2024

| Item | Contents |
|--|--|
| I. Operational risk management strategies and processes | <ol style="list-style-type: none"> Operational risk management strategies Make appropriate adjustments in response to the changes in the Bank's operating environment and risks involved to maintain the consistency with the Bank's business strategy and objectives, which also cover all important operational risks related to the business. Establish operational risk management measures. Identify, measure, communicate and monitor all operational risks that may arise from daily operations and risk management processes. |
| II. Operational risk management organization and framework | <ol style="list-style-type: none"> <u>The Board of Directors</u> is our highest decision-making body for operational risk management and has the ultimate liability in terms of operational risk management. <u>Risk Management Committee</u> is responsible for implementing decisions on operational risk management approved by the Board, reviewing operational risk regulations, and supervising the effectiveness of risk management implementation. <u>Risk Management Department</u> is responsible for planning, building and coordinating the Bank's operational risk management, and it regularly compiles the information on the Bank's operational risk and reports it to the Risk Management Committee. <u>All departments at headquarters</u> are responsible for establishing and managing the credit risk regulations and operational procedures for its business, monitoring their implementation, and assisting the Risk Management Department to complete the control of operational risk for the entire bank. <u>All departments in the Bank</u> are responsible for identifying, assessing and measuring risks and adopting appropriate risk management approaches. Comply with the Bank's rules on operational risk to conduct daily operations and operational risk management. |

| Item | Contents |
|---|---|
| III. Scope and features of operational risk report and measurement system | <p>We have established the Operational Risk Management Guidelines based on the overall risk management policy to actively and effectively measure, control and monitor all operational risks associated with all products, services, operations and systems, and disclose the information in risk control reports to be submitted to the Board on a quarterly basis.</p> <ol style="list-style-type: none"> 1. The content and scope are shown as follows: <ol style="list-style-type: none"> (1) Self-assessment of risk control operation of the "Rules and Regulations of the Bank." (2) Self-assessment of risk control in compliance with various rules and regulations of all units' operating procedures. (3) Self-assessment of risk control for new products (business), activities, processes and systems. (4) Managing authorization and limits of credit issuance operations of all business units. (5) Managing authorization and limits of loan, foreign exchange and investment businesses of the Treasury Department. (6) Report progress to the point of contact at the financial supervisory authority. (7) Implementation of data collection on losses attributable operational risk. (8) Implementation of key risk indicator (KRI). (9) Implementation of the compliance with the three reinforcing pillars of the New Basel Accord. (10) Education and training sessions on risk management conducted by supervisory units of businesses. 2. In order to effectively measure operational risk, the measurement system is divided into operational risk event maintenance, authorized credit limit maintenance and others and establish the following operational measures: <ol style="list-style-type: none"> (1) Essentials for Collection of Operational Risk Loss Event Data: Collect loss event data, categorize the data based on the patterns and business types and understand the distribution of loss events. (2) Essentials for Business Units' Risk Control Self-Assessment: Use the Risk Control Assessment Form to assess the Bank's operating procedures, rules and regulation, new products (businesses), activities, processes, systems and other operations. (3) Essentials for Key Risk Indicators: Establish quantitative indicators and thresholds and warning values corresponding to main risk exposure in order to monitor the risk exposure and control measures for operational risk. |
| IV. Operational risk hedging or risk mitigation policies, and monitoring the continued effectiveness of risk hedging and mitigation tools | <p>When the Bank conducts business related to operational risk, it evaluates the probability and severity of losses that may arise from the event or transaction and adopts risk avoidance, risk offset or transfer, risk control, risk commitment and other countermeasures (e.g., outsourcing operations, taking out employees' integrity insurance...etc.). We also regularly maintain and develop the operational risk management system in accordance with our business and risk exposures to ensure the system continues to operate effectively.</p> |
| V. Approaches adopted for statutory capital charges | Basic indicator approach. |

Accrued capital for operational risks

December 31, 2024

Unit: NT\$ thousand

| Year | Gross operating profit | Accrued capital |
|-------|------------------------|-----------------|
| 2022 | 6,714,414 | 1,334,799 |
| 2023 | 10,863,257 | |
| 2024 | 9,118,305 | |
| Total | 26,695,976 | |

4. Market risk management system and accrued capital

Market risk management system

2024

| Item | Contents |
|--|--|
| I. Market risk management strategies and processes | <ol style="list-style-type: none"> 1. Market risk management strategies Make appropriate adjustments in response to the changes in the Bank's operating environment and risks involved to maintain the consistency with the Bank's business strategy and objectives, which also cover all important market risks related to the business. Seek stability when investing in marketable securities and other financial instrument. Pay attention to the fundamental analysis of products and economic cycle and avoid excessive risk concentration. Comply with the regulations on investment limits. 2. Market risk management process Establish market risk management measures. Effectively identify, measure, communicate and monitor market risks associated with all main products and transactions. |
| II. Market risk management organization and framework | <ol style="list-style-type: none"> 1. <u>The Board of Directors</u> is our highest decision-making body for market risk management and has the ultimate liability in terms of market risk management. 2. <u>Investment Management Committee</u> may adjust our investment strategy as needed to control investment risk in response to changes in the domestic and overseas financial markets, further protecting the Bank's investment position and profitability. 3. <u>Risk Management Committee</u> is responsible for implementing decisions on market risk management approved by the Board, reviewing market risk regulations and supervising the effectiveness of risk management implementation. 4. <u>Risk Management Department</u> is responsible for planning, building and coordinating the Bank's market risk management operations. The department handles the liquidation and settlement of the Bank's capital allocation and securities trading, regular assesses profits and losses at fair market values, controls investment positions and transaction limits and reports over-the-limits, stop-loss and early warnings to business units which have transactions. It regularly compiles the information on the Bank's market risk and reports it to the Risk Management Committee. 5. <u>All departments at headquarters</u> are responsible for establishing and managing the credit risk regulations and operational procedures for its business, monitoring their implementation, and assisting the Risk Management Department to complete the control of market risk for the entire bank. 6. <u>All business units</u> are responsible for identifying, assessing and measuring risks and adopting appropriate risk management approaches. Comply with the Bank's market risk management rules and carry out daily operations and market risk management. The risk management personnel are independent from the front-end of transactions or are the personnel from different departments or divisions. Actively monitor the over-the-limits and stop-loss measures and report events to the relevant units in a timely manner. |
| III. Scope and features of market risk reporting and measurement systems | <p>Market risk involves interest rates, equity securities, foreign exchange and financial instrument. We have established the Market Risk Management Guidelines based on the overall risk management policy. The positions held are categorized into the "Trading Book" and "Banking Book" in accordance with the Trading Book and Banking Book Categorization Measures to effectively manage positions of financial instrument. The risk management of various investments is conducted in accordance with the relevant regulations and the Bank's standards to control the risk within an acceptable range and disclose the information in risk control reports to be submitted to the Board of Directors on a quarterly basis. The content and scope are shown as follows:</p> <ol style="list-style-type: none"> 1. Investment limit and early warning management for market risk: <ol style="list-style-type: none"> (1) Invest in a variety of securities: (a) Limits for a variety of securities (required by the authority); (b) Restrictions on investment in a same legal person, a same related company within a corporate group and a same industry (required by the Bank); (c) Limits for non-statutory investment grade (required by the authority), and application criteria for non-statutory investment grade bonds and bills and the balance in any one particular investment (required by the Bank); (d) Limits for balance in any one particular bond and bill on watch (required by the Bank), and limits for non-statutory investment grade bonds and bills on watch (required by the Bank); (e) Bonds and bill on watch with credit ratings of "BBB-/Baa3, twBBB- and equivalent" and the limits for non-statutory investment grade bonds (required by the Bank); (f) Investment ceiling on a particular country with a sovereign credit rating of Baa1 to Baa3/BBB+ to BBB- in accordance with the Bank's Country Risk Management Guidelines (required by the Bank). (g) Total balance of investment in various securities in China (required by the Bank), and the balance of investment in bonds and bills in China overall (required by the Bank). Balance of investment in bonds and bills (required by the Bank) issued by non-financial institutions (including leasing companies and asset |

| Item | Contents |
|--|---|
| | <p>management companies). (h) Balance of transactions for bond repurchase (required by the government authority). (i) Balance of investment in Islamic fixed income securities (required by the government authority).</p> <p>(2) Invest in derivatives: (a) The upper limits of total position and loss of notional principal; (b) The control of notional principal of various contracts; (c) Upper limit of transaction counterparty's credit risk, early warning for gains of counterparty's market valuation; (d) Limit of counterparty (a related company within a corporate group, an industry); (e) With respect to the total profits or losses in market valuation of the overall unhedged contracts and individual unhedged contract, the limit of loss amount if there are losses.</p> <p>(3) Foreign exchange transactions: (a) Limits of uncovered total position between NTD and foreign currencies in the whole company; (b) Uncovered total position between foreign currencies in the whole company; (c) Positions of various exchanges against the USD.</p> <p>(4) Lending limits to counterparties in the loan business (NTD, foreign currencies).</p> <p>2. Stop-loss mechanism for market risk and monitor major risk exposure mechanism:</p> <p>(1) Invest in a variety of securities: (a) Stop-loss position, execution and major risk exposure of various types of securities; (b) Financial asset impairment or sale assessment and major risk exposure of various types of securities.</p> <p>(2) Stop-loss of individual unhedged contract in derivatives investment.</p> <p>(3) Restriction and enforcement of exchange losses of commercial positions and traders of the whole Bank.</p> <p>3. Market risk stress testing (Impact of profits and losses in comprehensive scenarios/Minimum capital calculated needed for the market risk).</p> |
| IV. Market risk hedging or mitigation policies, and effective strategies and processes for controlling risk hedging and mitigation tools | Establish limits and stop-loss measures in the operating standards and procedures for the Bank's various investment in compliance with the authority's standards on investment limits to monitor market risk. When dealing with market risk-related businesses, we adopt countermeasures in the categories of risk avoidance, risk reduction or transfer, risk control and risk retention. We grasp our overall exposure position and risk measurement results based on the circumstances of businesses and risk retention we face to ensure continued effectiveness. |
| V. Approaches adopted for statutory capital charges | Standardized approach |

Accrued capital for market risks

December 31, 2024

Unit: NT\$ thousand

| Type of risk | Accrued capital |
|------------------------|-----------------|
| Interest rate risk | 932,869 |
| Equity securities risk | 330,160 |
| Foreign exchange risk | 56,471 |
| Commodity risk | 0 |
| Total | 1,319,500 |

5. Liquidity risk includes maturity analysis of assets and liabilities, and explains how to manage liquidity of assets and liquidity of working capital gaps

(1) Risk management procedures:

For various assets and liabilities, the maturity gap and maturity structure changes were regularly analyzed as the basis for fund allocation, liquidity management and liquidity risk reduction. To control interest rate risk, the correlation between various assets and liabilities and market interest rate were regularly analyzed to assess market interest rate risk, and accordingly, deposit interest rate pricing and asset allocation were adjusted. We regularly report the status of asset and liability allocation and the changes in various indicators for risk management at the Asset and Liabilities Management Committee meetings to ensure the implementation of risk management procedures.

(2) Principles of measurement and control:

In order to meet the needs for liquidity, monitor liquidity risk and prevent excessive the concentration of capital utilization, we regularly prepare the "NTD Maturity Term Structure Analysis Table" and "USD Maturity Term Structure Analysis Table" to analyze the working capital gaps of various terms and use them as the early warning indicators for liquidity. We also take the impact of domestic and overseas financial market conditions and seasonal factors into consideration and adjust our business strategy, interest rate gaps and asset and liability structure in a timely manner and report the results to the Asset and Liability Management Committee.

In terms of capital utilization, we allocate sufficient funds as legal reserve in accordance with the regulations and the remaining capital is invested in government bonds, transferrable certificates of deposits from the Central Bank, treasury bills, financial bonds, government debt repurchase, corporate bonds, commercial papers, banker's acceptance, beneficiary certificates and other fixed-income financial instruments. We value the security of investments and consider the liquidity of the secondary market to reduce our operational risk.

NTD maturity date structure analysis table

December 31, 2024

Unit: NT\$ thousand

| | Total | Remaining balance to maturity | | | | | |
|-------------------------------|-------------|-------------------------------|---------------|---------------|----------------|--------------------|------------------|
| | | 0 to 10 days | 11 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year |
| Primary inflow upon maturity | 337,660,921 | 61,287,195 | 13,393,843 | 22,064,005 | 28,340,588 | 57,112,935 | 155,462,355 |
| Primary outflow upon maturity | 373,536,969 | 16,491,374 | 15,777,765 | 34,932,333 | 49,213,991 | 82,615,305 | 174,506,201 |
| Period gap | -35,876,048 | 44,795,821 | -2,383,922 | -12,868,328 | -20,873,403 | -25,502,370 | -19,043,846 |

Note: This table refers to the amount of NTD of the whole Bank.

USD maturity date structure analysis table

December 31, 2024

Unit: US\$ thousand

| | Total | Remaining balance to maturity | | | | |
|--------------------------------|-----------|-------------------------------|---------------|----------------|--------------------|------------------|
| | | 1 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year |
| Inward remittance of due fund | 1,373,521 | 123,704 | 144,350 | 23,987 | 42,899 | 1,038,581 |
| Outward remittance of due fund | 1,360,947 | 688,259 | 289,191 | 73,672 | 238,826 | 70,999 |
| Period gap | 12,574 | -564,555 | -144,841 | -49,685 | -195,927 | 967,582 |

Note: This table refers to the amount of US dollars of the whole Bank.

(III) The influence of domestic and foreign major policies and law amendment exerting on the Bank's financial structure and responding measures

In response to the regulations established by the Financial Supervisory Commission (hereinafter referred to as the FSC), publicly listed companies with a paid-in capital of NT\$10 billion or more will be required to implement the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards starting in 2026. Furthermore, these companies must adhere to the timeline specified in the "Progress Schedule for the IFRS Sustainability Disclosure Standards" and report their progress to the Board of Directors on a quarterly basis. The Bank has established a project team for the IFRS Sustainable Disclosure Standards and has commissioned an external consulting firm to formulate the relevant implementation plan. The Bank will implement the plan and its detailed procedures in phases, and will report the progress of execution to the Board of Directors and submit reports to the competent authority as required.

(IV) Impact of technological (including information security risks) and industry changes on the Banking and financial businesses and the corresponding measures

The development of digital finance has become a major development project for financial institutions. Under this trend, financial industry players have realized the potential of using financial technology to enhance customer experience, provide more personalized services, thereby improving customer retention, and develop innovative service offerings, thereby creating new sources of revenue. As a result, investment in related areas has been increasing year by year. However, the implementation of financial technology requires a significant investment in both software and hardware resources. For small and medium-sized banks, the key issues and challenges include how to prudently evaluate the costs and benefits, provide differentiated services, and ensure the security of information. In view of this structural change, we have established a dedicated unit in 2015 to closely monitor the development of relevant technologies and industries, and have been gradually rolling out various digital financial services. In terms of information security, we also established an information security unit in 2015, and the ISO 27001 certification was obtained by the end of 2022 to ensure the management and control of information security in conjunction with our three lines of internal control.

In recent years, the rise of AI technology has significantly impacted various aspects of the financial industry. The Financial Supervisory Commission (FSC) has announced the "Core Principles and Related Promotion Policies for the Application of AI in the Financial Industry," which outlines six core principles and eight supporting policies for AI application in Taiwan's financial sector. With the advancement of digitalization and big data, AI application in the financial industry has progressively expanded to areas such as marketing, investment, and wealth management. Therefore, how to utilize AI while balancing efficiency and the protection of customer rights is a significant issue for the financial industry. In the future, the Bank will closely monitor the development trends of AI in finance to enhance our competitiveness in digital finance.

(V) Impact of the image changes on the Bank and the corresponding measures: None.

(VI) Expected result and possible risks of mergers and acquisitions and Counter assessments:

On December 27, 2024, the Board of Directors of the Bank resolved to enter into a share conversion agreement with SinoPac Holdings (hereinafter referred to as "SinoPac"), whereby SinoPac will acquire 100% of the shares of the Bank through a share conversion. This agreement was approved at the first extraordinary shareholders' meeting of the Bank held on March 3, 2025.

1. Expected result: Upon completion of the share conversion, the Bank will become a wholly-owned subsidiary of SinoPac Holdings. It is anticipated that the integration of group resources will enhance overall operational synergy, strengthen competitiveness, and increase market expansion and service depth.
2. Potential Risks: During the merger and acquisition process, there may be short-term challenges related to the integration of organizational culture, adjustments to operational processes, and restructuring of human resources, which could consequently impact existing customer relationships to a certain extent.
3. Response Measures: In accordance with the principle of prudence, we will actively and steadily advance the merger process through well-defined integration planning, effective communication mechanisms, and robust risk management frameworks. Our primary objectives are to protect employee rights, maintain customer trust, and ensure financial stability, thereby facilitating a smooth transition following the merger.

(VII) Expected Benefits, Potential Risks, and Responses to Expansion of Business Locations There were no plans to expand business locations in 2024.

(VIII) Risks and Measures for Concentrated Business: the Bank complies with the Banking Act of the Republic of China and relevant laws and regulations in the promotion and control of various business activities and investments.

(IX) The effect of change in the management produced to the Bank, possible risk and countermeasures:

On March 3, 2025, at the first extraordinary shareholders' meeting of 2025, the Bank resolved to enter into a share conversion agreement with SinoPac Holdings (hereinafter referred to as "SinoPac"). The share conversion base date will be determined after submission to the competent authority for approval. After the formal conversion, both parties will promptly commence and finalize the merger preparation activities for Bank SinoPac (hereinafter referred to as "Bank SinoPac").

1. Expected result: The management rights of the Bank will be transferred to the SinoPac Holdings system. The change in management rights will necessitate adjustments to the Bank's operational strategy, organizational structure, and management system. This change may also impact existing business operation models and employee morale.
2. Potential Risks: The impact of changes in management control primarily involves the transfer of decision-making authority, the integration of old and new management philosophies and cultures, and the accompanying risks associated with adjustments in business layout or resource allocation. Furthermore, it is essential to carefully address the short-term risks associated with employees adapting to the new system, as well as the potential loss of clients due to uncertainty, which may result in a decline in operational efficiency.
3. Response Measures:
 - (1) Customer Aspect:
 - A. Enhancing Communication and Information Disclosure: Through various channels such as the official website, branch announcements, and customer notifications, we will explain the progress of the merger and its related impacts in a timely manner, thereby strengthening customer trust and confidence.
 - B. Continuously ensure the stability of financial service quality: Ensure that all products and services operate normally, and that customer rights are not affected. During the consolidation period, it is essential to maintain the stability of existing system interfaces and transaction mechanisms.
 - C. Integrating Resources to Enhance Service Efficiency: Following the share conversion, we will consolidate the financial resources and digital platforms of the SinoPac Holdings system to offer customers a more comprehensive, diversified, and convenient range of products and services, thereby enhancing the customer experience.
 - (2) Employee Matters:
 - A. Protection of Employee Rights: The Bank is committed to upholding the principles of fairness and respect throughout the consolidation process. In addition to safeguarding the various rights of employees, we will actively engage in internal communication and psychological support through management and the Human Resources Department.
 - B. Providing Transformation Assistance and Career Development Planning: In response to organizational changes and job adjustments, we arrange educational training and internal transfer mechanisms to assist employees in adapting to the new system and expanding their career development opportunities.

- (X) With respect to the directors, supervisors and shareholders who own more than 1% of shares, the impact of large-scale transfer of their equity and their replacement on the Bank's risks and the corresponding measures: None
- (XI) Litigation or non-litigation event: None
- (XII) Other important risks and the countermeasures: None

VII. Crisis management and response mechanisms

In order to improve our crisis management standards and contingency measures, we have established the "Liquidity Risk Operations Continuity," "Rules of Procedure for the Security Maintenance and Administration," "Operations Continuity Management Essentials" and "Emergency Response Operations Essentials for Personal Data Breach" for compliance. In the event of a major emergency, the supervisors of the relevant business units can immediately take appropriate measures. For major incidents, all business units of the Bank will take immediately remedial measures, promptly notify the convener and the event holder and adopt the relevant countermeasures in a timely manner to quickly mitigate the impact of crisis and maintain the normal operation of our operating activities.

VIII. Other important matters:

In alignment with the merger and conversion case involving SinoPac Holdings, the company will gradually divest or publicly auction its subsidiaries within the next year.

Chapter 6 Special Notes

I. Information regarding the Bank's affiliates

- (I) Consolidated business report of associate companies: Please refer to MOPS > Single Company > Electronic Document Download > Affiliated Enterprises Three Reports Section. (Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)
- (II) Consolidated financial statements of associate companies: Same as parent and subsidiary consolidated statements. Please refer to MOPS > Single Company > Electronic Document Download > Financial Reports. (Website: https://mops.twse.com.tw/mops/#/web/t57sb01_q1)
- (III) Affiliation report: Not applicable.

II. Private placement of securities and bank debentures: None.

III. Other supplementary notes

2024 key events:

| Date | Events |
|-------|--|
| 01/01 | The Head Office building began to use renewable energy. |
| 01/02 | Joined the financial blockchain letter verification service on the FSC platform to achieve energy conservation and carbon reduction benefits. |
| 02/22 | A multilingual (Chinese, English, Vietnamese) multimedia-friendly service ticketing machine and the online reservation ticketing function have been launched. |
| 02/26 | The Board of Directors has approved the establishment of the "Fair & Friendly Customer Service Promotion Committee" and has revised the organizational chart, regulations, and detailed responsibilities. These changes will take effect on March 1, 2024. |
| 03/29 | Live text customer service is now available. |
| 04/30 | The TWSE announced that the Bank was ranked in the top 5% of the 2023 Annual Corporate Governance Evaluation, which was the seventh consecutive time the Bank was ranked in the top 5%. |
| 05/09 | Launch of the King's Global Pass "Q-Send" Remittance Service. |
| 06/11 | The Board of Directors approved the separation of the Bank's Sustainable Development and Nomination Committee into two independent functional committees (Sustainable Development Committee and Nomination Committee). |
| 06/11 | To promote sustainable development in collaboration with all stakeholders, the Bank issued the "Sustainable Finance Policy of King's Town Bank." |
| 06/15 | The Head Office and four branches (Business Department, Tainan, Xinxing, and Fucheng) participated in the 2024 Financial Services Charity Carnival at the Tainan venue. |
| 07/16 | The Business Department at the head office launched the Bank's first 19-inch user-friendly ATM, featuring interfaces and accessible voice functions specifically designed to meet the needs of customers with low vision and color blindness. |
| 08/12 | The Board of Directors approved the revision of the "King's Town Bank Fair & Friendly Customer Service Promotion Committee Charter". |
| 08/13 | In compliance with legal regulations and the current organizational status of the Bank, we issued "Liquidity Risk Operations Continuity". |
| 08/27 | Conducted a compliance forum and workshop on the analysis of fair customer treatment cases. |
| 10/19 | Collaborated with the Leopard Cat Association of Taiwan for the first time to organize a one-day leopard cat environmental education event. Branch managers were invited to participate, with a focus on biodiversity and environmental sustainability. |
| 10/28 | The Board of Directors approved the amendment of the "Operational Guidelines for Handling Customer Grievances", which establishes a three-tier reporting mechanism and a systematic process. |
| 10/30 | Honored with the SGS 2024 ESG Awards – Sustainability & Society Award. |
| 11/01 | Joint participation in the "-1111 EcoRevolve Shopping Fair" organized by LITE-ON Technology |
| 11/06 | Integrating multiple services and information portals, "King's Town Bank Friendly Online Banking" has been launched and has received an A-level certification from the Ministry of Digital Affairs. |

| Date | Events |
|-------|---|
| 12/07 | Honored with the Silver Award in the Sustainability Report Category of the 17th Taiwan Corporate Sustainability Awards (TCSA) in the Financial and Insurance Industry - Category 1. |
| 12/23 | The Board of Directors approved the establishment of the "Responsibility Map Implementation Guidelines", designating the Compliance Department as the responsible supervisory unit. |
| 12/23 | A "MOU on Anti-Fraud Cooperation" was signed with the Tainan City Government Police Department, the Tainan District Prosecutors Office, and the Tainan City Investigation Office of the Ministry of Justice to collaboratively enhance the financial anti-fraud safety net. |

IV. Events with material impact in accordance with subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act

1. On December 27, 2024, the Board of Directors resolved to approve the share conversion proposal with SinoPac Holdings. Under this proposal, SinoPac intends to exchange each share of the common shares of the Bank for 1.15 shares of SinoPac's common shares, along with a cash consideration of NT\$26.75, to be paid to all shareholders listed in the shareholder register of the Bank as of the share conversion base date.
2. Other matters: Please refer to MOPS for significant information regarding the Bank.

Chapter 7 Head office and branches of the Bank

| Name | Address | Telephone |
|--|---|---------------|
| Tainan District | | |
| Head Office | No. 506, Section 1, Ximen Road, West Central District, Tainan City | (06)213-9171 |
| Trust Department | 8F., No. 506, Section 1, Ximen Road, West Central District, Tainan City | (06)213-9922 |
| International Banking Department | 9F., No. 506, Section 1, Ximen Road, West Central District, Tainan City | (06)215-5238 |
| Overseas Banking Branch | 9F., No. 506, Section 1, Ximen Road, West Central District, Tainan City | (06)215-5238 |
| Business Department at the head office | 1F., No. 506, Section 1, Ximen Road, West Central District, Tainan City | (06)214-1271 |
| Tainan Branch | 1, 2F., No. 69, Sec. 2, Zhongyi Rd., West Central Dist., Tainan City | (06)228-3155 |
| Eastern Tainan Branch | 1, 2F., No. 98, Sec. 2, Linsen Rd., East Dist., Tainan City | (06)238-5506 |
| Zhonghua Branch | 1F., No. 106, Renhe Rd., East Dist., Tainan City and 1, 2F No. 106-1 | (06)260-3171 |
| Xinxing Branch | No. 357, 359, Xinxing Rd., South Dist., Tainan City | (06)265-8511 |
| Fucheng Branch | 1, 2F., No. 15, Sec. 4, Ximen Rd., North Dist., Tainan City | (06)283-3046 |
| Yunong Branch | 1, 2F., No. 619-2, Yunong Rd., East Dist., Tainan City | (06)235-0588 |
| Kaiyuan Branch | No. 280, Kaiyuan Rd., North Dist., Tainan City | (06)234-7302 |
| Anhe Branch | 1, 2F., No. 241, Sec. 2, Anhe Rd., Annan Dist., Tainan City | (06)355-9311 |
| Annan Branch | No. 366,368, Sec. 1, Haidian Rd., Annan Dist., Tainan City | (06)259-8153 |
| Yen Hang branch | No. 54, Zhongzheng N. Rd., Yongkang Dist., Tainan City | (06)254-1839 |
| Yongkang Branch | No. 27, Sec. 2, Yongda Rd., Yongkang Dist., Tainan City | (06)272-9621 |
| Guiren Branch | No. 29, Sec. 2, Zhongshan Rd., Guiren Dist., Tainan City | (06)239-6185 |
| Xinhua Branch | No. 586, Zhongshan Rd., Xinhua Dist., Tainan City | (06)598-7103 |
| Yujing Branch | 1,2 F., No. 130, Zhongshan Rd., Yujing Dist., Tainan City | (06)574-7673 |
| Rende Branch | 1, 2F., No. 365, Zhongshan Rd., Rende Dist., Tainan City | (06)270-8056 |
| Guanmiao Branch | 1F., No. 17, Wenheng Rd., Guanmiao Dist., Tainan City | (06)596-1550 |
| Madou Branch | 1-3F., No. 83, Zhongshan Rd., Madou Dist., Tainan City | (06)572-1117 |
| Jiali Branch | 1, 2F., No. 203, Wenhua Rd., Jiali Dist., Tainan City | (06)722-3152 |
| Xigang Branch | No. 344, Zhongshan Rd., Xigang Dist., Tainan City | (06)795-1949 |
| Xuejia Branch | No. 111, Jisheng Rd., Xuejia Dist., Tainan City | (06)783-1417 |
| Xinying Branch | 1F., No. 148, Zhongshan Rd., Xinying Dist., Tainan City | (06)632-4161 |
| Baihe Branch | No. 7, Guoguang Rd., Baihe Dist., Tainan City | (06)685-2085 |
| Liujia Branch | No. 491, Zhongzheng Rd., Liujia Dist., Tainan City | (06)698-7813 |
| Yanshui Branch | No. 15, Zhongzheng Rd., Yanshui Dist., Tainan City | (06)652-1677 |
| Shanhua Branch | No. 452, Zhongshan Rd., Shanhua Dist., Tainan City | (06)581-5658 |
| Xinshi Branch | No. 139, Zhongxing St., Xinshi Dist., Tainan City | (06)599-5631 |
| Greater Taipei Area | | |
| Songshan Branch | 8F., No. 167, Dunhua N. Rd., Songshan Dist., Taipei City | (02)8712-6369 |
| Taipei Branch | 2F., No. 75, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City | (02)2771-0922 |
| Neihu Branch | 1F., No. 394, Ruiguang Rd., Neihu Dist., Taipei City | (02)2799-4599 |
| Zhongxiao Branch | 1, 2F., No. 29, Ln. 743, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City | (02)8785-2525 |
| Banchiao Branch | B1, 1F., No. 3, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City | (02)8951-5758 |

| Name | Address | Telephone |
|---------------------------|--|---------------|
| Shuanghe Branch | 1F., No. 878, Zhongzheng Rd., Zhonghe Dist., New Taipei City | (02)8221-7871 |
| Xinzhuan Branch | 1F., No. 146, Touqian Rd., Xinzhuan Dist., New Taipei City | (02)2994-1213 |
| Luzhou Branch | 1F., No. 232, Jixian Rd., Luzhou Dist., New Taipei City | (02)2288-4988 |
| Xindian Branch | 9F., No. 190, Zhongzheng Rd., Xindian Dist., New Taipei City | (02)8911-9298 |
| Taoyuan and Hsinchu | | |
| Taoyuan Branch | 1~3 F., No. 106~108, Zhonghua Rd., Taoyuan Dist., Taoyuan City | (03)347-2469 |
| Jhongli Branch | 1F., No. 175, Puyi Rd., Zhongli Dist., Taoyuan City | (03)462-8989 |
| Nankang Branch | No. 117, Sec. 1, Xinnan Rd., Luzhu Dist., Taoyuan City | (03)352-1616 |
| Hsinchu Branch | 1F, 2F-1, 2F-2, No. 180, Zhongzheng Rd., North Dist., Hsinchu City | (03)528-0526 |
| Eastern Hsinchu branch | No. 227, 229, 231, Guanxin Rd., East Dist., Hsinchu City | (03)563-9998 |
| Taichung and Changhua | | |
| Taichung Branch | No. 299, Sec. 4, Wenxin Rd., Beitun Dist., Taichung City | (04)2329-3511 |
| Wenxin Branch | 1, 2F., No. 320, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City | (04)2328-8007 |
| Dali Branch | 1, 2F., No. 408, Daming Rd., Dali Dist., Taichung City | (04)2406-8829 |
| Changhua Branch | B1-5F., No. 134, 136, Huashan Rd., Changhua City, Changhua County | (04)728-8998 |
| Yunlin region | | |
| Dounan Branch | No. 258, Sec. 2, Yanping Rd., Dounan Township, Yunlin County | (05)597-3181 |
| Huwei Branch | 1F., No. 133, Gong'an Rd., Huwei Township, Yunlin County | (05)632-3301 |
| Lunbei Branch | No. 375, Zhongshan Rd., Lunbei Township, Yunlin County | (05)696-6821 |
| Douliu Branch | 1-2F., No. 128, Minsheng Rd., Douliu City, Yunlin County | (05)532-1561 |
| Xiluo Branch | No. 166, Fuxing Rd., Xiluo Township, Yunlin County | (05)586-9541 |
| Beigang Branch | No. 61, Minzhu Rd., Beigang Township, Yunlin County | (05)783-6181 |
| Chiayi region | | |
| Chiayi Branch | No. 175, Linsen W. Rd., West Dist., Chiayi City | (05)224-2135 |
| Xingye Branch | 1F., No. 784, Xinmin Rd., West Dist., Chiayi City | (05)285-2171 |
| Meishan Branch | No. 126, Zhongshan Rd., Meishan Township, Chiayi County | (05)262-2131 |
| Zhuqi Branch | No. 221-1, Zhongshan Rd., Zhuqi Township, Chiayi County | (05)261-1941 |
| Zhongpu Branch | No. 867, Sec. 5, Zhongshan Rd., Zhongpu Township, Chiayi County | (05)239-0011 |
| Shuishang Branch | No. 317, Zhongxing Rd., Shuishang Township, Chiayi County | (05)268-9681 |
| Taibao Branch | No. 166-17, Sec. 2, Beigang Rd., Taibao City, Chiayi County | (05)238-1518 |
| Puzi Branch | No. 43, Shantong Rd., Puzi City, Chiayi County | (05)379-5181 |
| Minhsiung Branch | No. 6, Minsheng Rd., Minxiong Township, Chiayi County | (05)226-2372 |
| Dalin Branch | 1,2F., No. 291, Xianghe Rd., Dalin Township, Chiayi County | (05)265-1541 |
| Kaohsiung Area | | |
| Zhongzheng Branch | 1, 2F., No. 176, Qixian 1st Rd., Xinxing Dist., Kaohsiung City | (07)235-2929 |
| Kaohsiung Branch | No. 110, Yucheng Rd., Sanmin Dist., Kaohsiung City | (07)345-7171 |
| Northern Kaohsiung branch | 1,2F., No. 150, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City | (07)550-7708 |
| Gangshan Branch | No. 176, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City | (07)624-1766 |
| Nanzi Branch | 1F., No. 67, Yiqun Rd., Nanzi Dist., Kaohsiung City | (07)362-6969 |

King's Town Bank Co., Ltd.



Chairman Chen-Chih Tai



