BANK OF KAOHSIUNG CO., LTD.

Financial Statements
For The Years Ended December 31,
2025 AND 2024
and Independent Auditors' Report

Address：No.168, Po Ai 2nd Road, Zuoying District
Kaohsiung City, Taiwan
Tel：(07)557-0535

Contents

國富浩華聯合會計師事務所
Crowe (TW) CPAs
80250高雄市苓雅區四維三路
6號27樓之1
27F-1., No.6, Siwei 3rd Rd.,
Lingya Dist.,Kaohsiung City
80250, Taiwan
Tel +886 7 3312133
Fax +886 7 3331710
www.crowe.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Bank of Kaohsiung Co., Ltd.

Opinion

We have audited the accompanying balance sheets of Bank of Kaohsiung Co., Ltd. (the "Company") as of December 31, 2025 and 2024 and the related statements of comprehensive income, changes in equity and cash flows for the years then ended and related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code"), and we have fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on those matters. Key audit matters for the Company's financial statements for the year ended December 31, 2025 are stated as follows:

1. Impairment losses on loans and receivables

   The balance of loans and receivables from the balance sheet of the Company as of December 31, 2025 was $225,913,756 thousand (after deducting the allowance for bad debts of $2,650,625 thousand). Please refer to Notes 5, 6.7 and 6.8 to the financial statements. Due to the unstable domestic and foreign economic situation, the collection risk of recovery of loans and receivables has increased. Since the provision of impairment losses involves significant judgments of management, we decided to take it as a key audit matter.

   The main audit procedures we had implemented for the above-mentioned aspects include: understanding and assessing the assumptions and assessments of the Company's loans and receivables impairment losses (including default loss rate, default probability, forward-looking factor, future cash flow and the collateral value) and relevant policies; selecting samples for credit cases that have been assessed for impairment and assessing assumption of future cash flow projections and the reasonableness of the collateral value; for collective assessment of impairment cases, understanding and testing whether impairment model's assumption and important parameters (default loss rate, default probability and forward-looking factor) reflect the actual situation of each loan combination; testing the classification of credit assets to assess whether the allowance for bad debts meets the requirements of the competent authority's laws and regulations.

2. Fair value measurement of financial instruments

   The balance of financial assets at fair value through profit or loss and the balance of financial assets at fair value through other comprehensive income as of December 31, 2025 were $3,744,699 thousand and $33,587,749 thousand, respectively. The fair value of partial financial instruments is evaluated by the evaluation model because there is no trading price in the market, and some of the required input values are not publicly available in the market. Since the use of different evaluation techniques and input value assumptions involve significant judgments of the management, we decided to take it as a key audit matter.

The main audit procedures we had implemented for the above-mentioned aspects include: understanding the Company's control over the identification, measurement and management of the evaluation risks; sampling test to assess the appropriateness and accuracy of the public quoted prices for financial instruments with active market prices; and sampling test the internal review documents to assess the appropriateness of the evaluation method for financial instruments with no active market prices and using evaluation model. In addition, we also evaluate whether the expression and disclosure of the financial instrument is in accordance with relevant accounting standards.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair representation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance, including members of the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards of the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ling Wen Huang and Kuo Ming Lee.

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China

February 24, 2026

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

BANK OF KAOHSIUNG CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed In Thousands of New Taiwan Dollars)

Assets			December 31, 2025		December 31, 2024	
A/C No.	Item	Note	Amount	%	Amount	%
11000	Cash and cash equivalents	6.1	$3,302,998	1	$4,837,717	1
11500	Due from the Central Bank and call loans to banks	6.2	16,806,142	5	17,004,114	5
12000	Financial assets at fair value through profit or loss	6.3	3,744,699	1	3,434,712	1
12100	Financial assets at fair value through other comprehensive income	6.4	33,587,749	10	34,944,963	10
12200	Investments in debt instruments at amortized cost	6.5	56,553,205	16	58,571,833	17
12500	Securities purchased under resale agreements	6.6	11,012,458	3	8,645,942	2
13000	Receivables, net	6.7	1,402,313	-	1,735,972	1
13500	Discounts and loans, net	6.8	224,511,443	63	217,145,089	62
15500	Other financial assets, net	6.9	237,540	-	234,759	-
18500	Property and equipment, net	6.10	3,729,259	1	3,296,175	1
18600	Right-of-use assets, net	6.11	294,027	-	339,192	-
19000	Intangible assets, net	6.12	120,617	-	109,407	-
19300	Deferred tax assets	6.34	117,558	-	110,946	-
19500	Other assets, net	6.13	416,190	-	239,617	-
10000	Total Assets		$355,836,198	100	$350,650,438	100

(Continued)

	Liabilities and Equity		December 31, 2025		December 31, 2024	
A/C No.	Item	Note	Amount	%	Amount	%
	Liabilities					
21000	Deposits from the Central Bank and other banks	6.14	$12,906,135	4	$14,202,790	4
22000	Financial liabilities at fair value through profit or loss	6.15	6,258	-	5,334	-
22500	Securities sold under repurchase agreements	6.16	8,652,119	2	12,562,802	4
23000	Payables	6.17	4,154,525	1	3,867,930	1
23200	Current tax liabilities		120,266	-	122,090	-
23500	Deposits and remittances	6.18	295,897,339	83	288,418,948	82
24000	Bonds payable	6.19	6,327,000	2	5,377,000	2
25600	Provisions	6.20	$490,137	-	$369,930	-
26000	Lease liabilities	6.11	292,086	-	340,434	-
29300	Deferred tax liabilities	6.34	32,181	-	49,369	-
29500	Other liabilities	6.21	247,184	-	307,593	-
20000	Total Liabilities		329,125,230	92	325,624,220	93
	Equity	6.22				
31101	Common stock		18,399,170	5	17,863,272	5
31103	Preferred stock		400,000	-	400,000	-
31100	Total capital stock	6.22	18,799,170	5	18,263,272	5
31500	Capital surplus	6.22	1,436,134	1	1,436,134	-
	Retained earnings					
32001	Legal reserve	6.22	3,951,407	1	3,584,509	1
32003	Special reserve	6.22	31,000	-	289,929	-
32005	Unappropriated earnings	6.22	1,269,094	1	1,285,866	1
32000	Total retained earnings		5,251,501	2	5,160,304	2
32500	Other equity	6.22	1,224,163	-	166,508	-
30000	Total equity		26,710,968	8	25,026,218	7
	Total Liabilities and Equity		$355,836,198	100	$350,650,438	100

(The accompanying notes are an integral part of the financial statements.)

BANK OF KAOHSIUNG CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed In thousands of New Taiwan Dollars, Except Earnings Per Share)

A/C No.	Item	Note	2025 Amount	2025 %	2024 Amount	2024 %	%Change
41000	Interest income		$8,714,084	174	$8,295,524	189	5
51000	Less: Interest expense		(5,153,602)	(103)	(5,367,212)	(122)	(4)
49010	Net interest income	6.23	3,560,482	71	2,928,312	67	22
49020	Net non-interest gain						
49100	Net service fee and commission income	6.24	887,212	18	901,984	21	(2)
49200	Gain (loss) on financial assets and liabilities at fair value through profit or loss	6.25	42,265	1	411,048	9	(90)
49310	Realized gain (loss) on financial assets at fair value through other comprehensive income	6.26	215,258	4	174,438	4	23
49450	Gain (loss) on derecognition of financial assets at amortized cost	6.27	63,571	1	46,919	1	35
49600	Foreign exchange gain (loss)	6.28	226,233	4	(129,941)	(3)	274
49700	Reversal of impairment loss (impairment losses) on assets	6.29	686	-	(4,009)	-	117
49800	Net other non-interest gain	6.30	25,617	1	55,845	1	(54)
4XXXX	Total net revenue		5,021,324	100	4,384,596	100	15
58200	Provision for bad debt, commitments and guarantee liabilities	6.8	(387,149)	(8)	(65,713)	(2)	489
58400	Operating expenses						
58500	Employee benefits expenses	6.31	(1,911,919)	(38)	(1,860,760)	(42)	3
59000	Depreciation and amortization expenses	6.32	(190,694)	(4)	(191,641)	(4)	0
59500	Other general and administrative expenses	6.33	(964,715)	(19)	(951,975)	(22)	1
61001	Income before income tax		1,566,847	31	1,314,507	30	19
61003	Income tax expense	6.34	(288,972)	(6)	(353,122)	(8)	(18)
64000	Net income		1,277,875	25	961,385	22	33
	Other comprehensive income:	6.35					
65200	Items that will not be reclassified subsequently to profit or loss						
65201	Gain (loss) on remeasurement of defined benefit plans		29,123	1	21,365	-	36
65204	Unrealized gain (loss) on valuation of investments in equity instruments at fair value through other comprehensive income		247,514	5	345,113	8	(28)
65220	Income tax related to items that will not be reclassified subsequently to profit or loss	6.34	(5,824)	-	(4,273)	-	36
65300	Items that may be reclassified subsequently to profit or loss						
65301	Exchange differences on the translation of financial statements of foreign operations		143	-	(869)	-	116
65309	Unrealized gain (loss) on valuation of investments in debt instruments at fair value through other comprehensive income		703,548	14	323,441	8	118
65310	Reversal gain (impairment loss) on debt instruments at fair value through other comprehensive income		(715)	-	2,095	-	(134)
65320	Income tax related to items that may be reclassified subsequently to profit or loss	6.34	(29)	-	174	-	(117)
65000	Other comprehensive income, net of tax		973,760	20	687,046	16	42
66000	Total comprehensive income (loss) for the year		$2,251,635	45	$1,648,431	38	37
	Earnings per share						
67500	Basic earnings per share	6.36	$0.68		$0.53		
67700	Diluted earnings per share	6.36	$0.67		$0.53		

(The accompanying notes are an integral part of the financial statements.)

BANK OF KAOHSIUNG CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed In Thousands of New Taiwan Dollars)

	Stock				Retained Earnings			Other Equity Item		
Item	Common Stock	Preferred stock	Subtotal	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
Balance at January 1, 2024	$12,342,982	$400,000	$12,742,982	$1,057,132	$3,286,533	$729,090	$993,253	$450	($259,379)	$18,550,061
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	-	-	297,976	-	(297,976)	-	-	-
Special reserve	-	-	-	-	-	31,000	(31,000)	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(520,289)	-	-	(520,289)
Cash dividends of preferred stock	-	-	-	-	-	-	(31,000)	-	-	(31,000)
Stock dividends	520,290	-	520,290	-	-	-	(520,290)	-	-	-
Reversal of special reserve	-	-	-	-	-	(470,161)	470,161	-	-	-
Net income For the Year Ended December 31, 2024	-	-	-	-	-	-	961,385	-	-	961,385
Other comprehensive income (loss) for the year Ended December 31, 2024	-	-	-	-	-	-	17,092	(695)	670,649	687,046
Total comprehensive income (loss) for the year Ended December 31, 2024	-	-	-	-	-	-	978,477	(695)	670,649	1,648,431
Issuance of ordinary shares for cash	5,000,000	-	5,000,000	350,000	-	-	-	-	-	5,350,000
Share-based payment transactions	-	-	-	29,002	-	-	-	-	-	29,002
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	244,517	-	(244,517)	-
Others	-	-	-	-	-	-	13	-	-	13
Balance at December 31, 2024	$17,863,272	$400,000	$18,263,272	$1,436,134	$3,584,509	$289,929	$1,285,866	($245)	$166,753	$25,026,218
Balance at January 1, 2025	$17,863,272	$400,000	$18,263,272	$1,436,134	$3,584,509	$289,929	$1,285,866	($245)	$166,753	$25,026,218
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	-	-	366,898	-	(366,898)	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(535,898)	-	-	(535,898)
Cash dividends of preferred stock	-	-	-	-	-	-	(31,000)	-	-	(31,000)
Stock dividends	535,898	-	535,898	-	-	-	(535,898)	-	-	-
Reversal of special reserve	-	-	-	-	-	(258,929)	258,929	-	-	-
Net income For the Year Ended December 31, 2025	-	-	-	-	-	-	1,277,875	-	-	1,277,875
Other comprehensive income (loss) for the year Ended December 31, 2025	-	-	-	-	-	-	23,299	114	950,347	973,760
Total comprehensive income (loss) for the year Ended December 31, 2025	-	-	-	-	-	-	1,301,174	114	950,347	2,251,635
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(107,194)	-	107,194	-
Others	-	-	-	-	-	-	13	-	-	13
Balance at December 31, 2025	$18,399,170	$400,000	$18,799,170	$1,436,134	$3,951,407	$31,000	$1,269,094	($131)	$1,224,294	$26,710,968

(The accompanying notes are an integral part of the financial statements.)

BANK OF KAOHSIUNG CO., LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed In thousands of New Taiwan Dollars)

Item	2025	2024
Cash Flows From Operating Activities		
Income before income tax	$1,566,847	$1,314,507
Adjustments :		
Income and expense items		
Depreciation expense	151,939	149,592
Amortization expense	38,755	42,049
Expected credit loss (gain)/bad debt expense (revenue)	499,900	549,878
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(42,265)	(411,048)
Interest expense	5,153,602	5,367,212
Net loss (gain) on derecognition of financial assets at amortized cost	(63,571)	(46,919)
Interest income	(8,714,084)	(8,295,524)
Dividend income	(195,660)	(177,584)
Net change in provision for guarantee liabilities	60,582	15,089
Net change in other provisions	48,643	(3,405)
Compensation cost of share-based payments	-	29,002
Loss (gain) on disposal of properties and equipment	7	369
Loss (gain) on disposal of investments	(19,598)	3,146
Impairment loss on financial assets	-	4,009
Reversal of impairment loss on financial assets	(686)	-
Others	(1,098)	2
Total income and expense items	(3,083,534)	(2,774,132)
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease (increase) in due from the Central Bank and call loans to banks	(270,383)	(1,140,142)
Decrease (increase) in financial assets at fair value through profit or loss	(266,798)	(757,313)
Decrease (increase) in financial assets at fair value through other comprehensive income	2,327,738	2,580,827
Decrease (increase) in investments in debt instruments at amortized cost	2,082,306	(5,305,083)
Decrease (increase) in receivables	242,732	(125,469)
Decrease (increase) in discounts and loans	(7,860,674)	(34,191,740)
Decrease (increase) in other financial assets	(3,964)	(8,207)
Decrease (increase) in other assets	(136,616)	-
Total net changes in operating assets	(3,885,659)	(38,947,127)
Net changes in operating liabilities		
Increase (decrease) in deposits from the Central Bank and other banks	(1,296,655)	3,088,911

(Continued)

Item	2025	2024
Increase (decrease) in securities sold under repurchase agreements	(3,910,683)	(1,970,193)
Increase (decrease) in payables	345,538	(580,110)
Increase (decrease) in deposits and remittances	7,478,391	36,601,927
Increase (decrease) in provision for employee benefits	34,140	(58,255)
Total net changes in operating liabilities	2,650,731	37,082,280
Total net changes in operating assets and liabilities	(1,234,928)	(1,864,847)
Total adjustments	(4,318,462)	(4,638,979)
Net cash generated from (used in) operations	(2,751,615)	(3,324,472)
Interest received	8,800,614	8,239,378
Dividends received	195,660	177,584
Interest paid	(5,212,545)	(5,269,307)
Income taxes paid	(320,449)	(308,550)
Net cash generated from (used in) operating activities	711,665	(485,367)
Cash Flows From Investing Activities		
Acquisition of property and equipment	(502,133)	(333,282)
Acquisition of intangible assets	(40,480)	(36,108)
Increase in other assets	(48,036)	(80,178)
Net cash generated from (used in) investing activities	(590,649)	(449,568)
Cash Flows From Financing Activities		
Issuance of financial bonds	2,450,000	-
Repayments of financial bonds	(1,500,000)	-
Increase in guarantee deposits received	-	110,978
Decrease in guarantee deposits received	(61,399)	-
Repayments of principal of lease liabilities	(80,423)	(80,916)
Increase in other liabilities	990	12,798
Cash dividends	(566,898)	(551,289)
Capital increase by cash	-	5,350,000
Other financing activities	13	13
Net cash generated from (used in) financing activities	242,283	4,841,584
Effects of exchange rate changes on cash and cash equivalents	143	(869)
Net increase (decrease) in cash and cash equivalents	363,442	3,905,780
Cash and cash equivalents at the beginning of the period	20,822,688	16,916,908
Cash and cash equivalents at the end of the period	$21,186,130	$20,822,688
Composition of cash & cash equivalents		
Cash and cash equivalents in the balance sheets	$3,302,998	$4,837,717
Due from the Central Bank and call loans to banks in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	6,870,674	7,339,029
Investments in securities purchased under resale agreement in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	11,012,458	8,645,942
Cash and cash equivalents at the end of the period	$21,186,130	$20,822,688

(The accompanying notes are an integral part of the financial statements.)

1. GENERAL INFORMATION

1.1 Bank of Kaohsiung Co., Ltd. is a commercial bank formed and registered in accordance with the Banking Act of the Republic of China. The Company obtained its registration approval in December 1981 and the Certificate of Business Registration in January 1982. The Company's main business activities are as follows:

(1) Agent for the Kaohsiung City Treasury.
(2) Management of Kaohsiung Municipal Bond.
(3) Other relevant commercial bank businesses authorized under the Banking Act.
(4) Savings and trust operations.
(5) Other relevant businesses authorized by the Government authorities.

The Company has nine departments under the head office namely, business, municipal treasury, international banking, insurance agency, trust and wealth management departments. In addition, the Company has 35 local branches and mini-branches as well as 1 offshore banking unit (OBU).

The Company's initial public offering was approved on April 27, 1998 and was listed on May 18, 1998.

The privatization of the Company was approved by Kaohsiung Municipal Government on August 3, 1999 and the date of official privatization was September 27, 1999.

1.2 The Company's functional currency and presentation currency used in financial statements are both New Taiwan Dollars.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on February 24, 2026.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21 " Lack of Exchangeability "	January 1, 2025

The Company has evaluated the aforementioned standards and interpretations, and there’s no significant effect on the Company’s financial position and performance.

3.2 Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

The following table summarizes all newly issued, amended, and revised standards and interpretations approved by the FSC to be applicable in 2026:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

A. Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"

(1) Clarifies and provides additional guidance on assessing whether a financial asset meets the payments of principal and interest (SPPI) criterion. The scope includes contractual terms that may alter cash flows based on contingent events (e.g., interest rates linked to ESG targets), instruments with nonrecourse features, and contractually linked instruments.

(2) Introduce new disclosure requirements for certain instruments with contractual terms that may alter cash flow (e.g., instruments with features linked to the achievement of environmental, social, and governance (ESG) targets). These disclosures include a qualitative description of the nature of the contingent event, quantitative information on the potential changes in contractual cash flows resulting from these contractual terms, and the gross carrying amount of financial assets and the amortized cost of financial liabilities subject to these contractual terms.

(3) Clarifies the recognition and derecognition dates of certain financial assets and liabilities and introduces a new exception for the derecognition of a financial liability (or part of a financial liability) settled through an electronic payment system. Under this exception, an entity is permitted to derecognize a financial liability before the settlement date if, and only if, the entity has initiated a payment instruction, and the following conditions are met:

A. The entity does not have the practical ability to revoke, stop, or cancel the payment instruction;

B. The entity no longer has the practical ability to access the cash used for settlement as a result of the payment instruction; and

C. The settlement risk associated with the electronic payment system is not significant.

(4) Update the disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVTOCI). The entity shall disclose the fair value of each class of investment but is no longer required to disclose the fair value of each individual investment. Additionally, the amendments require the entity to disclose the fair value gains or losses recognized in other comprehensive income during the reporting period, separately presenting the fair value gains or losses related to investments derecognized during the reporting period; the fair value gains or losses related to investments held at the end of the reporting period; and any transfers of cumulative gains or losses within equity during the reporting period related to investments derecognized during that period.

B. Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity.”

The amendments apply to contracts that expose an entity to variability in electricity generation due to uncontrollable natural conditions (such as the weather). These amendments include:

(1) Clarifying the application of the ′own use′ requirements for contracts to buy or sell nature-dependent electricity:
When a contract requires an entity to purchase and take delivery of electricity as it is generated, and the design and operation of the electricity market in which the contract is transacted require the entity to sell any unused electricity within a specified time frame, the entity shall consider reasonable and supportable information regarding its past, current, and expected future electricity transactions within a reasonable period not exceeding 12 months.

An entity applying these amendments to own-use contracts involving nature-dependent electricity shall disclose the following:

A. The variability in the underlying amount of electricity and the risk that the entity may be required to purchase electricity during a delivery interval in which it cannot use the electricity;

B. Unrecognized contractual commitments, including the expected future cash flows from purchasing electricity under these contracts; and

C. The impact of these contracts on the entity's financial performance for the reporting period.

(2) Clarifying the application of hedge accounting for contracts involving nature-dependent electricity as hedging instruments:

An entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that aligns with the variable amount of nature-dependent electricity expected to be delivered by the generation facility referenced in the hedging instrument. Additionally, when a contract involving nature-dependent electricity is designated as a hedging instrument in a cash flow hedge relationship, and its cash flows are conditional on the occurrence of a forecast transaction, that forecast transaction is presumed to be highly probable.

For entities that designate contracts involving nature-dependent electricity as hedging instruments, the terms and conditions of such hedging instruments shall be disclosed by risk category in accordance with IFRS 7.

C. IFRS 17 "Insurance Contracts"

IFRS 17, Insurance Contracts, replaces IFRS 4 and establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. The standard applies to insurance contracts issued (including reinsurance contracts), reinsurance contracts held, and investment contracts with discretionary participation features issued, provided that the entity also issues insurance contracts. Embedded derivatives, distinct investment components, and distinct performance obligations shall be separated from insurance contracts. At initial recognition, an entity shall classify a portfolio of insurance contracts into three groups: onerous contracts, contracts with no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model in which estimates are remeasured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment, and a contractual service margin (CSM) representing the unearned profit of the contract. An entity may apply a simplified measurement approach, the premium allocation approach, to certain insurance contracts. An entity recognizes profit from a group of insurance contracts over the period during which it provides insurance coverage and as it is released from risk. If a group of insurance contracts becomes onerous, the entity must recognize the loss immediately. Entities must separately present insurance revenue, insurance service expenses, and insurance finance income or expenses and disclose information on amounts, judgments, and risks related to insurance contracts.

D. Amendments to IFRS 17 “Insurance Contracts”

This amendment includes revisions relating to deferred effective dates, the expected recovery of insurance acquisition cash flows, the contractual service margin attributable to investment services, the recovery of losses on reinsurance contracts held, and other related amendments. These revisions do not change the fundamental principles of the Standard.

E. Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"

This amendment permits entities, in the comparative periods presented upon initial application of IFRS 17, to elect to apply the classification overlay approach. This election allows entities, on an instrument-by-instrument basis, to classify all financial assets—including those held for activities not linked to contracts within the scope of IFRS 17—during the comparative periods based on how those assets are expected to be classified upon initial application of IFRS 9. Entities that have already applied IFRS 9, or that will initially apply IFRS 9 and IFRS 17 at the same time, may elect to apply the classification overlay approach.

The Company has evaluated the aforementioned standards and interpretations, and there is no significant effect on the Company’s financial position and performance.

3.3 Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC：

The table below summarizes the new, revised, and amended standards and interpretations of the IFRSs, issued by the IASB but not yet endorsed by the FSC:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21 "Converted to highly inflationary currency"	January 1, 2027

Note: In a press release dated September 25, 2025, the Financial Supervisory Commission (FSC) announced that publicly traded companies will be required to apply IFRS 18 starting in fiscal year 2028. In addition, if an enterprise wishes to adopt IFRS 18 earlier, it may choose early adoption after IFRS 18 has been endorsed by the FSC.

A. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

This amendment resolves the inconsistency between the current IFRS 10 and IAS 28. Gains or losses from the sale (or contribution) of assets between an investor and its associate or joint venture are recognized in full or in part depending on the nature of the assets sold (or contributed):

(1) When the assets sold (or contributed) qualify as a "business", the full gain or loss is recognized;

(2) When the assets sold (or contributed) do not qualify as a "business", only the portion of gain or loss related to the investor's equity in the associate or joint venture that is not held by related parties is recognized.

B. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS1 and update the structure of the consolidated income statement. Added new disclosures on management performance measurement and strengthened the aggregation and segmentation principles applied to the main financial statements and notes.

C. IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

The standard allows eligible subsidiaries to apply IFRSs with reduced disclosure requirements.

D. Amendments to IAS 21 "Converted to highly inflationary currency"

This amendment adds a requirement that when converting a functional currency from a non-highly inflated economy to an expressed currency in a highly inflated economy, all amounts (including comparative amounts) must be converted using the closing exchange rate as of the most recent financial statement date. This amendment also includes an exception for companies whose functional currency and expressed currency are both currencies of a highly inflated economy, and whose overseas operations are in a functional currency of a non-highly inflated economy; these companies are exempt from reconverting comparative amounts. Furthermore, it adds the disclosure of consolidated financial information, including the conversion method and the overseas operations to which the conversion method is applied.

As of the date the accompany financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently across all reporting periods unless otherwise stated.

4.1 Statement of Compliance

The accompanying financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRSs endorsed by the FSC with the effective dates.

4.2 Basis of Preparation

(1) Except for the following items, the accompanying financial statements have been prepared on the historical cost basis:

A. Financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

B. Financial assets measured at fair value through other comprehensive income.

C. Liabilities arising from cash-settled share-based payment agreement measured at fair value.

D. Defined benefit liabilities (assets) recognized based on the net amount of pension fund assets less the present value of defined benefit obligation.

(2) The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates have a significant impact on the financial statements, are disclosed in Note 5.

4.3 Foreign Currencies

(1) Functional and presentation currency

The financial statements of the Company (including the domestic head office, branches and offshore banking unit) are presented by the currency of the primary economic environment in which the Company operates (namely the "functional currency"). The financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

(2) Transactions and balances

A foreign currency transaction that is denominated or requires settlement in a foreign currency, shall be recorded on initial recognition in the functional currency by applying to the foreign currency spot exchange rate between the functional currency and the foreign currency on the date of the transaction.

On each balance sheet date, foreign currency monetary items shall be translated using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate on the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates on the date when the fair value was determined.

Foreign currency differences arising on the settlement of a foreign currency transaction are recognized in current profit or loss. Foreign currency differences arising on the retranslation of monetary items, except for differences arising on the retranslation of monetary items designated as the hedging instruments in a hedge of the net investments in foreign operation or in a qualifying cash flow hedge are recognized directly in other comprehensive income, others are recognized in profit or loss when it incurred.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange difference of that gain or loss shall be recognized in other comprehensive income. Otherwise, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange difference of that gain or loss shall be recognized in profit or loss.

The operation results and financial position of the Company's Offshore Banking Unit, whose functional currency is different from the presentation currency are translated into the presentation currency using the following procedures:

a. Assets and liabilities are translated at the closing rate at the date of the balance sheets;
b. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used; and
c. All resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the above procedures are recognized as "Exchange differences on the translation of financial statements of foreign operations" in equity. When the foreign operation or part of the foreign operation is disposed of, exchange differences are recognized initially in other comprehensive income are reclassified from equity to profit or loss.

4.4 Cash and cash equivalents

In the balance sheet, cash and cash equivalents comprise cash on hand, cash in banks, due from other banks, short-term time deposits and short-term financial instruments that must be readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. In the statement of cash flows, cash and cash equivalents comprise cash and cash equivalents in the balance sheet, due from the Central Bank, call loans to banks and securities purchased under resell agreements that correspond to the definition of cash and cash equivalents in the IAS 7 endorsed by the FSC.

4.5 Bonds purchased under resale/notes issued under repurchase agreements

For underwritten bonds and securities that are sold under RP and RS agreements, recognize interest expense and interest income on the accrual basis between the purchase and sale dates and agreed resell and repurchase date; and on the selling and purchasing date, these agreements are recognized as securities sold under repurchase agreements or securities purchased under resell agreements.

4.6 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date accounting.

A.Measurement categories

Financial assets are classified into the following categories: Financial assets measured at FVTPL, financial assets measured at amortized cost, and debt investments and equity investments measured at FVTOCI.

(A)Financial asset at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include equity investments that are not designated as at FVTOCI and debt instruments that do not meet the criteria for being classified as at amortized cost criteria or the FVTOCI.

Financial assets at FVTPL are initially and subsequently measured at fair value, with any gains or losses arising from remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

(B)Financial assets at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost:

a.The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b.The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, due from the Central Bank and call loans to other banks, receivables and discounts and loans, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(C) Debt investments measured at FVTOCI

Debt instruments that meet both of the following conditions are subsequently measured at FVTOCI:

a. The debt instrument is held within a business model whose objective is achieved by both the collecting contractual cash flows and selling such financial assets; and

b. The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to interest income calculated using the effective interest method, changes in foreign currency exchange rates, and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

(D)Equity investments measured at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate equity investments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Equity investments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments；instead, they will be transferred to retained earnings.

Dividends on these equity investments are recognized in profit or loss when the Company’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on discounts and loans, receivables, debt investments at FVOCI, debt investments at amortized cost, loan commitments and financial guarantee contracts after considering all reasonable and provable information (including forward-looking) at each balance sheet date. The Company measures the loss allowance for the financial instrument at an amount equal to 12-month expected credit losses when the credit risk on the financial instrument has not increased significantly since initial recognition. If, on the other hand, there has been a significant increase in credit risk since initial recognition, the Company recognizes lifetime expected credit losses.

The Company measures the expected credit losses of financial instruments in a manner that reflects the following:

1. An unbiased and probability-weighted amount determined by evaluating each possible outcome;
2. Time value of money;
3. Reasonable and corroborative information relating to past events, current conditions and future economic forecasts (available at the reporting date without excessive cost or investment).

Those which are credit assets shall, on the balance sheet date, assess impairment loss according to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” and the “December 4, 2014, Jin Guan Yin Guo Zi No. 10300329440 strengthening domestic banks’ real estate loan risk-bearing capability” , “April 23, 2015, Jin Guan Yin Fa Zi No. 10410001840 strengthening the ability of domestic banks’ exposure control and risk-bearing capability in Mainland China”, and the IFRS 9 Regulations and provide an appropriate allowance for bad debts in which is bigger of the two, and present them on a net basis.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

Under FSC guidelines, the Company should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as special mention, substandard, with collectability highly doubtful and uncollectable, on the basis of the customers' financial position, valuation of collaterals and the length of time the principal repayments or interest payments have become overdue.

The Company made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectable, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions. Furthermore, the FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively.

Credits deemed uncollectable may be written off if the write-off is approved by the Board of Directors.

C. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to receive cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss; on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss; on derecognition of an debt investment measured at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an equity investment at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without being reclassified to profit or loss.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the consideration received for the part derecognized is treated in the same way as when the financial asset is derecognized in its entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized on the basis of the relative fair values of those parts.

(2)Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreements and the definitions of a financial liability or an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(3) Financial liabilities

A. Subsequent measurement

Except for the cases stated below, all financial liabilities are measured at amortized cost using the effective interest method:

(A) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or designated as at FVTPL.

A financial liability is classified as designated as at FVTPL upon initial recognition if:

a. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial liabilities at FVTPL are recognized at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (including any dividends and interests paid on the financial liability). For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

(B)Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

a. The amount of the loss allowance reflecting expected credit loss; and
b. The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with the revenue recognition policies.

B. Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company’s obligations are discharged or cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed), is recognized in profit or loss.

(4)Derivative

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. If the fair value of a derivative is a positive number, the derivative is recognized as an asset and if the fair value is a negative number, the derivative is recognized as a liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. host contracts embedded in financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

(5) Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

4.7 Financial assets and financial liabilities offsetting

Financial assets and financial liabilities are allowed to be offset and expressed in net amount in balance sheets when amounts to be offset are (1) objects of legally enforceable right to offset, and (2) objects of intended net settlement, i.e. liquidation of assets for discharge of liabilities.

4.8 Property and Equipment

(1) Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

(2) Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are recognized in profit or loss as incurred.

(3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Building	48-60 years
Leasehold improvement	5-10 years
Machinery and equipment	3-21years

(4) An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.9 Leases

The Company assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Company will allocate the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

A.The Company as lessee

Except for payments for low-value asset and short-term leases which will be recognized as expenses on a straight-line basis, the Company will recognize right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recovery cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of any remeasurement of the lease liabilities.

The right-of-use asset recognized depreciation using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term. The depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liabilities

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's incremental borrowing rate is used.

If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Company will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to zero, the remaining amount will be recognized in the profit and loss. Lease liabilities are presented as a separate line item in the balance sheets.

B.The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized those costs as expenses on a straight-line basis over the lease terms.

4.10 Intangible assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows: Computer software: 6 to 8 years. The estimated useful life and amortization method for an intangible asset are reviewed at each financial year-end. Any changes in estimates is accounted for on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.11 Foreclosed collaterals

Foreclosed collaterals received are recorded at acquired cost. As of the balance sheet date, the foreclosed collaterals shall be evaluated at the lower of carrying amount or net fair market value.

4.12 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset no longer exists, the impairment loss is reversed. The carrying amount after the reversal shall not exceed the amount of the asset after deducting the depreciation or amortization.

4.13 Income Tax

(1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.

(2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.

(3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and it does not give rise to equal deductible and taxable temporary differences at the time of transaction. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

(4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses, and unused tax credits can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(5) Current income tax assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realized the asset and settle the liability simultaneously.

(6) A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employee training, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

4.14 Bonds payable

The financial bonds payables issued by the Company are measured as amortized cost and amortized using the effective interest method.

4.15 Provisions, contingent liabilities and contingent assets

Provisions (including provisions for employee benefits, warranties, decommissioning, restoration and rehabilitation costs, and liabilities arising from financing commitments, etc.) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as interest expense. Provisions are not recognized for future operating losses.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but disclose it appropriately in accordance with related guidelines.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset. A contingent asset is disclosed appropriately in accordance with related guidelines, where an inflow of economic benefits is probable.

4.16 Employee Benefits

(1)Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

(2)Pensions

A. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

B. Defined benefit plans

(A) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in the current or prior period(s). The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate used is the market yields (at the end of the reporting period) on government bonds denominated in that currency.

(B) Remeasurements of defined benefit plans are recognized in other comprehensive income as incurred and are recorded as retained earnings.

(C) Past-service costs are recognized immediately in profit or loss.

(3)Employees preferential interest deposits benefit

The Company offers special rate for employees' deposits, including the offering of fixed amount of preferred deposits for current employees and preferred deposits at fixed amount for retired employees and current employees after retirement. The difference between the interest rate for the aforementioned preferred deposits and market rate shall fall within the scope of employee benefit.

According to Article 30 of "Regulations Governing the Preparation of Financial Statements by Public Banks", the interest rate upon retirement agreed with the employees which exceeds general market interest rate is actualized in accordance with IAS 19, Defined Benefit Plan, as endorsed by the FSC. However, various parameters should be in compliance with regulations set by the competent authorities if indicated otherwise.

(4)Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation, and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

(5)Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

4.17Revenue Recognition

The Company identifies performance obligations in a contract with the customer, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1. Interest revenue

For the interest income of financial assets, when the economic benefits are likely to flow into the Company and the amount of revenues can be measured reliably, all interest income generated from interest-bearing financial instruments should be recognized on the accrual basis in accordance with the effective interest rate.

2. Service fees

Service fee income and expense are recognized in a lump sum when the loan or other service is provided. If the service fees are earned for completing major projects, they are recognized on the completion of the major projects, such as, the syndicated loan service fee charged collected by the organizing bank. If the service fee income and expense are earned or paid for the subsequent loan service, they are to be amortized over the service period depending on the materiality or included for the calculation of loans and receivables' effective interest rate.

3. Dividend income

Dividend income from investments is recognized when the shareholders' right to receive payment is established; however, it is under the pre-conditions that the economic benefits associated with the transaction system are likely to flow into the Company and the amount of revenues can be measured reliably.

4.18 Share capital

Ordinary shares are classified as equity. The classification of preferred stocks is based on the special rights entitled to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. If preferred stocks meet the definition of a financial liability, they are classified as liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

4.19 Share-based payment transactions

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation costs over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services and are recognized as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognized in profit or loss.

4.20 Comparison information

Except as permitted or required by the FSC-endorsed IFRSs, the Company discloses all the prior period comparison information with current financial report amount.

When accounting policy changes or reclassifications occur, the comparative information has been adjusted and compared with the financial information for the current year.

4.21 Operating department report

The reporting by the Company's operating department is consistent with the internal report provided to the chief operating decision maker. The chief operating decision maker of the Company is the Board of Directors of the Company.

5. CRITICAL ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATION AND ASSUMPTION UNCERTAINTY

The Company's accounting policies, accounting assumptions and estimates have significant impact on the financial statements. Accordingly, the management exercised appropriate professional judgment in the preparation of the financial statements.

The assumptions and estimates involve significant risks that significant adjustments might result in changes in the carrying amounts of assets and liabilities in the next fiscal year. The assumptions and estimates made were the best estimates based on the FSC-endorsed IFRSs. The estimates and assumptions are based on historical experience and other factors, including future expectations and are continuously assessed. The accounting policies and management's judgment that could have significant impact on the financial statements.

In the preparation of the financial statements, the critical accounting judgments the Company has made, and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Important judgment of accounting policy

A. Lease term

In determining the lease term, the Company considers all the facts and circumstances that generate an economic incentive to exercise (or not exercise) the option, including all expected change of facts and circumstances from the inception of commencement to the exercise of the option. The considerations include the contract clause and conditions of the period covered by the option, the significant leasehold improvements made (or expected) during the contract period, and the importance of the underlying assets to the Company's operations. The lease period is reassessed when significant events or major changes occur within the control of the Company.

B. Business model judgment on financial assets classification

The Company assessed the business model of the financial assets on the basis of the common management platform of a group of financial assets in order to achieve the designated business objective. All relevant evidence shall be considered with sound judgement, including method for the measurement of asset performance, risks affecting performance, and method for determining remuneration to related managers. The Company shall continue to evaluate whether the judgement of the business model is appropriate, and keep track of financial assets at amortized cost and investment of debt instruments at FVIOCI before derecognition on maturity so as to understand whether the reason of the disposition is congruent with the business model. If it is found the business model has changed, the Company reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification.

5.2 Significant accounting estimates and assumptions

A. Lessee's incremental borrowing rate of interest

At the time of the decision to lessee's incremental borrowing rate of interest used in the lease payment, the risk-free interest rate and the same currency is used as the reference rate, and the estimated lessee's credit risk premium and lease specific adjustments (such as asset-specific and secured factors) are taken into account.

B. Estimated impairment of financial assets

The provision for impairment of loans, discounts, receivables, investments in debt instruments and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates. If the actual future cash inflows are less than expected, a material impairment loss may arise.

C. Fair value measurement and evaluation process

When assets and liability at fair value with no active market quote, the Company determines whether to outsource evaluation and technique of assessing appropriate fair value according to relevant regulation and judgment.

If the first-level input value is not available while estimating fair value, the Company will refer to the financial status, operating outcome, recent trading price, non-active market quote on same equity investment, active market quote on similar instrument and comparable evaluation multiples for the investment in unlisted stocks. As for derivatives, similar market quote, interest rate and characteristics of derivative instruments will determine the input.

Please refer to Note 12.3 for the description of fair value evaluation technique and input.

D. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

E. Taxation

The final amount of the tax is determined by many transactions and calculations. The Company's additional recognition of income tax liabilities arising from tax issues is based on a prudent assessment of the subsequent development of tax issues. If there is a difference between the final tax and the initial recognized amount, the difference will affect the recognition of current income tax and deferred income tax.

6.DESCRIPTION OF SIGNIFICANT ACCOUNTS

6.1 Cash and cash equivalents

Item	December 31, 2025	December 31, 2024
Cash on hand	$1,362,699	$1,566,513
Due from banks	1,692,709	3,003,901
Checks for clearing	247,590	267,303
Total	$3,302,998	$4,837,717

For preparing the statements of cash flow, cash and cash equivalents comprise of the following amounts:

Item	December 31, 2025	December 31, 2024
Cash and cash equivalents, ending balance in the balance sheets	$3,302,998	$4,837,717
Due from the Central Bank and call loans to banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash flows"	6,870,674	7,339,029
Investments in securities purchased under resale agreement in accordance with cash and cash equivalents under IAS 7 "Statement of Cash flows"	11,012,458	8,645,942
Cash and cash equivalents, ending balance in the statements of cash flows	$21,186,130	$20,822,688

6.2 Due from the Central Bank and call loans to banks

Item	December 31, 2025	December 31, 2024
Deposit reserves in the Central Bank		
Category A	$5,275,659	$5,442,650
Category B	8,926,835	8,120,957
Foreign currency deposits	56,520	59,004
National treasury department	2,891	1,695
Subtotal	14,261,905	13,624,306
Interbank settlement funds	1,008,633	1,512,796
Call loans to banks	1,535,604	1,867,012
Total	$16,806,142	$17,004,114

The deposit reserves deposited at the Central Bank are determined monthly at prescribed rates based on the average balance of deposits. Category A deposit reserve account is non-interest bearing and withdrawals can be made at any time. Category B reserve account is interest-bearing, and no withdrawal is permitted unless upon monthly adjustment of the account or otherwise specifically provided by law.

6.3 Financial assets at fair value through profit or loss

Item	December 31, 2025	December 31, 2024
Funds	$-	$47,544
Stocks	-	117,102
Domestic bonds	1,957,618	1,696,214
Foreign bonds	1,626,474	1,321,676
Subtotal	3,584,092	3,182,536
Financial derivatives		
Forward exchange contracts	651	822
Currency swap contracts	159,956	251,354
Subtotal	160,607	252,176
Total	$3,744,699	$3,434,712

1. Please refer to Note 6.15 for details of derivative contracts that have yet to mature as of December 31, 2025 and 2024.
2. As of December 31, 2025 and 2024, the above financial instruments at fair value through profit or loss for conditional transactions were $0 thousand and $232,738 thousand, respectively.

3. Please refer to Note 8 for details of financial assets at FVTPL provided as collateral for the various businesses as of December 31, 2025 and 2024.

6.4 Financial assets at fair value through other comprehensive income

Item	December 31, 2025	December 31, 2024
Investments in equity instruments:		
Domestic listed and OTC securities	$1,795,523	$1,597,009
Domestic unlisted securities	1,100,689	1,091,869
Subtotal	2,896,212	2,688,878
Valuation adjustment	1,882,280	1,527,572
Subtotal	4,778,492	4,216,450
Investments in debt instruments:		
Domestic government bonds	5,170,035	4,888,491
Domestic financial bonds	300,000	300,000
Domestic corporate bonds	2,952,047	4,003,138
Foreign government bonds	5,179,752	4,387,224
Foreign financial bonds	11,769,170	13,784,909
Foreign corporate bonds	4,104,583	4,734,629
Subtotal	29,475,587	32,098,391
Valuation adjustment	(666,330)	(1,369,878)
Subtotal	28,809,257	30,728,513
Total	$33,587,749	$34,944,963

1. Part of the equity instrument investments held by the Company are invested in medium and long-term strategic objectives and are expected to benefit from long-term investments. The management of the Company considers that if the short-term fair value fluctuations of these investments are included in the profit or loss, they are inconsistent with the aforementioned long-term investment plans, and therefore the designated investment is selected to be measured at fair value through other comprehensive income or loss.
2. As of December 31, 2025 and 2024, the par value of the above-mentioned financial instruments held at fair value through other comprehensive gains and losses for conditional trading were $6,541,776 thousand and $9,321,948 thousand, respectively.
3. Please refer to Note 8 for information on pledges of equity instrument investments measured by fair value through other comprehensive income or loss.
4. Please refer to Note 12.4 for the relevant credit risk management.

5. The Company considers the historical default loss rate provided by external rating agencies to measure the 12-month expected credit loss or lifetime expected credit loss. The Company's current credit risk assessment mechanism and total carrying amount of each credit rating instrument investments are as follows (including debt instrument investments at fair value through other comprehensive income and financial assets at amortized cost):

Credit rating	Definition	Expected credit loss recognition basis	Expected credit loss rate	Carrying amount as of December 31, 2025
Stage1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.00%~0.521%	$86,035,476

Credit rating	Definition	Expected credit loss recognition basis	Expected credit loss rate	Carrying amount as of December 31, 2024
Stage1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.00%~0.53%	$90,677,100

6. The changes in the allowance for loss of investment in debt instruments measured at fair value through other comprehensive income or loss are as follows:

	12-month ECL	Lifetime ECL - Not credit impaired	Lifetime ECLs - Credit impaired
Balance at January 1, 2025	$9,059	$-	$-
Less：Reversal of impairment loss	(579)	-	-
Currency translation differences	(136)	-	-
Balance at December 31, 2025	$8,344	$-	$-

	12-month ECL	Lifetime ECL - Not credit impaired	Lifetime ECLs - Credit impaired
Balance at January 1, 2024	$6,964	$-	$-
Add：Provision for impairment loss	1,912	-	-
Currency translation differences	183	-	-
Balance at December 31, 2024	$9,059	$-	$-

6.5 Investments in debt instruments at amortized cost

Item	December 31, 2025	December 31, 2024
Domestic bonds	$21,166,387	$21,854,003
Short-term notes	2,776,974	3,116,725
NCD issued by the Central Bank	22,750,000	22,120,000
Foreign bonds	9,866,528	11,487,981
Subtotal	56,559,889	58,578,709
Less: Accumulated impairment	(6,684)	(6,876)
Total	$56,553,205	$58,571,833

1. The changes in the allowance for investments in debt instruments at amortized cost are as follows:

	12-Month ECL	Lifetime ECL - Not credit impaired	Lifetime ECL – Credit impaired
Balance at January 1, 2025	$6,876	$-	$-
Less：Reversal of impairment loss	(107)	-	-
Currency translation differences	(85)	-	-
Balance at December 31, 2025	$6,684	$-	$-

	12-Month ECL	Lifetime ECL - Not credit impaired	Lifetime ECL – Credit impaired
Balance at January 1, 2024	$4,704	$-	$-
Add：Provision for impairment loss	2,097	-	-
Currency translation differences	75	-	-
Balance at December 31, 2024	$6,876	$-	$-

2. As of December 31, 2025 and 2024, the above financial assets at amortized cost provided as the underlying securities for RP/RS trading were $2,934,588 thousand and $4,229,295 thousand, respectively.
3. Please refer to Note 8 for the financial assets at amortized cost provided as collateral.
4. Please refer to Note 12.4 for the relevant credit risk management.

6.6 Securities purchased under resale agreements

Item	December 31, 2025	December 31, 2024
Short-term notes	$11,012,458	$8,645,942

Securities purchased under resale agreement were sold at agreed prices of $11,016,692 thousand and $8,650,287 thousand as of December 31, 2025 and 2024, respectively. No bonds with resale agreements were provided as underlying securities for repurchase agreements as of December 31, 2025 and 2024.

6.7 Receivables, net

Item	December 31, 2025	December 31, 2024
Receivables on credit cards	$199,225	$249,664
Credit card receivables on receipt	5,644	5,522
Subtotal	204,869	255,186
Interest receivable	896,543	983,073
Acceptances receivable	35,221	83,621
Income receivable	242,608	219,470
Other receivables	42,817	133,152
Settlement receivable	-	79,616
Total	1,422,058	1,754,118
Less: Allowance for impairment losses	(19,745)	(18,146)
Net	$1,402,313	$1,735,972

Please refer to Note 12.4 for the relevant credit risk management and assessment methods.

1. For the year ended December 31, 2025

A. Movements in allowance for doubtful accounts are as follows：

	12-month expected credit losses	Lifetime expected credit losses (Group assessment)	Lifetime expected credit losses (Individual assessment)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Total impairment recognized under IFRS 9	Impairment difference recognized under Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans	Total
Balance at the beginning of the period	$6,608	$76	$454	$5,144	$12,282	$7,210	$19,492
Changes from financial instruments recognized at the beginning of the period：							
- Transferred to lifetime expected credit losses	(5)	482	-	(1)	476	-	476
- Transferred to credit impaired financial asset	(12)	(119)	215	3,828	3,912	-	3,912
- Transferred to 12-month expected credit losses	428	(1)	-	-	427	-	427
- Derecognized financial assets	(4,113)	(397)	(23)	(1,826)	(6,359)	-	(6,359)
Purchased or originated new financial assets	2,521	-	-	1,792	4,313	-	4,313
Impairment difference recognized under “Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans”	-	-	-	-	-	2,238	2,238
Write-offs	-	-	-	(4,621)	(4,621)	-	(4,621)
Recovery of written-off credits	-	-	-	573	573	-	573
Foreign exchange and other changes	(8)	-	-	(79)	(87)	-	(87)
Balance at the end of the period	$5,419	$41	$646	$4,810	$10,916	$9,448	$20,364

The above changes in allowance for impairment losses include changes in allowances for collections of other financial assets - overdue accounts that are not transferred from loans and short-term advances.

B. Changes in the gross carrying amount are as follows：

	12-month expected credit losses	Lifetime expected credit losses (Group assessment)	Lifetime expected credit losses (Individual assessment)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Total
Balance at the beginning of the period	$1,747,852	$1,099	$1,585	$3,582	$1,754,118
-Transferred to lifetime expected credit losses	(1,784)	3,251	-	(17)	1,450
-Transferred to credit-impaired financial asset	(5,244)	(466)	2,317	2,898	(495)
-Transferred to 12-month expected credit losses	52,520	(129)	-	(69)	52,322
Purchased or originated new financial assets	891,895	-	-	7	891,902
Write-offs	-	-	-	(9)	(9)
Derecognition	(1,272,570)	(1,828)	(500)	(2,332)	(1,277,230)
Balance at the end of the period	$1,412,669	$1,927	$3,402	$4,060	$1,422,058

2. For the year ended December 31, 2024

A. Movements in allowance for impairment losses are as follows：

	12-month expected credit losses	Lifetime expected credit losses (Group assessment)	Lifetime expected credit losses (Individual assessment)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Total impairment recognized under IFRS 9	Impairment recognized under Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans	Total
Balance at the beginning of the period	$5,021	$108	$371	$4,898	$10,398	$10,944	$21,342
Changes from financial instruments recognized at the beginning of the period：							
- Transferred to lifetime expected credit losses	(5)	852	-	-	847	-	847
- Transferred to credit impaired financial asset	(7)	(96)	95	3,577	3,569	-	3,569
- Transferred to 12-month expected credit losses	514	-	-	-	514	-	514
- Derecognized financial assets	(2,857)	(788)	(12)	(2,531)	(6,188)	-	(6,188)
Purchased or originated new financial assets	3,931	-	-	2,013	5,944	-	5,944
Impairment difference recognized under Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans	-	-	-	-	-	(3,734)	(3,734)
Write-offs	-	-	-	(3,404)	(3,404)	-	(3,404)
Recovery of written-off credits	-	-	-	421	421	-	421
Foreign exchange and other changes	11	-	-	170	181	-	181
Balance at the end of the period	$6,608	$76	$454	$5,144	$12,282	$7,210	$19,492

The above changes in allowance for impairment losses include changes in allowances for collections of other financial assets - overdue accounts that are not transferred from loans and short-term advances.

B. Changes in the gross carrying amount are as follows：

	12-month expected credit losses	Lifetime expected credit losses (Group assessment)	Lifetime expected credit losses (Individual assessment)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Total
Balance at the beginning of the period	$1,569,853	$1,218	$481	$3,195	$1,574,747
-Transferred to lifetime expected credit losses	(1,791)	2,233	-	(3)	439
-Transferred to credit impaired financial asset	(1,525)	(241)	1,390	2,299	1,923
-Transferred to 12-month expected credit losses	59,711	(38)	-	(21)	59,652
Purchased or originated new financial assets	1,773,912	36	-	302	1,774,250
Write-offs	-	-	-	(5)	(5)
Derecognition	(1,652,308)	(2,109)	(286)	(2,185)	(1,656,888)
Balance at the end of the period	$1,747,852	$1,099	$1,585	$3,582	$1,754,118

6.8 Discounts and loans, net

Item	December 31, 2025	December 31, 2024
Bills discounts	$39,783	$13,926
Overdrafts	78,881	45,666
Short-term loans	23,043,407	18,000,490
Accounts receivable financing	-	34,206
Short-term secured loans	35,291,520	36,185,411
Medium-term loans	52,522,985	49,227,228
Medium-term secured loans	38,181,696	39,614,700
Long-term loans	11,866,214	12,529,699
Long-term secured loans	65,434,299	63,621,824
Import/export bills negotiated	-	53,025
Overdue loans	683,538	393,445
Subtotal	227,142,323	219,719,620
Less: Allowance for impairment losses	(2,630,880)	(2,574,531)
Net	$224,511,443	$217,145,089

1. For the year ended December 31, 2025

A. Movements in allowance for impairment losses are as follows：

	12-month expected credit losses	Lifetime expected credit losses (Group assessment)	Lifetime expected credit losses (Individual assessment)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Total impairment recognized under IFRS 9	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing and Non-accrual Loans "	Total
Balance at the beginning of the period	$1,224,000	$1,208	$53,227	$287,743	$1,566,178	$1,008,353	$2,574,531
Changes from financial instruments recognized at the beginning of the period：							
- Transferred to lifetime expected credit losses	(516)	2,843	-	(116)	2,211	-	2,211
- Transferred to credit impaired financial asset	(8,808)	(310)	134,637	412,846	538,365	-	538,365
- Transferred to 12-month expected credit losses	302,545	(169)	-	(349)	302,027	-	302,027
- Derecognized financial assets	(592,764)	(637)	(7,397)	(301,774)	(902,572)	-	(902,572)
Purchased or originated new financial assets	390,088	1	-	2,589	392,678	-	392,678
Impairment difference recognized under Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans	-	-	-	-	-	(62,356)	(62,356)
Write-offs	-	-	(98,300)	(321,309)	(419,609)	-	(419,609)
Recovery of written-off credits	-	-	-	223,967	223,967	-	223,967
Foreign exchange and other changes	-	-	-	(18,362)	(18,362)	-	(18,362)
Balance at the end of the period	$1,314,545	$2,936	$82,167	$285,235	$1,684,883	$945,997	$2,630,880

B. Changes in the gross carrying amount are as follows：

	12-month expected credit losses	Lifetime expected credit losses (Group assessment)	Lifetime expected credit losses (Individual assessment)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Total
Balance at the beginning of the period	$217,203,456	$145,778	$967,662	$1,402,724	$219,719,620
Transferred to lifetime expected credit losses	(245,220)	259,032	-	(3,006)	10,806
Transferred to credit impaired financial asset	(1,547,490)	(27,812)	1,001,039	734,443	160,180
Transferred to 12-month expected credit losses	42,877,363	(63,721)	-	(52,941)	42,760,701
Purchased or originated new financial assets	60,810,938	143	-	12,472	60,823,553
Write-offs	-	-	(98,300)	(321,309)	(419,609)
Derecognition	(95,487,475)	(31,712)	(5,839)	(387,902)	(95,912,928)
Balance at the end of the period	$223,611,572	$281,708	$1,864,562	$1,384,481	$227,142,323

2. For the year ended December 31, 2024

A. Movements in allowance for impairment losses are as follows：

	12-month expected credit losses	Lifetime expected credit losses (Group assessment)	Lifetime expected credit losses (Individual assessment)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Total impairment recognized under IFRS 9	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing and Non-accrual Loans "	Total
Balance at the beginning of the period	$985,177	$1,390	$12,590	$1,214,455	$2,213,612	$43,859	$2,257,471
Changes from financial instruments recognized at the beginning of the period：							
- Transferred to lifetime expected credit losses	(302)	1,094	-	(10)	782	-	782
- Transferred to credit impaired financial asset	(4,815)	(733)	95,028	306,041	395,521	-	395,521
- Transferred to 12-month expected credit losses	228,962	(66)	-	(22)	228,874	-	228,874
- Derecognized financial assets	(484,713)	(520)	(1,391)	(1,573,659)	(2,060,283)	-	(2,060,283)
Purchased or originated new financial assets	499,691	43	-	26,680	526,414	-	526,414
Impairment difference recognized under Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans	-	-	-	-	-	964,494	964,494
Write-offs	-	-	(53,000)	(200,058)	(253,058)	-	(253,058)
Recovery of written-off credits	-	-	-	492,703	492,703	-	492,703
Foreign exchange and others change	-	-	-	21,613	21,613	-	21,613
Balance at the end of the period	$1,224,000	$1,208	$53,227	$287,743	$1,566,178	$1,008,353	$2,574,531

B. Changes in the gross carrying amount are as follows:

	12-month expected credit losses	Lifetime expected credit losses (Group assessment)	Lifetime expected credit losses (Individual assessment)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Total
Balance at the beginning of the period	$183,939,989	$154,757	$472,527	$1,192,052	$185,759,325
Transferred to lifetime expected credit losses	(109,237)	115,268	-	(514)	5,517
Transferred to credit impaired financial asset	(910,678)	(48,302)	600,782	675,953	317,755
Transferred to 12-month expected credit losses	37,275,919	(22,182)	-	(32,500)	37,221,237
Purchased or originated new financial assets	75,275,453	6,985	-	89,451	75,371,889
Write-offs	-	-	(53,000)	(200,058)	(253,058)
Derecognition	(78,267,990)	(60,748)	(52,647)	(321,660)	(78,703,045)
Balance at the end of the period	$217,203,456	$145,778	$967,662	$1,402,724	$219,719,620

3. The details of bad debt expenses and guarantee liability provisions are as follows：

Item	Year ended December 31 2025	Year ended December 31 2024
Provision for allowance for losses of receivables and loans (including overdue loans)	$275,359	$56,754
Provision for (reversal of) losses on guaranteed liabilities	60,640	15,000
Provision for (reversal of) losses on financing commitments	41,150	(8,041)
Provision for (reversal of) losses on other liabilities	10,000	2,000
Total	$387,149	$65,713

6.9 Other financial assets, net

Item	December 31, 2025	December 31, 2024
Time deposits with maturities more than three months	$224,800	$223,800
Overdue accounts that are not transferred from loans	619	1,346
Short-term advances	12,740	10,959
Subtotal	238,159	236,105
Less: Allowance for impairment losses	(619)	(1,346)
Net	$237,540	$234,759

6.10 Property and equipment, net

Item	December 31, 2025	December 31, 2024
Land	$2,753,582	$2,479,151
Buildings	1,386,546	1,314,685
Machinery and computer equipment	461,390	435,591
Transportation equipment	8,142	7,940
Miscellaneous equipment	104,060	85,445
Leasehold improvement	147,603	155,581
Construction in progress and equipment to be inspected	121,581	24,589
Total cost	4,982,904	4,502,982
Less: Accumulated depreciation	(1,253,645)	(1,206,807)
Total	$3,729,259	$3,296,175

Cost	Land	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous Equipment	Leasehold improvement	Construction in progress and equipment to be inspected	Total
Balance at January 1, 2025	$2,479,151	$1,314,685	$435,591	$7,940	$85,445	$155,581	$24,589	$4,502,982
Additions	-	-	33,877	560	8,241	-	459,455	502,133
Disposals	-	-	(9,544)	(358)	(2,890)	(7,978)	-	(20,770)
Reclassification	274,431	71,861	1,500	-	13,265	-	(362,463)	(1,406)
Foreign exchange differences	-	-	(34)	-	(1)	-	-	(35)
Balance at December 31, 2025	$2,753,582	$1,386,546	$461,390	$8,142	$104,060	$147,603	$121,581	$4,982,904
Accumulated depreciation								
Balance at January 1, 2025	$-	$644,141	$337,581	$6,906	$71,873	$146,306	$-	$1,206,807
Depreciation	-	23,648	34,039	491	5,727	3,731	-	67,636
Disposals	-	-	(9,537)	(358)	(2,890)	(7,978)	-	(20,763)
Foreign exchange differences	-	-	(34)	-	(1)	-	-	(35)
Balance at December 31, 2025	$-	$667,789	$362,049	$7,039	$74,709	$142,059	$-	$1,253,645
Net balance at December 31, 2025	$2,753,582	$718,757	$99,341	$1,103	$29,351	$5,544	$121,581	$3,729,259

Cost	Land	Buildings	Machinery and computer equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvement	Construction in progress and equipment to be inspected	Total
Balance at January 1, 2024	$2,299,948	$1,218,188	$474,901	$10,015	$81,851	$155,581	$810	$4,241,294
Additions	179,203	96,497	27,956	111	4,384	-	25,129	333,280
Disposals	-	-	(67,321)	(2,186)	(2,141)	-	-	(71,648)
Reclassification	-	-	-	-	1,350	-	(1,350)	-
Foreign exchange differences	-	-	55	-	1	-	-	56
Balance at December 31, 2024	$2,479,151	$1,314,685	$435,591	$7,940	$85,445	$155,581	$24,589	$4,502,982
Accumulated depreciation								
Balance at January 1, 2024	$-	$622,395	$370,882	$8,665	$70,861	$137,587	$-	$1,210,390
Depreciation	-	21,746	33,598	427	3,152	8,719	-	67,642
Disposals	-	-	(66,952)	(2,186)	(2,141)	-	-	(71,279)
Foreign exchange differences	-	-	53	-	1	-	-	54
Balance at December 31, 2024	$-	$644,141	$337,581	$6,906	$71,873	$146,306	$-	$1,206,807
Net balance at December 31, 2024	$2,479,151	$670,544	$98,010	$1,034	$13,572	$9,275	$24,589	$3,296,175

1.Reconciliation of current additions and acquisition of property and equipment in statements of cash flows were as follows：

Item	Year ended December 31	
	2025	2024
Increase in property and equipment	$502,133	$333,280
Foreign exchange differences	-	2
Cash paid for acquisition of property and equipment	$502,133	$333,282

6.11 Lease agreements

1. Right-of-use assets

Item	December 31, 2025	December 31, 2024
Land and buildings	$547,803	$554,146
Transportation equipment	31,903	30,191
Total cost	579,706	584,337
Less: Accumulated depreciation	(285,679)	(245,145)
Net	$294,027	$339,192

Cost	Land and buildings	Transportation equipment	Total
Balance at January 1, 2025	$554,146	$30,191	$584,337
Additions	45,831	10,550	56,381
Disposals	(52,174)	(8,838)	(61,012)
Balance at December 31, 2025	$547,803	$31,903	$579,706
Accumulated depreciation and impairment			
Balance at January 1, 2025	$230,121	$15,024	$245,145
Depreciation expense	76,055	8,248	84,303
Derecognition	(36,474)	(7,295)	(43,769)
Balance at December 31, 2025	$269,702	$15,977	$285,679

Cost	Land and buildings	Transportation equipment	Total
Balance at January 1, 2024	$545,100	$29,878	$574,978
Additions	52,042	9,514	61,556
Disposals	(42,996)	(9,201)	(52,197)
Balance at December 31, 2024	$554,146	$30,191	$584,337

Accumulated depreciation and impairment			
Balance at January 1, 2024	$198,876	$16,459	$215,335
Depreciation expense	74,212	7,738	81,950
Derecognition	(42,967)	(9,173)	(52,140)
Balance at December 31, 2024	$230,121	$15,024	$245,145

There is no any sign of impairment of right-of-use assets, and therefore the Company does not assess the impairment as of December 31, 2025 and 2024.

2. Lease liabilities

Item	December 31, 2025	December 31, 2024
Lease liabilities	$292,086	$340,434
Discount rate range	0.4031%~1.1862%	0.4031%~1.1073%

Please refer to Note 12.4 for lease liabilities with repayment periods.

3. Significant lease activities and clauses

The Company leases land and buildings for dormitory and cars for transportation. The lease periods are 1 to 10 years. At the end of the lease term, the Company has no preferential purchase rights for the leased buildings and transportation equipment.

4. Sublet: None.
5. Other lease information:

(1) The relevant lease expense information was as follows:

	Year ended December 31	
	2025	2024
Lease expense of low-value assets	$7,352	$6,992
Gross cash outflow for leases (Note)	$87,775	$87,908

(Note) Including lease principal payment for the current period.

The Company has selected to apply the recognition exemption for short-term leases and low-value assets leases and did not recognize relevant right-of-use assets and lease liabilities for these leases.

6.12 Intangible assets, net

Item	December 31, 2025	December 31, 2024
Computer software	$468,566	$428,086
Less: Accumulated amortization	(347,949)	(318,679)
Net	$120,617	$109,407

The changes in intangible assets are summarized as follows:

Item	Year ended December 31 2025	Year ended December 31 2024
Cost		
Balance at January 1	$428,086	$404,415
Additions	40,480	36,108
Disposals	-	(12,437)
Balance at December 31	468,566	428,086
Accumulated amortization		
Balance at January 1	318,679	297,765
Amortization	29,270	33,351
Disposals	-	(12,437)
Balance at December 31	347,949	318,679
Net	$120,617	$109,407

6.13 Other assets, net

Item	December 31, 2025	December 31, 2024
Refundable deposits	$142,138	$175,976
Prepayments	117,284	49,893
Defined benefit assets	139,375	2,759
Miscellaneous assets	17,393	10,989
Total	$416,190	$239,617

6.14 Deposits from the Central Bank and other banks

Item	December 31, 2025	December 31, 2024
Deposits from the Central Bank	$82,713	$86,521
Deposits from other banks	166,748	81,796
Deposits from Chunghwa Post Co.,Ltd.	9,100	13,170
Overdrafts on banks	227,819	16,177
Call loans from Central or other banks	12,419,755	14,005,126
Total	$12,906,135	$14,202,790

6.15 Financial liabilities at fair value through profit or loss

Item	December 31, 2025	December 31, 2024
Derivatives		
Currency swap	$6,258	$5,334

The Company engaged in derivative transactions of the years ended December 31, 2025 and 2024 for the purpose of meeting clients' trading needs, squaring positions, meeting capital requirements in different currencies, and hedging against risks arising from exchange rate and interest rate fluctuations. The hedging strategy of the Company primarily aims at hedging against risks arising from market price or cash flow fluctuations. As of December 31 2025 and 2024, the contractual amounts (notional principal) of the derivative contracts were as follows：

Item	December 31, 2025	December 31, 2024
Forward exchange contracts	$22,420	$32,878
Currency swap contracts	3,156,860	6,413,088
Asset exchange contracts	1,857,800	1,596,100
Total	$5,037,080	$8,042,066

6.16 Securities sold under repurchase agreements

Item	December 31, 2025	December 31, 2024
Government bonds	$222,680	$246,093
Foreign government bonds	2,420,877	2,047,798
Foreign financial bonds	4,540,909	7,900,021
Foreign corporate bonds	1,467,653	2,368,890
Total	$8,652,119	$12,562,802

Securities sold under repurchase agreements were purchased at the agreed prices of $8,730,963 thousand and $12,708,453 thousand as of December 31, 2025 and 2024, respectively.

6.17 Payables

Item	December 31, 2025	December 31, 2024
Payroll transfers payable	$2,341,764	$1,953,323
Checks for clearance	247,590	267,303
Acceptances payable	38,427	91,687
Interest payable	533,571	592,514
Payable for settlement of securities	26,261	4,763
Accrued expenses	491,881	453,370
Collections payable	96,262	132,713
Other payables	238,694	213,958
Outstanding bills for collection	134,665	149,437
Accounts payable	5,410	8,862
Total	$4,154,525	$3,867,930

6.18 Deposits and remittances

Item	December 31, 2025	December 31, 2024
Checking account deposits	$2,505,201	$2,252,401
Government treasury deposits	22,976,272	28,945,620
Demand deposits	54,681,818	51,495,809
Time deposits	77,586,392	74,554,050
Negotiable certificates of deposits	356,000	372,700
Demand savings deposits	78,109,452	76,429,427
Time savings deposits	59,681,960	54,368,939
Remittances	244	2
Total	$295,897,339	$288,418,948

6.19 Bonds payables

Item	Offering period & Interest rate	December 31, 2025	December 31, 2024
Subordinate financial bonds first issued in 2018	03/15/2018-03/15/2025 1.30%	$ -	$1,500,000
Subordinate financial bonds second issued in 2018	09/12/2018- No expiration date 2.60%	800,000	800,000
Subordinate financial bonds first issued in 2019	12/20/2019- No expiration date 2.00%	1,200,000	1,200,000
Subordinate financial bonds first issued in 2022	03/30/2022- No expiration date 2.05%	1,057,000	1,057,000
Subordinate financial bonds second issued in 2022	06/29/2022- No expiration date 3.00%	405,000	405,000
Subordinate financial bonds third issued in 2022	09/28/2022- No expiration date 3.50%	205,000	205,000
Subordinate financial bonds fourth issued in 2022	12/21/2022- No expiration date 3.75%	210,000	210,000
Subordinate financial bonds first issued in 2025	06/27/2025- 06/27/2035 2.38%	1,200,000	-
Subordinate financial bonds second issued in 2025	07/30/2025- 07/30/2035 2.38%	1,250,000	-
Total		$6,327,000	$5,377,000

6.20 Provisions

Item	December 31, 2025	December 31, 2024
Employee benefits provision	$130,181	$125,164
Guarantee liability provision	165,341	104,759
Decommissioning, restoration and rehabilitation liability provision	20,316	15,311
Financing commitment provision	123,815	83,277
Other provisions	48,367	38,389
Others	2,117	3,030
Total	$490,137	$369,930

1. Employee benefit liabilities:

(1) Defined contribution plan

(A) The pension system under the “Labor Pension Act” is the determined pension plan management by the government that required regular contribution. An appropriation of funds at 6% of the monthly salary of each employee shall be made to the personal special account of the employee at the Bureau of Labor.

(B) The Company recognized pension expenses of $47,851 thousand and $42,471 thousand for the years ended December 31, 2025 and 2024, respectively.

(2) Defined benefit plan

(A) The Company has a respective defined benefit pension plan in accordance with the Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 8% of the employees’ monthly salaries and wages to the retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the laborers expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March. The pension fund is managed by the government’s designated authorities, and the Company has no right to influence their investment strategies.

(B)The amounts arising from the defined benefit obligation of the Company in the balance sheets were as follows:

Item	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	$1,490,010	$1,582,569
Fair value of plan assets	(1,629,385)	(1,585,328)
Net defined benefit liability (asset)	$ (139,375)	$ (2,759)

Movements in net defined benefit liability (asset) are as follows:

	Year Ended December 31, 2025		
Item	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liability
Balance at the beginning of the year	$1,582,569	$1,585,328	$ (2,759)
Service cost			
Current service cost	38,738	-	38,738
Interest expense (income)	22,947	23,226	(279)
Recognized in profit or loss	61,685	23,226	38,459
Remeasurement			
Return on plan assets (Excluding amounts included in net interest expense)	-	114,462	(114,462)
Actuarial loss (gain) -			
Experience adjustments	89,203	-	89,203
Recognized in other comprehensive income	89,203	114,462	(25,259)
Contributions from the employer	-	30,472	(30,472)
Benefits paid	(243,447)	(124,103)	(119,344)
Balance at the end of the year	$1,490,010	$1,629,385	$(139,375)

Item	Year Ended December 31, 2024		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liability
Balance at the beginning of the year	$1,628,949	$1,543,641	$85,308
Service cost			
Current service cost	69,742	-	69,742
Interest expense (income)	18,728	17,956	772
Recognized in profit or loss	88,470	17,956	70,514
Remeasurement			
Return on plan assets (Excluding amounts included in net interest expense)	-	143,306	(143,306)
Actuarial loss (gain) -			
Experience adjustments	120,904	-	120,904
Recognized in other comprehensive income	120,904	143,306	(22,402)
Contributions from the employer	-	32,885	(32,885)
Benefits paid	(255,754)	(152,460)	(103,294)
Balance at the end of the year	$1,582,569	$1,585,328	$(2,759)

(C) Because of the defined benefit plans under the Labor Standards Law, Company is exposed to the following risks:

a. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(D) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The main actuarial assumptions used were as follows:

Item	Measurement Date December 31, 2025	December 31, 2024
Discount rate	1.30%	1.45%
Future salary increase rate	2.75%	2.75%
The weighted average duration of the defined benefit obligation	6 years	7 years

a. The assumption of future mortality is based on the improved annual life table estimate.

b. If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

Item	December 31, 2025	December 31, 2024
Discount rate		
0.25% higher	$ (19,053)	$ (21,114)
0.25% lower	$19,466	$21,603
Expected rates of salary increase		
1% higher	$80,835	$89,866
1% lower	$ (75,656)	$ (83,632)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(E) The Company expects to make contributions of $30,473 thousand to the defined benefit plans for the year ended December 31, 2026.

(3) Employees preferential deposit plan

(A) Please refer to Note 4.16 for the obligation of the company to pay the retired employees preferential deposit, which is according to internal regulations.

(B) The amounts arising from the defined benefit obligation of the Company in the balance sheets were as follows:

Item	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	$130,181	$125,164
Fair value of plan assets	-	-
Net defined benefit liability (asset)	$130,181	$125,164

Movements of the net defined benefit liability (asset) were as follows:

Item	Year Ended December 31, 2025 Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit Liability
Balance at the beginning of the year	$125,164	$-	$125,164
Service cost			
Current service cost	-	-	-
Expense difference	31,291	-	31,291
Interest expense (income)	4,488	-	4,488
Recognized in profit or loss	35,779	-	35,779
Remeasurement			
Return on plan assets (Excluding amounts included in net interest expense)	-	-	-
Actuarial loss (gain) - Experience adjustments	(3,865)	-	(3,865)
Recognized in other comprehensive income	(3,865)	-	(3,865)
Contributions from the employer	-	-	-
Benefits paid	(26,897)	-	(26,897)
Balance at the end of the year	$130,181	$ -	$130,181

Item	Year Ended December 31, 2024 Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liability
Balance at the beginning of the year	$116,717	$ -	$116,717
Service cost			
Current service cost	-	-	-
Expense difference	29,179	-	29,179
Interest expense (income)	4,181	-	4,181
Recognized in profit or loss	33,360	-	33,360
Remeasurement			
Return on plan assets (Excluding amounts included in net interest expense)	-	-	-
Actuarial loss (gain) - Experience adjustments	1,037	-	1,037
Recognized in other comprehensive income	1,037	-	1,037
Contributions from the employer	-	-	-
Benefits paid	(25,950)	-	(25,950)
Balance at the end of the year	$125,164	$ -	$125,164

(C) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The main actuarial assumptions used were as follows:

Item	Measurement Date December 31, 2025	Measurement Date December 31, 2024
Discount rate	4%	4%
Return on deposited fund	2%	2%
Preferential deposit probability of future cancellation	50%	50%
The weighted average duration of the defined benefit obligation	11.4 years	12 years

a. The assumption of future mortality is based on the improved annual life table estimate.

b. If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

Item	December 31, 2025	December 31, 2024
Discount rate		
1% higher	$(9,972)	$(9,675)
1% lower	$11,651	$11,327

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(D) The Company expects to make contributions of $26,897 thousand to the employee preferential deposit plan for the year ended December 31, 2026.

2.Changes in provision for losses on guarantees:

Item	Year ended December 31 2025	Year ended December 31 2024
Beginning balance	$104,759	$89,670
Provision (reversal)	60,640	15,000
Difference in exchange rate	(58)	89
Ending balance	$165,341	$104,759

3.Changes in financing commitment provision are as follows:

Item	Year ended December 31 2025	Year ended December 31 2024
Beginning balance	$83,277	$89,676
Provision (reversal)	41,150	(8,041)
Difference in exchange rate	(612)	1,642
Ending balance	$123,815	$83,277

4.Changes in other provision are as follows:

Item	Year ended December 31 2025	Year ended December 31 2024
Beginning balance	$38,389	$36,355
Provision (reversal)	10,000	2,000
Difference in exchange rate	(22)	34
Ending balance	$48,367	$38,389

6.21 Other liabilities

Item	December 31, 2025	December 31, 2024
Guarantee deposits received		
Derivatives Risk Exposure Difference	$125,600	$152,099
Other security deposits	36,422	71,323
Subtotal	162,022	223,422
Advance receipts	78,032	77,774
Temporary receipts and suspense accounts	3,786	6,231
Deferred Revenue	3,182	-
Others	162	166
Total	$247,184	$307,593

6.22 Equity

1.Common stock

A. The number of outstanding shares of common stock issued by the Company and the amount were as below:

	Year ended December 31, 2025 Shares (in thousands)	Year ended December 31, 2025 Amount
January 1	1,786,327	$17,863,272
Capital increase by retained earnings	53,590	535,898
December 31	1,839,917	$18,399,170

	Year ended December 31, 2024	
	Shares (in thousands)	Amount
January 1	1,234,298	$12,342,982
Capital increase by cash	500,000	5,000,000
Capital increase by retained earnings	52,029	520,290
December 31	1,786,327	$17,863,272

As of December 31, 2025, the Company's authorized capital was $30,000,000 thousand, representing 3,000,000 thousand common shares.

At the shareholders' meeting held on May 23, 2025, the shareholders approved capital increase by retained earnings. The capital increase was subsequently approved by the Financial Supervisory Commission on July 7, 2025. A total of 53,590 thousand common shares were issued at a par value of $10 per share, amounting to $535,898 thousand. July 30, 2025 was designated as the record date for the ex-rights and ex-dividend.

In order to increase capital adequacy ratio, enrich operating capital and strengthen the finance and business operation, the Board of Directors approved the resolution of capital increase by cash on September 14, 2023, with a total of 500,000 thousand shares of common stock. The Financial Supervisory Commission approved the capital increase on December 12, 2023, and March 5, 2024 was set as the capital increase base date, with par value of $10.7 per share.

The shareholders' meeting of the Company approved the resolution of capital increase by retained earnings on May 24, 2024, and the Financial Supervisory Commission has approved the capital increase on July 30, 2024, with a total of 52,029 thousand shares of common stock issued at a par value of $10 per share, which accounts for $520,289 thousand, and August 20, 2024 was designated as the record date for the ex-rights and ex-dividend.

B. Preferred stock

	Year ended December 31, 2025	
	Shares (in thousands)	Amount
January 1 and December 31	40,000	$400,000

	Year ended December 31, 2024	
	Shares (in thousands)	Amount
January 1 and December 31	40,000	$400,000

The Company's capital increase by cash with a total of 40,000 thousand shares of preferred stock - A issued at a par value of $25 per share, which accounts for $1 billion. January 12, 2021 was set as the capital increase base date and the preferred stock - A was listed on January 15, 2021, conditions of issued described as follows：

(a)The preferred stock's annual rate is set at 5-year IRS 0.609% plus 2.491% per annum of the issue price at the pricing day (November 25, 2020). The 5-year IRS will be reset on the next business day after each fifth and half anniversary day after issuance thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 5-year IRS rate is the arithmetic mean of 5-year IRS rates appearing on Reuters pages "TAIFXIRS" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing date for reset. If such rate cannot be obtained, the Company will determine the rate based on reasonable market price with good faith.

(b)The Company has the sole discretion on the distribution of dividends of preferred stocks – A. It is the Company's discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority's minimum requirement, or if the Bank has other essential considerations. If the Company resolves not to distribute dividends to the preferred shareholders, the shareholders of preferred stock - A shall raise no objection. The preferred stock - A are non-cumulative, the unpaid dividend will not be carried forward to years with earnings. And, if the distribution amount is less than dividend rate specified in preferred stock prospectus, the company can use the additional paid-in capital in excess of par-preferred stock to distribute, when the company had no accumulated deficit.

(c)The shareholders of preferred stock - A shall be given priority to claim on the Company's remaining assets over the shareholders of common stocks, and equal to shareholders of other preferred stock issued by the Company, but subordinate to other general creditors and not more than the issuance amount of outstanding shares of preferred stock - A.

(d) The shareholders of preferred stock - A are not entitled to any voting rights or election rights in shareholders' meeting. However, they may vote in preferred stock - A shareholders' meetings and in general shareholder meetings with regard to agenda items concerning rights and obligations of the shareholders of preferred stock - A.

(e) Preferred stock - A shall not be converted into common stocks. The shareholders of the preferred stocks shall not require the Bank to redeem the rights of the preferred stocks - A. The preferred stocks – A are perpetual. After 5.5 years from the issue date, the Company may redeem a portion or all of the outstanding shares of preferred stock - A at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock - A shall continue as specified herein.

(f) When the Company issues new shares in cash, the shareholders of preferred stock - A and the common stock shall be entitled to equivalent preemptive rights on the new shares.

2.Capital surplus

Item	December 31, 2025	December 31, 2024
Additional paid-in capital	$1,434,829	$1,434,829
Donated assets	733	733
Share-based payment transaction	572	572
Total	$1,436,134	$1,436,134

As required by the Company Act, additional paid-in capital resulting from the amount received in excess of par value of the issuance of capital stock and donated income may not only be used to offset the accumulated losses but also to issue new shares or distribute cash dividends in proportion to the number of shares being held by original shareholders. In addition, according to the Securities and Exchange Act, the additional paid-in capital used for capital increase shall not exceed 10% of total issued capital stock. A company should not use the capital surplus to cover its capital loss, unless the legal reserve is insufficient.

On September 14, 2023, the board of directors of the Company resolved the issuance of ordinary stocks for cash and reserved 10% of the capital increase shares for the Company’s employees under related regulations. According to IFRS 2 “Share-based Payment” endorsed and issued into effect by FSC, the Company should recognize salary expenses calculated by the fair value of the equity instruments determined at the grant date. For the year ended 2024, capital surplus recognized by the Company determined by the fair value at the grant date was 29,002 thousand, which can be used to offset deficit, be set aside as equity capital, and be distributed by cash.

The fair value of employee share options is evaluated by Black & Scholes option pricing model. The input value used in the model were as follow:

	February 2, 2024
Stock price at the grant date	\$11.85
Issue price	\$10.7
Volatility	13.58%
Duration	0.05year
Risk-free interest rate	0.64%

Volatility is calculated by using the samples from the one year before 2 February, 2024 and is the standard deviation of an instrument's yearly logarithmic returns, which is calculated by the daily logarithmic returns of a stock.

3. Retained earnings and dividends policy

(1) According to the earnings distribution policy of the Articles of Incorporation, if there is a surplus in the Bank's year-end accounts, after paying the taxes in accordance with the law and making up for the losses of the past years, the Bank shall set aside 30% as a statutory reserve, appropriate or return a special reserve according to the laws and regulations and business needs, then distribute preferred stock dividends. The remaining balance plus the undistributed earnings of the previous years shall be used as the distributable amount. 30% to 100% of the distributable amount is contributed. The Board of Directors shall draft the proposal for the distribution of the remaining earnings and submit it to the shareholders' meeting for the approval of the dividend and bonus distribution to the shareholders. For the employees and directors' compensation distribution policy as stipulated in the Articles of Association of the Company, please refer to Note 6.31 employee benefit expense.

Dividends to shareholders will be distributed in both stock and cash dividends in accordance with the Bank's operational plan. However, cash dividend shall not be less than 10% of the total dividend distributed; if the cash dividend distributed per share is less than NT$0.1, unless otherwise resolved by the shareholders' meeting, it will not be distributed.

(2) Legal reserve

A company shall set aside a legal reserve until its balance equals the amount of total issued capital. Legal reserve may be used to offset loss. The portion of the legal reserve exceeding 25% of paid-in capital may be capitalized or distributed by cash. On the other hand, the Banking Law provides that prior to the balance of legal reserve reaching total paid-in capital or the ratio of paid in capital and risky assets not reaching requirement of the Banking Law, the maximum amount distributed in accordance with the Banking Act and the regulations of the competent authority.

(3) Appropriations of earnings for 2024 and 2023 resolved in the shareholders' meeting in May 2025 and 2024 and earnings per share were as follows:

	Appropriation of Earnings		DPS ($)	
Item	2024	2023	2024	2023
Legal Reserve	$366,898	$297,976		
Special Reserve	-	31,000		
Cash dividends on preferred stock	31,000	31,000	0.775	0.775
Cash dividends on common stock	535,898	520,289	0.30	0.30
Stock dividends on common stock	535,898	520,290	0.30	0.30
Total	$1,469,694	$ 1,400,555		

(4) As of February 24, 2026, the company has not proposed a resolution of the appropriations of earnings for 2025 in the Board of Directors' meeting.

4.Other equity item

Item	Exchange differences on translation of financial statements of foreign operations	Valuation gain (loss) on equity instruments at FVTOCI	Valuation gain (loss) on debt instruments at FVTOCI	Allowance loss of debt instruments at FVTOCI	Total
Balance at January 1, 2025	$(245)	$1,527,572	$(1,369,878)	$9,059	$ 166,508
Foreign currency translation adjustments					
-Gain (loss) on translating net assets of foreign operations	143	-	-	-	143
-Tax effects on gain (loss) on translating net assets of foreign operations	(29)	-	-	-	(29)
Financial assets at FVTOCI					
-Valuation adjustment	-	247,514	723,146	-	970,660
-Gain (loss) on disposal reclassified to profit or loss	-	-	(19,598)	-	(19,598)
-Gain (loss) on disposal reclassified to retained earnings	-	107,194	-	-	107,194
-Allowance loss of debt instruments adjustment	-	-	-	(715)	(715)
Balance at December 31, 2025	$(131)	$1,882,280	$(666,330)	$8,344	$1,224,163

Item	Exchange differences on translation of financial statements of foreign operations	Valuation gain (loss) on equity instruments at FVTOCI	Valuation gain (loss) on debt instruments at FVTOCI	Allowance loss of debt instruments at FVTOCI	Total
Balance at January 1, 2024	$450	$1,426,976	$(1,693,319)	$6,964	$(258,929)
Foreign currency translation adjustments					
-Gain (loss) on translating net assets of foreign operations	(869)	-	-	-	(869)
-Tax effects on gain (loss) on translating net assets of foreign operations	174	-	-	-	174
Financial assets at FVTOCI					
-Unrealized gain (loss)	-	345,113	320,295	-	665,408
-Gain (loss) on disposal reclassified to profit or loss	-	-	3,146	-	3,146
-Gain (loss) on disposal reclassified to retained earnings	-	(244,517)	-	-	(244,517)
-Allowance loss of debt instruments adjustment	-	-	-	2,095	2,095
Balance at December 31, 2024	$ (245)	$1,527,572	$(1,369,878)	$9,059	$166,508

6.23 Net interest income

Item	Year ended December 31 2025	Year ended December 31 2024
Interest income		
From bills discounted and loans	$6,831,707	$6,380,040
From deposits and call loans from other banks	131,670	121,312
From securities investments	1,509,437	1,636,980
From credit card revolving	1,927	2,077
Others	239,343	155,115
Subtotal	8,714,084	8,295,524
Interest expense		
From deposits	4,179,415	4,161,727
From interbank overdraft and call loans	498,033	517,351
From financial bonds	124,912	113,169
From lease liabilities	2,489	2,601
Others	348,753	572,364
Subtotal	5,153,602	5,367,212
Net interest income	$3,560,482	$2,928,312

Interest accrued on impaired financial assets of the year ended December 31, 2025 and 2024 were $12,728 thousand and $5,385 thousand, respectively.

6.24 Net service fee and commission income

Item	Year ended December 31	
	2025	2024
Service fee income		
From trust business	$257,553	$276,759
From guarantees	101,290	70,062
From foreign exchange	15,418	16,006
From loans	204,175	304,017
From credit card service	20,035	21,980
Agency fee income	346,381	276,415
Deposit and remittance and others service fee income	22,543	21,790
Subtotal	967,395	987,029
Service fee expense		
Service fee expense - foreign exchange	11,032	10,286
Deposit and remittance and others service fee expenses	69,151	74,759
Subtotal	80,183	85,045
Net service fee income	$887,212	$901,984

The Company provides custodian, trust, investment management and consulting services to third parties, which involve planning, management and decision-making in determining the use of financial instruments. Assets managed under a trust fund or in an investment portfolio are separately presented in separate accounts and financial statements and are not included in the Company's financial statements.

6.25 Gain (loss) on financial assets and liabilities at fair value through profit or loss

Item	Year ended December 31	
	2025	2024
Realized gains and losses from disposal of financial assets and liabilities at fair value through profit or loss		
Interest income	$52,834	$47,375
Dividends	5,106	6,838
Gain (loss) on disposal - non-derivative instruments	2,267	2,975
Gain (loss) on disposal - derivative instruments	(14,910)	119,141
Subtotal	45,297	176,329
Valuation gains and losses on financial assets and liabilities at fair value through profit or loss		
Non-derivative instruments	89,462	31,165
Derivative instruments	(92,494)	203,554
Subtotal	(3,032)	234,719
Total	$42,265	$411,048

6.26 Realized gain (loss) on financial assets at fair value through other comprehensive income

Item	Year ended December 31 2025	Year ended December 31 2024
Dividend income	$195,660	$177,584
Gains on disposal of bonds	33,067	25,309
Losses on disposal of bonds	(13,469)	(28,455)
Total	$215,258	$174,438

6.27 Gain on derecognition of financial assets at amortized cost

Item	Year ended December 31 2025	Year ended December 31 2024
NTD bonds	$24,637	$21,817
Foreign currency bonds	38,934	25,102
Total	$63,571	$46,919

6.28 Foreign exchange gain (loss)

Item	Year ended December 31 2025	Year ended December 31 2024
Foreign exchange gain (loss) - sight	$17,290	$49,377
Foreign exchange gain (loss) - FX conversion, forwards	208,943	(179,318)
Total	$226,233	$ (129,941)

6.29 Reversal of (provision for) impairment loss on assets

Item	Year ended December 31 2025	Year ended December 31 2024
Investments in debt instruments at FVTOCI	$579	$ (1,912)
Financial assets at amortized cost	107	(2,097)
Total	$686	$ (4,009)

6.30 Net other non-interest income

Item	Year ended December 31 2025	2024
Rent income	$11,080	$10,887
Remuneration to directors	2,963	2,185
Bonus payable reversal income	4,707	33,608
Others	6,867	9,165
Total	$25,617	$55,845

6.31 Employee benefits expense

Item	Year ended December 31 2025	2024
Wages and salaries	$1,591,056	$1,528,635
Labor and health insurance	132,054	124,263
Pensions costs	122,089	146,345
Remuneration to directors	34,518	31,830
Other employee benefits	32,202	29,687
Total	$1,911,919	$1,860,760

(1) The Company appropriated the net profit before tax before the deduction of remuneration to employees and directors as remuneration to employees and directors. If a profit is made in a year, 5% of the profit shall be set aside as employees' compensation, of which allocated as remuneration to basic-level employees shall be no less than 1%, and no more than 1.25% as directors' remunerations. If there is a change in this amount after the announcement of the financial report, the difference will be treated as change in accounting estimate and adjusted in next year. Estimated remuneration to employees and remuneration to directors in 2025 were as follows:

Remuneration to employees	$83,566
Remuneration to directors	$20,892

The above-mentioned remunerations to employees and directors have not been approved by the Board of Directors as of February 24, 2026.

(2) Remuneration of employees and directors for 2024 resolved by the Board of Directors' meeting on March 21, 2025 were as follows:

Item	2025 Remuneration to employees	Remuneration to directors
Resolved amount for distribution	$70,107	$17,527
Recognized amount in annual report	70,108	17,527
Difference	$ (1)	$ -

A. The difference between the amounts resolved and the amounts presented in the financial statements for 2024 is mainly from estimation and has been recognized as profit or loss in 2025.

B. The aforementioned remuneration to employees will be paid in cash.

(3) Information of employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of Board of Directors is available from the Market Observation Post System on the website of the TWSE.

6.32 Depreciation and amortization expenses

Item	Year ended December 31	
	2025	2024
Depreciation expense - property and equipment	$67,636	$67,642
Depreciation expense - right-of-use assets	84,303	81,950
Amortization expense - intangible assets and other assets	38,755	42,049
Total	$190,694	$191,641

6.33 Other general and administrative expenses

Item	Year ended December 31	
	2025	2024
Taxes and dues	$380,039	$347,838
Rental expense	55,177	51,663
Insurance expense	71,841	76,684
Postage & handling	19,132	20,283
Utility expense	20,812	21,482
Consumables	26,434	27,562
Repair expense	49,414	43,167
Professional service fees	132,008	109,652
Public relation expense	17,965	20,751
Donation expense	108,728	149,038
Others	83,165	83,855
Total	$964,715	$951,975

6.34 Income tax expense

(1) Components of income tax expense:

A. Income tax expense (benefit) recognized in profit or loss:

Item	Year ended December 31	
	2025	2024
Current tax		
Income tax from current period	$318,520	$301,627
Adjustments for prior years	105	(144)
Subtotal	318,625	301,483

Deferred tax		
The origination and reversal of temporary differences	(29,653)	51,639
Income tax expense	$288,972	$353,122

B. Income tax expense (benefit) relating to other comprehensive income:

Item	Year ended December 31 2025	2024
Exchange differences on translation of foreign financial statements	$29	$(174)
Remeasurement of defined benefit obligation	5,824	4,273
Total	$5,853	$4,099

(2) Reconciliation between accounting profit and income tax expense recognized in profit or loss:

The income before income tax multiplied by the statutory tax rate and income tax expense were reconciled as follows:

Item	Year ended December 31 2025	2024
Income before income tax	$1,566,847	$1,314,507
Income tax expense at the statutory rate	$313,369	$262,901
Adjustments:		
Effects of income tax exemption	8,926	102,389
Effects of other tax adjustments		
Excessive provision for (reversal of) bad debt expense	(3,125)	(5,075)
Unrealized (realized) pension expenses	(20,495)	(11,651)
Valuation losses (gains)	606	(46,944)
Others	19,239	7
Income tax adjustment for prior year	105	(144)
Net changes in deferred tax assets	(29,653)	51,639
Income tax expense	$288,972	$353,122

(3) Unrecognized deferred tax assets

As of December 31, 2025 and 2024, unrecognized deferred tax assets were all $0 thousand.

(4) The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(5) Deferred tax assets (liabilities) changes

Movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

Item	Beginning balance	Recognized in profits or loss	Recognized in OCI	Ending balance
Deferred tax assets				
Net defined benefit liability	$24,481	$(18,657)	$(5,824)	$ -
Non-deductible excess allowance for doubtful accounts	55,611	11,046	-	66,657
Guarantee liability provision	7,276	7,309	-	14,585
Financing commitment provision	11,529	10,001	-	21,530
Others	12,049	2,766	(29)	14,786
Subtotal	110,946	12,465	(5,853)	117,558
Deferred tax liabilities				
Unrealized gain on financial asset	(49,369)	19,027	-	(30,342)
Net defined benefit asset	-	(1,839)	-	(1,839)
Subtotal	(49,369)	17,188	-	(32,181)
Total	$61,577	$29,653	$(5,853)	$85,377

For the year ended December 31, 2024

Item	Beginning balance	Recognized in profits or loss	Recognized in OCI	Ending balance
Deferred tax assets				
Net defined benefit liability	$40,405	$ (11,651)	$(4,273)	$24,481
Non-deductible excess allowance for doubtful accounts	53,742	1,869	-	55,611
Guarantee liability provision	7,377	(101)	-	7,276
Financing commitment provision	13,137	(1,608)	-	11,529
Others	2,654	9,221	174	12,049
Subtotal	117,315	(2,270)	(4,099)	110,946
Deferred tax liabilities				
Unrealized gain on financial asset	-	(49,369)	-	(49,369)
Subtotal	-	(49,369)	-	(49,369)
Total	$117,315	$ (51,639)	$ (4,099)	$61,577

6.35 Other comprehensive income

Item	Year ended December 31, 2025 From current period	Income tax benefit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$29,123	$(5,824)	$23,299
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	247,514	-	247,514
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on the translation of financial statements of foreign operations	143	(29)	114
Gain on valuation of investments in debt instruments at fair value through other comprehensive income	703,548	-	703,548
Reversal gain (impairment loss) on debt instruments at fair value through other comprehensive income	(715)	-	(715)
Recognized in other comprehensive income	$979,613	$(5,853)	$973,760

Item	Year ended December 31, 2024 From current period	Income tax benefit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$21,365	$(4,273)	$17,092
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	345,113	-	345,113
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on the translation of financial statements of foreign operations	(869)	174	(695)
Gain on valuation of investments in debt instruments at fair value through other comprehensive income	323,441	-	323,441
Reversal gain (impairment loss) on debt instruments at fair value through other comprehensive income	2,095	-	2,095
Recognized in other comprehensive income	$691,145	$(4,099)	$687,046

6.36 Basic and diluted earnings per share

Item	Year ended December 31 2025	2024
Net Income	$1,277,875	$961,385
Less: Declared dividend of preferred stocks	(31,000)	(31,000)
Earnings in the current period (A)	$1,246,875	$930,385
Basic EPS		
Earnings in the current period (A)	$1,246,875	$930,385
Weighted-average outstanding shares in the current period (shares in thousands)	1,839,917	1,696,273
After retrospective adjustment weighted-average outstanding shares (shares in thousands) (B)	1,839,917	1,747,161
Basic EPS (A)/(B) (NTD)	$0.68	$0.53
Diluted EPS		
Earnings in the current period (A)	$1,246,875	$930,385
After retrospective adjustment weighted-average outstanding shares (shares in thousands)	1,839,917	1,747,161
Effect of employees' compensation (shares in thousands)	8,286	7,688
Weighted-average outstanding shares of diluted earnings per share (shares in thousands) (C)	1,848,203	1,754,849
Diluted EPS (A)/(C) (NTD)	$0.67	$0.53

7.RELATED PARTY TRANSACTIONS

7.1 Name and Relationship of Related Parties with the Company

Name of Related Party	Relationship with the Company
Kaohsiung City Government	A major shareholder of the Company
Jinn Her Enterprise Co., Ltd.	A major shareholder of the Company
Bok Social Welfare and Charity Foundation	More than one third of the total paid-in fund of the consortium was donated by the Bank of Kaohsiung
Kaohsiung Rapid Transit Corporation	Related party in substance
Others	Other related parties (IAS 24" Related Party Disclosure")

7.2 Significant transactions with related parties

(1) Credit

Name of Related Party	December 31, 2025	December 31, 2024
Kaohsiung City Government	$10,063,239	$3,910,539
Others	169,845	184,797

Name of Related Party	Year ended December 31, 2025	
	Interest income	Interest rate range
Kaohsiung City Government	$175,542	1.740%~2.170%
Others	4,476	2.030%~2.715%

Name of Related Party	Year ended December 31, 2024	
	Interest income	Interest rate range
Kaohsiung City Government	$110,855	1.630%-1.825%
Others	4,403	1.910%~2.975%

For the years ended December 31, 2025 and 2024, interest rates charged for credit extended to related parties are shown above by the type and purpose of loan and the interest rate ranges for credit extended to non-related parties (other than those under debt negotiation) were 0.50%-10.00% and 0. 50%-10.00%, respectively.

(2) Deposits

Name of Related Party	December 31, 2025	December 31, 2024
Kaohsiung City Government	$22,976,272	$28,945,620
Others	427,252	518,001

Name of Related Party	Year ended December 31, 2025	
	Interest expense	Interest rate range
Kaohsiung City Government	$171,334	0.600%-1.760%
Others	8,646	0%-13%

Name of Related Party	Year ended December 31, 2024	
	Interest expense	Interest rate range
Kaohsiung City Government	$159,624	0.510%-1.675%
Others	11,061	0%~13%

a. The interest rates for deposits from the aforementioned related parties vary depending on the nature of the deposits, as shown above, whereas the interest rate range for deposits from non-related parties is 0%–13%.
b. The highest deposit rate offered to employees of the Company (not related parties) was 13%. Deposit rate offered to other related parties may vary depending on the nature of the deposits with the highest rate offered equivalent to that offered to bank employees.

(3) Others：

Item	Name of Related Party	December 31 2025	December 31 2024
Account receivable	Kaohsiung City Government	$160,665	$211,683

Item	Name of Related Party	Year ended December 31 2025	Year ended December 31 2024
Service income	Kaohsiung City Government	$19,137	$23,859

(4) Lease agreement：

a. Right-of-use assets：

Name of Related Party	Year ended December 31 2025	Year ended December 31 2024
Kaohsiung City Government	$8,178	$8,590

b. Lease liabilities：

Name of Related Party	December 31 2025	December 31 2024
Kaohsiung City Government	$8,248	$8,637

c. Interest expenses arising from lease liabilities amounted to $88 thousand and $84 thousand for the years 2025 and 2024, respectively.

d. The above rent is determined based on the announced land value and the assessed current value of the buildings for property tax purposes, and is paid semiannually.

(5) Information on transactions with related parties who are the borrowers, guarantors or collateral providers:

a. Loans

December 31, 2025:

Type	Number of accounts or name of related party	Highest balance	Ending balance	Performance Status		Collateral	Whether terms and conditions of the related party transactions are different from those of arm's length transactions
				Normal loans	Overdue accounts		
Employee consumer loans	37	19,631	8,772	8,772	-	Real estate, credit	No
Residential mortgages	21	148,939	133,728	133,728	-	Real estate	No
Other loans	Wang○○	1,383	1,190	1,190	-	Real estate	No
Other loans	Lin ○○	10,046	8,095	8,095	-	Real estate	No
Other loans	Huang ○○	1,378	761	761	-	Real estate	No
Other loans	Huang ○○	3,586	1,930	1,930	-	Real estate	No
Other loans	Huang ○○	497	-	-	-	credit	No
Other loans	Chen○○	14,891	14,669	14,669	-	Real estate, credit	No
Other loans	Chen○○	700	700	700	-	Real estate	No

December 31, 2024:

Type	Number of accounts or name of related party	Highest balance	Ending balance	Performance Status		Collateral	Whether terms and conditions of the related party transactions are different from those of arm's length transactions
				Normal loans	Overdue accounts		
Employee consumer loans	32	18,000	8,326	8,326	-	Real estate, credit	No
Residential mortgages	24	152,670	145,968	145,968	-	Real estate	No
Other loans	Wang○○	1,570	1,383	1,383	-	Real estate	No
Other loans	Lin ○○	11,955	10,046	10,046	-	Real estate	No
Other loans	Zhang ○○	561	348	348	-	Real estate, credit	No
Other loans	Huang ○○	9,073	3,586	3,586	-	Real estate	No
Other loans	Chen○○	15,000	14,891	14,891	-	credit	No
Other loans	Huang ○○	249	249	249	-	Real estate, credit	No

Explanation 1: The outstanding balances of employee consumer loans and owner-occupied residential mortgage loans may be disclosed in aggregate. The remaining loan balances shall be disclosed individually by the name of each related party.

Explanation 2: The categories of collateral shall be classified as real estate, short-term bills, government bonds, secured corporate bonds, unsecured corporate bonds, listed or OTC stocks, unlisted or non-OTC stocks, and other movable property. If classified as other movable property, the specific details shall be specified.

Explanation 3: As of December 31, 2025 and 2024, allowance for doubtful accounts for loans to related parties amounted to $226 thousand and $224 thousand, respectively. For the years ended December 31, 2025 and 2024, bad debt expenses recognized (reversal) for loans to related parties amounted to $2 thousand and ($93) thousand, respectively.

b. Guarantees: None.

c. Derivatives: None.

d. Disposal of non-performing loans: None.

(6) Remuneration to key managerial officers

Item	Year ended December 31 2025	2024
Salaries and other short-term employee benefits	$61,343	$60,030
Post-employment benefits	42,267	2,233
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	419
Total	$103,610	$62,682

8. PLEDGED ASSETS

Item	December 31, 2025	December 31, 2024
Financial assets at fair value through profit or loss		
Foreign bonds (par value)	$ -	$232,738
Financial assets at fair value through other comprehensive income		
Government bonds (par value)	918,700	943,900
Foreign bonds (par value)	6,323,076	9,078,048
Investments in debt instruments at amortized cost		
Negotiable certificates of deposit	4,500,000	4,500,000
Government bonds (par value)	4,004,700	3,993,300
Foreign bonds (par value)	2,934,588	4,229,295
Other financial assets		
Time deposits with maturities more than three months	224,800	223,800
Other assets		
Margin for R/P bonds	58,404	92,146
Total	$18,964,268	$23,293,227

The above pledged assets were placed with the court as the guarantee deposit for executing provisional seizure on borrowers’ assets or used as the guarantee deposit for credit card payment, as compensation reserve (Trust Department), as the collateral of securities issuer and for real-time gross settlement mechanism implemented by the Central Bank for the Interbank Funds Bank Transfer System. The Company provides negotiable certificates of deposit as the day guarantee for overdrafts and as such, the guarantee amount may be changed at any time and unused credit may still be used as liquid reserve.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIED CONTRACT COMMITMENTS

9.1 The Company had the following commitments:

Item	December 31, 2025	December 31, 2024
Securities sold under repurchase agreements	$8,730,963	$12,708,453
Securities purchased under resale agreements	11,016,692	8,650,287
Loans yet to be appropriated by the borrowers (Note)	78,896,071	88,606,836
Credit line facility yet to be utilized by the credit card holders	921,834	891,363
Irrevocable credit card credit commitments	9,948	7,522
Standby letter of credit yet to be utilized by the clients	743,485	1,513,830
Guarantees	9,109,864	6,700,142
Amounts collected on behalf of customers	4,976,929	5,245,172
Agency loans payable	1,268,131	1,448,358
Trust assets	38,445,571	36,821,574
Marketable securities held under custody	70,990,613	65,381,052

Note: Including those belonging to non-cancellable loan commitments, cancellable loan commitments (unconditionally cancellable) and cancellable loan commitments (conditionally cancellable).

9.2 Capital expenditure committed but not yet incurred are as follows:

Item	December 31, 2025	December 31, 2024
Property and Equipment	$74,210	$111,760

10.SIGNIFICANT DISASTER LOSS: NONE.

11.SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12.OTHERS

12.1 Content and amount according to regulation

A. Details and amounts of trust businesses conducted in accordance with Regulations Governing Trust Enterprises

Trust Balance Sheet

Assets	December 31, 2025	December 31, 2024
Bank deposits	$1,036,525	$1,308,232
Financial assets		
Stocks	1,818,868	1,658,733
Investment in bonds	3,543,314	3,371,730
Investment in funds	20,302,612	20,067,548
Real estates	11,744,251	10,415,331
Total	$38,445,570	$36,821,574

Trust Balance Sheet

Liabilities and Equity	December 31, 2025	December 31, 2024
Trust capital	38,428,810	36,931,154
Retained earnings	16,760	(109,580)
Total	$38,445,570	$36,821,574

Trust Property List

Property Item	December 31, 2025	December 31, 2024
Bank deposits	$1,036,525	$1,308,232
Stocks	1,818,868	1,658,733
Investment in bonds	3,543,314	3,371,730
Investment in funds	20,302,612	20,067,548
Real estates	11,744,251	10,415,331
Total	$38,445,570	$36,821,574

As of December 31, 2025 and 2024, funds amounting to $28,826 thousand and $29,765 thousand, respectively, had been recognized in the OBU's books as investment in overseas securities through Non-discretionary Pecuniary Trust of the OBU.

Trust Income Statement

	Year ended December 31	
Property Item	2025	2024
Trust income		
Interest income	$6,636	$5,155
Investment income	1,410	2,409
Total trust income	8,046	7,564
Trust expenses		
Administrative expense	2,414	2,270
Taxation and Processing Fee	325	796
Interest expenses	-	1,316
Other expenses	590	23
Total trust expenses	3,329	4,405
Net income (loss) before income tax	4,717	3,159
Income tax expense	-	-
Net income (loss)	$4,717	$3,159

Note: The above gains or losses from the trust account belonged to the trustor and were not recognized in the financial statements of the Company.

B. Balance sheet and income statement of insurance agency

Insurance agency Balance Sheet

Assets	December 31, 2025	December 31, 2024
Receivables	$35,712	$29,007
Properties and equipment	268	42
Other assets	52,060	52,000
Total	$88,040	$81,049

Insurance agency Balance Sheet

Liabilities and Equity	December 31, 2025	December 31, 2024
Payables	$31,073	$21,281
Other liabilities	59,094	42,857
Retained earnings	(2,127)	16,911
Total	$88,040	$81,049

Insurance Income Statement

Item	Year Ended December 31 2025	2024
Insurance income		
Handling fee income	$321,777	$248,148
Other non-interest income (loss)	(240,878)	(169,599)
Total insurance income	80,899	78,549
Insurance expenses		
Employee benefit expense	74,694	55,298
Depreciation and amortization expense	76	42
Other expenses	8,256	6,298
Total insurance expenses	83,026	61,638
Net income (loss) before income tax	(2,127)	16,911
Income tax	-	-
Net income (loss)	$(2,127)	$16,911

12.2 When the Company is a subsidiary of a financial holding company, apportionment of revenue, cost, expenses and profit or loss arising from business and transaction activities, joint business promotion activities, sharing of information or sharing of business facility or premise between the Company and the financial holding company and other subsidiaries: The Company is not a subsidiary of a financial holding company.

12.3 Financial instruments

1. Information on fair value - financial instruments not measured at fair value

(1) Except for the following significant differences between the carrying amount and the fair value, the carrying amount of financial instruments that are not measured at fair value approximates fair value.

Item	December 31, 2025	
	Book value	Fair value
Financial assets		
Financial assets at amortized cost	56,553,205	55,947,228

Item	December 31, 2024	
	Book value	Fair value
Financial assets		
Financial assets at amortized cost	58,571,833	57,346,162

(2) Information on fair value hierarchy

Item	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost	55,947,228	11,247,333	44,699,895	-

Item	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost	57,346,162	11,454,894	45,891,268	-

2. Information on fair value - financial assets at measurement of recurring fair value

(1) Level information on fair value

Item	December 31, 2025			
	Total	Quotation of the same asset in active market (Level 1)	Other major observable input value (Level 2)	Major unobservable input value (Level 3)
Measurement of recurring fair value				
Non-derivative assets and liabilities				
Assets				
Financial assets at fair value through profit and loss				
Bond investments	$3,584,092	$100,004	$3,484,088	$ -
Total	$3,584,092	$100,004	$3,484,088	$ -
Financial assets at fair value through other comprehensive income				
Stock investments	$4,778,492	$1,636,562	$ -	$3,141,930
Bond investments	28,809,257	3,544,180	25,265,077	-
Total	$33,587,749	$5,180,742	$25,265,077	$3,141,930
Derivative financial assets and liabilities				
Assets				
Financial assets at fair value through profit and loss	$160,607	$ -	$160,607	$ -
Liabilities				
Financial liabilities at fair value through profit and loss	6,258	-	6,258	-

Item	December 31, 2024			
	Total	Quotation of the same asset in active market (Level 1)	Other major observable input value (Level 2)	Major unobservable input value (Level 3)
Measurement of recurring fair value				
Non-derivative assets and liabilities				
Assets				
Financial assets at fair value through profit and loss				
Stock investments	$117,102	$117,102	$ -	$ -
Fund investments	47,544	47,544	-	-
Bond investments	3,017,890	99,646	2,918,244	-
Total	$3,182,536	$264,292	$2,918,244	$ -
Financial assets at fair value through other comprehensive income				
Stock investments	$4,216,450	$1,480,757	$ -	$2,735,693
Bond investments	30,728,513	3,206,950	27,521,563	-
Total	$34,944,963	$4,687,707	$27,521,563	$2,735,693
Derivative financial assets and liabilities				
Assets				
Financial assets at fair value through profit and loss	$252,176	$ -	$252,176	$ -
Liabilities				
Financial liabilities at fair value through profit and loss	5,334	-	5,334	-

(2) Definition of the three classes of fair value

Level 1：

The value of the input of this category of financial instruments in active market shall be the open quotation of financial instruments of the same kind in active market. Active market as referred to is market featuring the following conditions: the subject matters of trade are homogenous; the buyers and the sellers can buy and sell at free will with information available to the public. The Company invested in the stocks and beneficiary certificates listed in TWSE and GTSM are hot items for investment in the bonds of the Central Government of Taiwan and derivatives with open quotation in open market at fair value. They are all Level 1 assets.

Level 2：

The input value of this category of financial instruments includes the observable input value directly (such as price) or indirectly (inference from price) obtained from active market further to the open quotation and observable price in active market. The Company invested in foreign government bonds, corporate bonds, bank debentures, convertible bonds and majority of the derivatives are Level 2 assets.

Level 3：

The input value of this category of financial instruments refers to the input parameters for measurement of fair value and it is not based on the information available from market (unobservable input parameters, such as pricing model of options basing on historical volatility curve. But historical volatility cannot stand for the overall participation in market and the projected value of market volatility in the future). Some of the derivatives and equity instruments with no active market invested by the Company belonged to this level.

(3) Evaluation techniques and input values used to measure fair value

(A) Decision of fair value

If there is open quotation in the open market for the financial instruments, the open quotation in the open market shall be the fair value. The market price announced by major exchanges and determined as Bloomberg or Refinitiv are the foundation for fair value of quotation of equity instruments listed in TWSE (GTSM) and debt instruments that have active market.

If the open quotations from the exchanges, brokers, underwriters or pricing service institutions can be accessible timely and regularly, and such quotations can stand for the routine fair trade in market, such financial instruments have open quotation in the active market. If the aforementioned conditions cannot be satisfied, the market is not active. In general, a market with widespread buying and selling, significant variation in the buying or selling price or where trade volume is low will be an inactive market.

Further to the aforementioned financial instruments that have an active market, the fair value of all other financial instruments shall be obtained from pricing techniques or quotations from counterparties. For fair value obtained from pricing techniques, the fair value of financial instruments in similar nature and features at present time, the cash flow discount method or other pricing techniques, including the model for the calculation on the basis of the information from the market as of the balance sheet date (such as the yield rate curve of GTSM and the Fixing Rate of page TAIBIR 02 by Taiwan Depository & Clearing Corporation).

For financial instruments with no standardized estimation and are not so complicated, such as interest rate swap, FX swap contract and options, the Company will adopt the pricing techniques extensively used by market participants. The parameters commonly used in the pricing model of this type of financial instruments are observable market information.

For the more complex financial instruments, fair value is measured by the evaluation model developed by the peers in the widely used evaluation methods and technologies. Such evaluation models are typically used for derivatives, debt instruments that are not publicly quoted (including debt instruments embedded in derivatives), or other debt instruments with low liquidity in the market. Some of the parameters used in such evaluation models are not market observable information, and the Company must make appropriate estimates based on assumptions.

(B) The evaluation methods of financial instruments are listed by category and attribute as follows:

a.NTD Central Government bonds: The hundred dollars price is calculated based on the interest rate of the public debt market and theoretical interest rate announced by the counter trading center.

b.NTD corporate bonds and financial bonds: The Company calculates the appropriate yield and then converts the hundred dollars price based on the corporate bond evaluation reference interest rate announced by the counter trading center, in conjunction with the appropriate credit rating and the remaining period.

c.NTD convertible corporate bonds: The convertible (transfer) exchange of corporate bonds listed on the counter trading center is based on the closing price of the evaluation date. Those who do not have the closing price will be referred to the reference price of the company's debt trading (distribution) for the company's bond trading.

d.Asset securitization goods: Use Bloomberg price information.

e.NTD short-term bill: The future cash flow will be discounted in the appropriate period using the Fixing Rate on the TAIBIR page 02 of the Taiwan Central Depository and Clearing House.

f.Foreign currency securities: The latest quotes available on the evaluation date by the instant information system (Bloomberg, Refinitiv or other platforms). If there is no relevant quote or evaluator above, the counterparty quote is used.

g.Listed and OTC stocks, subscription (sales) warrants, depositary receipts: the closing price announced by the exchange or counter trading center.

h.Unlisted cabinet company stocks: The fair value measurement is mainly based on the relevant financial information or the market price and parameters of the comparable listed company with similar business attributes.

i.Beneficiary certificate: The fair value of close-end funds is closing price of open market, and the fair value of open-end funds is net asset value of fund.

j. Derivatives:

(a) Call/Put warrants and stock index futures: The fair value is open quotes for the active market

(b) Forwards contracts, currency swap, interest rate swap, cross currency swaps and margin trading: Discounted future cash flow method.

(c) Options: Mainly evaluated by Black-Scholes, binomial tree Methodology and Monte Carlo model.

(d) Part of derivatives use counterparty quotes.

k. Mixing tool：Calculated by open market quotes, trading broker quotes or evaluation models.

(C) Adjustment of credit risk evaluation：

The adjustment of the risk assessment of derivative contracts in OTC trade could be classified as Credit Value Adjustments (CVA) and Debit Value Adjustments (DVA) to reflect the possible overdue amounts of the counterparties or the Company, and the possibility of collection or payment of the Company in whole at market value.

In consideration of the probability of default (PD) of the counterparties, multiplied by the loss given default (LGD), and further multiplied by exposure at default (EAD) to get the CVA. To the contrast, the Company will multiply the PD and the LGD and also the EAD of the Company to find out the DVA.

Most counterparties of the Company adopted 60% as the assumed LGD. However, other assumptions of the LGD may be taken with consideration to the nature of the risks involved and the data available.

(4) Transfer between Level 1 and Level 2 assets for the years ended 2025 and 2024.
The Company did not have any transfer between Level 1 assets and liabilities and Level 2 assets and liabilities.

(5) Changes in Level 3:

	Financial assets at FVOCI	
	Investments in equity instruments	
	Year ended December 31	
Item	2025	2024
Beginning balance	$2,735,693	$2,345,116
Recognized in other comprehensive income	406,237	390,577
Ending balance	$3,141,930	$2,735,693

(6) Measurement process for fair value classified as Level 3:
The unlisted company stocks held by the Company in an inactive market are mainly based on the market method to estimate fair value. The judgment is based on the same type of company evaluation, third party quotation, company net value and operating status assessment.

(7) Quantified information on fair value measured on the basis of major unobservable input value (Level 3):

Part of domestic and foreign unlisted stocks are market-based, in which significant unobservable inputs include liquidity discounts and control premiums. When liquidity discounts decrease or control premiums increase, the fair value of these investments will increase.

(8) The sensitivity analysis of the fair value on assumption that could possibly and reasonably be substituted for measurement of Level 3 fair value:

The assets measured by the fair value of the third level of the fair value hierarchy of the Company are used to measure the significant unobservable inputs of fair value.

	Measurement technique	Major unobservable input value	Range	Relationship between input value and fair value
Financial assets at fair value through other comprehensive income - equity instruments	Market Approach	Lack of liquidity discount rate	10%~30%	The higher the degree of lack of liquidity, the lower the fair value estimate

12.4 Financial risk management

(1) Overview

The primary objectives of the Company's risk management approach are to service customers whilst ensuring that the related business targets are met, maintaining the overall risk appetite and ensuring compliance with external regulatory requirements. Ultimately, the Company aims to achieve effective risk diversification, transfer and hedging whilst creating a three-way win situation for customers, shareholders and employees. Major risks the Company confronts include on- and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity securities and product risks) and liquidity risks.

The Company has set written risk management policies or risk control procedures, which were reviewed and adopted by the Audit Committee and the Board of Directors to effectively identify, measure, monitor and control credit, market and liquidity risks.

(2) Risk management Organization

The Risk Management Department of the Company manages risks in accordance with the risk management policies approved by the Board of Directors. The Risk Management Department works closely with business departments to identify, evaluate and hedge against the various financial risks. The Board of Directors sets written risk management policies, which cover specific risk exposures such as exchange rate risk, interest rate risk, credit risk, and risks arising from derivative and non-derivative transactions. On the other hand, internal audit is jointly responsible for conducting independent audits on risk management practices and the control environment.

(3) Credit risk

A. The sources and definition of credit risk

The Company is exposed to credit risk due to default on contracts by a client or a counterparty, which results in financial losses suffered by the Company. The sources of credit risks include on- and off-balance-sheet assets and liabilities. A significant portion of credit risks originates from discounts and loans, credit card business, due from other banks, acceptances, investments in debt instruments and derivatives. The major off-balance-sheet items which expose the Company to credit risk are financial guarantees, letters of credit and loan guarantees.

B. Credit risk management policies

To ensure that credit risk is controlled with an acceptable level, the Company's credit risk management guidelines provide that the scope of credit risk management shall cover the management of credit risk arising from on- and off-balance-sheet asset and liability items. One of the credit risk management objectives is to maintain adequate capital to cover credit risk to better manage credit risk faced by the Company. It is critical to ensure internal control procedures are appropriately carried out to ensure that credit approval and investments are appropriately managed, which in turn will ensure that the various credit exposures comply with the statutory requirements.

Credit risk management procedures and measurement of credit risk for the Company's primary business activities are explained as follows:

(A) Credit business (including loan commitments and guarantees)

Explanations are provided as follows by the categories of credit assets and credit rating:

a. Types of credit assets

The Company classified credit assets into five categories. With the exception of normal credit assets which are classified as "Category One" assets, the remaining unsound credit that required special attention was evaluated based on the status of the creditor's right, loan collaterals and the length of time overdue, and classified as "Category Two - Special Mention", "Category Three - Substandard", "Category Four - Doubtful" and "Category Five- Loss". The Company has set the "Operational Guidelines for Evaluation of Credit Assets" and adopted the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans" as the basis for managing problem loans and collection of overdue credit.

b. Credit rating

The Company has formulated a credit rating scale and related rules based on business attributes and the size of operation to manage risks.

Corporate borrowers are grouped into eight categories according to their respective credit rating, while individual borrowers are grouped in terms of credit quality as follows according to the types of products and the borrower's credit rating (a) Home loan borrowers: four categories “excellent”, “good”, “fair” and “special approval”; (b) Others: seven categories of repayment capabilities - excellent, very strong, strong, satisfactory, weak, very weak and unrated.

(B) Due from banks and call loan to banks

The Company assesses the credit rating of the counterparty and refers to rating information provided by external rating agencies in Taiwan and overseas prior to undertaking a transaction. Each counterparty is assigned a rating and different levels of credit risk exposures.

(C) Investments in debt instruments and derivatives

The Company manages credit risk arising from debt instruments by assessing the credit rating of debt instruments provided by external rating agencies, the credit quality of bonds, status of a region and counterparty credit risks to identify credit risks associated with these types of instruments.

The counterparties to the Company's derivative instrument transactions are financial institutions, most of which are rated investment grade or above. The Company manages credit risk by controlling a counterparty's credit limit (including credit limit for call loans); any counterparty that is unrated or does not have an investment-grade rating must be assessed individually. If the counterparty is an individual customer, the risk exposure limit and terms applicable to such derivative instruments approved in accordance with general credit approval procedures are managed to control counterparty credit risk.

The Company rates the credit quality of debt instruments and derivatives as follows:

a. TWD debt instruments (without considering valuation adjustment and accumulated impairment loss)

Credit Rating
twAAA, government bond and NCD issued by the Central Bank
twAA＋～twAA-
twA＋～twA-
twBBB＋～twBBB-
Below and unrated

b. Foreign-currency debt instruments (without considering valuation adjustment and accumulated impairment loss)

Credit Rating
Aaa
Aa1～Aa3
A1～A3
Baa1～Baa3
Below and unrated

(D) Judgment that credit risk has increased significantly since the original recognition

The Company assesses the change in the risk of default in the expected duration of each financial asset on each reporting date to determine whether the credit risk has increased significantly since the original recognition.

For this assessment, the Company’s considerations show that the credit risk has increased significantly and can be corroborated (including forward-looking information) since the original recognition. The main considerations include:

(a) Information on overdue status and changes in internal credit rating

When the credit contract amount is overdue for 31 to 90 days and there are no other adverse signs, it is determined that the credit risk of the financial assets has increased significantly since the original recognition, but the overdue period is more than 30 days, and the credit risk is significantly increased to refute the information. For example:

a. When the unpaid payment is administratively lost, it is not due to the financial difficulties of the borrower.

b. Payment due to business disputes between companies is overdue.

c. Credit card payables overdue for 30 days are caused by force majeure factors, such as card holders leaving the country or being hospitalized.

d. The Company’s various types of credit assets are not applicable.

The judgment of low credit risk can be regarded as the assumption that the credit risk has not increased significantly since the original recognition.

(b) Actual operating conditions and debt performance

a. The current or projected adverse changes in the operating, financial or economic conditions that are expected to result in significant changes in the borrower's ability to perform its debt obligations.

b. The actual or expected significant change in the operating results of the borrower has significantly increased the credit risk of other financial instruments of the same borrower.

(c) Other objective facts sufficient to establish a significant increase in credit risk.

For low credit risk and Stage1, the principle includes the normal repayment of credits of the creditor, the overdue period of less than 30 days (the secured creditor of the debt negotiation success); the financial assets of the investment grade, or the non-investment grade but the rating is not significantly reduced. In addition, considering the attributes of the counterparty and the financial instrument itself, there is no historical impairment experience in the past and the probability of future impairment is estimated to be extremely low (e.g., deposit and withdrawal), which is also considered a low-risk location.

(E) Definition of default and credit impairment financial assets

When one or more events that have an adverse effect on the estimated future cash flows of a financial asset have occurred, the financial asset is credit-derogated. Evidence of credit impairment on financial assets includes observable information on:

(a) Quantitative indicators

The borrower delays the contract payment for more than 90 days.

(b) Qualitative indicators

If there is evidence that the borrower will not be able to pay the contract, or that the borrower has significant financial difficulties, such as:

a. The borrower has gone bankrupt or may claim bankruptcy or financial restructuring.

b. The borrower has gone or been dissolved.

c. The borrower's other financial instrument contract has defaulted.

d. The active market of the financial assets disappeared due to financial difficulties.

e. Due to economic or contractual reasons relating to the financial difficulties of the borrower, the creditor of the borrower gives concessions to the borrower that would otherwise not be considered.

f. Purchase or creation of financial assets at a substantial discount to reflect the occurrence of credit losses.

The aforementioned default and credit impairment definitions apply to all financial assets held by the Company and are used for financial assets for internal credit risk management purposes. The definition is consistent and applied to the relevant impairment assessment model.

(F) Write-off policy

The Company reverses the whole or part of the financial assets when it is unable to reasonably expect the whole or part of the recovered financial assets, and the indicators that cannot be reasonably expected to be recycled include:

(a) The recourse has ceased.

(b) The borrower has been assessed to have insufficient assets or sources of income to pay the outstanding amount.

The financial assets that have been written off by the Company may still have ongoing recourse activities and continue to follow the relevant policies.

(G) Measurement of expected credit losses

The Company’s financial instruments that have not significantly increased the credit risk since the original recognition are based on the 12-month expected credit loss amount to measure the allowance loss of the financial instrument; the credit risk has increased significantly or credit impairment since the original recognition financial instruments and operating lease receivables are measured as the amount of expected credit losses during the duration of the period.

To measure expected credit losses, the Company considers the borrower's probability of default (“PD”) for the next 12 months and duration, and includes the default loss rate (Loss given default, “LGD”) multiplied by the default risk (Exposure at default, “EAD”), and considers the impact of the time value of money, and calculates the expected credit losses for 12 months and duration.

The probability of default is the probability of default of the borrower, and the rate of default is the loss ratio caused by the borrower’s default. The default probability and default loss rate used in the impairment assessment of the credit business of the Company are based on the internal historical information of each combination (such as credit loss experience) and based on current observable information and forward-looking general economic information (e.g.: the economic growth rate announced by Directorate General of Budget, Accounting and Statistics, Executive Yuan) after adjusting the historical data, report the average economic growth rate for the first five years of the year, and report the forecast of the economic growth rate for the quarter by Directorate General of Budget, Accounting and Statistics, Executive Yuan. When the economic growth rate is revised, calculate the expected credit loss by calculating the forward-looking factor based on the difference between the previous five-year average and the current economic growth rate forecast. When the economic growth rate is upward, the forward-looking factor is always 1.

The Company assesses the amount of the loan default risk based on the total book value of the financial assets.

In addition, the Company estimates the credit conversion factor (CCF) in the 12-month expected credit loss of the loan commitment based on the "Calculation Method for Bank-Owned Capital and Risky Assets and the Form - Credit Risk Standards Act". According to the loan commitment, part of the agreed financing amount is expected to be used during the future period of the report to determine the amount of default risk used to calculate the expected credit loss.

The estimated techniques or material assumptions used to assess expected credit losses did not change significantly for the years ended 2025 and 2024.

(H) Forward-looking information considerations

The Company has considered forward-looking information when measuring expected credit losses. According to the economic growth rate announced by Directorate General of Budget, Accounting and Statistics, Executive Yuan, the Company reported a simple average of the economic growth rate for the first five years of the year and reported the forecast of the economic growth rate for the quarter Directorate General of Budget, Accounting and Statistics, Executive Yuan. When compared with the economic growth rate during the repair period, the forward-looking factor is used to calculate the expected credit loss based on the difference between the simple average of the previous five years and the forecast of the economic growth rate of the current quarter. When the economic growth rate is upward, the forward-looking factor is always 1.

The economic growth rate announced by Directorate General of Budget, Accounting and Statistics, Executive Yuan is based on the "General Information on National Income" under the "Statistics Table" of the

"National Income and Economic Growth" of the Republic of China Statistical Information Network in February, May, August and November. The statistics obtained in February were used for the impairment assessments of February, March, and April. The statistics obtained in May were used for the impairment assessments of May, June, and July. The statistical data obtained in August were used for the impairment assessments of August, September and October. The statistics obtained in November were used for the impairment assessment of November, December and next January.

The judgment of the Company based on the amortized cost measurement and the debt instrument investment measured at fair value through other comprehensive gains and losses, the judgment of the significant increase in credit risk is based on the external rating published by domestic and foreign credit rating agencies. The level change is one of its quantitative indicators, and the expected credit loss is measured by reference to the external rating level and Moody's regularly published default rate and default loss rate information. As the international credit rating agencies have considered forward-looking information when assessing credit ratings, the Company's assessment of the forward-looking information is appropriate and is included in the Company's assessment of the expected credit losses.

C. Credit risk hedging or mitigation policy

(A) Collateral

The Company implements a series of policies and measures to reduce credit risk, among which one common practice is to request the borrower to provide collateral. To protect our credit claims, the Company has stipulated guidelines governing the range of collaterals accepted by the Company and the appraisal, management and disposal of collaterals. Such guidelines are used as the basis for managing the valuation of collaterals and calculation of the collateral to loan value amount. The main types of collateral for the Company's financial assets are as follows:

(a) Real estate.
(b) Movable properties.
(c) Securities.
(d) Ground rights.
(e) Bank deposit receipts, negotiable deposit certificates, and current demand deposits of the Company.
(f) Notes receivable arising from the operation of the borrower.
(g) Credit or other rights that may be granted.

On the other hand, the loan agreement contains credit guarantee provision, collateral clauses and offsetting clauses to clearly define the acceptable terms with regard to decrease in credit limit, moving forward the maturity date and treating the whole outstanding balance as matured, when a credit event occurs to reduce credit risk.

Collaterals provided as security for other non-credit loans shall be determined according to the nature of the financial instrument. Only asset-backed securities and other similar financial instruments may be secured by an asset pool.

The Company's collateral policy has not changed significantly on the balance sheet date, and there has been no significant change in the quality of the overall collateral.

(B) Control of credit risk limit and risk concentration

The Company stipulates respective credit limits for loans granted to a single counterparty and a single group to avoid concentration of risks. The Company's investment policy and regulations governing control of risks associated with equity investments also include provisions stipulating limits on investments in a single individual (business entity) or a single affiliated enterprise (group). The Company has also set credit limits applicable to each respective industry, enterprise group and county to control asset concentration risks. Concentration of credit risk with respective to a single counterparty, enterprise group, affiliated enterprise, industry, and ultimately country is monitored by an integrated system.

(C) Other credit enhancements

The Company closely observes the value of the collateral of the financial instrument and considers the financial assets that need impairment provision from the credit impairment. The financial assets that have been credit-impaired and the value of collateral to mitigate potential losses are as follows:

December 31, 2025	Gross carrying amount	Allowance for impairment (IFRS 9 expected loss)	Total risk exposure (amortized cost)	The value of the collateral
Impaired financial assets：				
Discounts and loans	$3,249,043	$367,402	$2,881,641	$2,632,497
Receivables				
- Receivables	6,815	1,640	5,175	-
- Credit cards	647	494	153	-
- Short-term advances	12,512	2,703	9,809	-
Overdue accounts that are not transferred from loans	619	619	-	-
Total	$3,269,636	$372,858	$2,896,778	$2,632,497

December 31, 2024	Gross carrying amount	Allowance for impairment (IFRS 9 expected loss)	Total risk exposure (amortized cost)	The value of the collateral
Impaired financial assets：				
Discounts and loans	$2,370,386	$340,970	$2,029,416	$1,557,288
Receivables				
- Receivables	4,749	1,454	3,295	-
- Credit cards	418	332	86	-
- Short-term advances	10,699	2,466	8,233	-
Overdue accounts that are not transferred from loans	1,346	1,346	-	-
Total	$2,387,598	$346,568	$2,041,030	$1,557,288

The Company's management considers that, upon evaluation, it is possible to constantly control and minimize the credit risk exposure arising from off-balance-sheet items because the Company adopts more stringent credit review procedures and conduct regular post-loan reviews.

D. Concentration of credit risk exposures

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

From 2022, the Company substantially reduced credit extended to Kaohsiung City Government. Until April 2024, the Company gradually increased credit extended to Kaohsiung City Government. The balance of credit extended to Kaohsiung City Government as of December 31, 2025 and 2024 were 10,063,239 thousand and 3,910,539 thousand, representing 4.25% and 1.72% of total credit as of December 31, 2025 and 2024, respectively.

Credit risk concentrations arise from the Company's assets, liabilities, or off-balance-assets items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories, which include credit, loans and deposits, call loans to banks, investments, receivables and derivatives. Information on significant concentration of credit risks of the Company's other credit assets (including discounts and loans, overdue accounts that are not transferred from loans, remittances purchased, guarantee receivable, L/C receivable, acceptances receivable and factoring receivable-non-recourse) by industry, region and type of collateral is summarized as follows:

(A) By industry

Type of Industry	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
1.Private enterprises	132,458,857	55.88	129,184,922	56.66
2.Public-sector enterprises	1,611,439	0.68	576,207	0.25
3.Government institutions	9,176,118	3.87	3,910,540	1.72
4. Non-profit entity	383,411	0.16	405,003	0.18
5.Individuals	71,327,515	30.09	70,265,944	30.82
6.Financial institutions	22,073,555	9.32	23,674,598	10.37
Total	237,030,895	100.00	228,017,214	100.00

(B) By region

Region	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
R.O.C.	217,687,567	91.84	207,566,849	91.03
United States	1,549,210	0.65	1,508,469	0.66
Asia	13,629,302	5.75	15,707,871	6.89
Europe	3,056,169	1.29	2,249,434	0.99
Africa	222,940	0.10	232,738	0.10
Oceania	885,707	0.37	751,853	0.33
Total	237,030,895	100.00	228,017,214	100.00

(C) By Collateral

Type of Collateral	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Unsecured	80,727,588	34.06	71,289,765	31.27
Secured	156,303,307	65.94	156,727,449	68.73
- Financial collateral	9,970,794	4.21	11,347,889	4.98
- Accounts receivable	993,342	0.42	1,299,667	0.57
- Real estate	125,505,993	52.95	121,763,309	53.39
- Guarantee	11,284,343	4.76	14,410,851	6.32
- Others	8,548,835	3.61	7,905,733	3.47
Total	237,030,895	100.00	228,017,214	100.00

E. Analysis of the credit quality of the Company’s financial assets:

Some of the financial assets held by the Company, such as cash and cash equivalents, deposits with the Central Bank and interbank borrowings, financial assets measured at fair value through profit or loss, vouchers and bond investments, deposits, operating margins and delivery settlement funds, etc., are good credit ratings from the counterparties, the Company considered the credit risk is extremely low.

In addition to the above, analysis of the credit quality of other financial assets is as follows:

(A) Credit quality analysis on discounts, loans, receivables and overdue accounts that are not transferred from loans:

December 31, 2025				
Level Information	Stage 1 12-month expected credit losses	Stage 2 Lifetime credit losses	Stage 3 Lifetime credit losses	Total
Corporate finance - rating level	154,145,421	121,617	2,653,104	156,920,142
Internal rating A1, A2, A3	11,563,437	434	7,262	11,571,133
Internal rating B1, B2	65,817,511	18,804	81,039	65,917,354
Internal rating C1, C2, C3	47,454,248	97,633	1,739,713	49,291,594
Internal rating Bad D	1,655	2,384	733,790	737,829
Unrated rating	29,308,570	2,362	91,300	29,402,232
Consumer finance - rating level	70,878,968	162,098	616,532	71,657,598
Premium mortgages	5,608,644	1,911	70,458	5,681,013
Superior mortgages	349,797	-	3,047	352,844
Good mortgages	155,267	-	6,852	162,119
Specialized mortgages	3,892,677	-	24,906	3,917,583
Internal rating 1-2	30,918,589	92,264	111,011	31,121,864
Internal rating 3-4	14,415,849	16,778	121,842	14,554,469
Internal rating 5-6	1,545,929	1,518	61,809	1,609,256
Unrated rating	13,992,216	49,627	216,607	14,258,450
Gross carrying amount	225,024,389	283,715	3,269,636	228,577,740
Impairment allowance	1,319,964	2,977	372,858	1,695,799
According to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”, the impairments need to be recognized.				955,445
Total				2,651,244

December 31, 2024				
Level Information	Stage 1 12-month expected credit losses	Stage 2 Lifetime credit losses	Stage 3 Lifetime credit losses	Total
Corporate finance - rating level	149,019,183	35,474	1,788,656	150,843,313
Internal rating A1, A2, A3	12,984,945	-	837	12,985,782
Internal rating B1, B2	58,949,799	22,900	444,296	59,416,995
Internal rating C1, C2, C3	52,531,687	4,311	831,359	53,367,357
Internal rating Bad D	7,009	1,336	409,967	418,312
Unrated rating	24,545,743	6,927	102,197	24,654,867
Consumer finance - rating level	69,932,263	111,525	598,942	70,642,730
Premium mortgages	5,341,749	525	92,236	5,434,510
Superior mortgages	427,243	-	3,502	430,745
Good mortgages	197,741	-	8,251	205,992
Specialized mortgages	4,391,886	10,871	27,024	4,429,781
Internal rating 1-2	30,553,610	10,524	103,486	30,667,620
Internal rating 3-4	13,294,780	26,046	74,955	13,395,781
Internal rating 5-6	1,505,148	4,727	60,799	1,570,674
Unrated rating	14,220,106	58,832	228,689	14,507,627
Gross carrying amount	218,951,446	146,999	2,387,598	221,486,043
Impairment allowance	1,230,608	1,284	346,568	1,578,460
According to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”, the impairments need to be recognized.				1,015,563
Total				2,594,023

(B) Credit quality analysis on guarantees, L/C, loans and financing commitments

December 31, 2025				
Level Information	Stage 1 12-month expected credit losses	Stage 2 Lifetime credit losses	Stage 3 Lifetime credit losses	Total
Corporate finance - rating level	24,544,988	3,940	-	24,548,928
Internal rating A1, A2, A3	4,236,542	-	-	4,236,542
Internal rating B1, B2	7,968,404	-	-	7,968,404
Internal rating C1, C2, C3	4,211,678	3,940	-	4,215,618
Internal rating Bad D	-	-	-	-
Unrated rating	8,128,364	-	-	8,128,364
Consumer finance - rating level	245,746	-	-	245,746
Premium mortgages	-	-	-	-
Superior mortgages	-	-	-	-
Good mortgages	-	-	-	-
Specialized mortgages	-	-	-	-
Internal rating 1-2	208,770	-	-	208,770
Internal rating 3-4	36,976	-	-	36,976
Internal rating 5-6	-	-	-	-
Unrated rating	-	-	-	-
Gross carrying amount	24,790,734	3,940	-	24,794,674
Impairment allowance	199,752	221	-	199,973
According to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”, the impairments need to be recognized.				137,550
Total				337,523

December 31, 2024				
Level Information	Stage 1 12-month expected credit losses	Stage 2 Lifetime credit losses	Stage 3 Lifetime credit losses	Total
Corporate finance - rating level	27,391,348	12,000	-	27,403,348
Internal rating A1, A2, A3	3,168,035	-	-	3,168,035
Internal rating B1, B2	8,364,071	-	-	8,364,071
Internal rating C1, C2, C3	6,046,366	12,000	-	6,058,366
Internal rating Bad D	-	-	-	-
Unrated rating	9,812,876	-	-	9,812,876
Consumer finance - rating level	148,438	-	-	148,438
Premium mortgages	-	-	-	-
Superior mortgages	-	-	-	-
Good mortgages	-	-	-	-
Specialized mortgages	-	-	-	-
Internal rating 1-2	108,402	-	-	108,402
Internal rating 3-4	39,636	-	-	39,636
Internal rating 5-6	400	-	-	400
Unrated rating	-	-	-	-
Gross carrying amount	27,539,786	12,000	-	27,551,786
Impairment allowance	201,598	745	-	202,343
According to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”, the impairments need to be recognized.				24,082
Total				226,425

F. Policy on collateral acceptance:

The Company accepts land and buildings, etc. as collateral. As of December 31, 2025 and 2024, the carrying amounts were all $0 thousand.

G. Disclosures in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks":

(A) Asset quality of non-performing loans and overdue accounts

Year / Month			December 31, 2025				
Type of business			Amount of non-performing loans (Note 1)	Total loans	Non-performing loans ratio (Note 2)	Allowance for doubtful accounts	Bad debt coverage ratio (Note 3)
Corporate Finance	Secured		268,612	74,610,523	0.36	878,391	327.01
	Unsecured		329,681	81,204,285	0.41	1,236,305	375.00
Consumer Finance	Residential mortgages (Note 4)		56,352	32,056,713	0.18	192,694	341.95
	Cash cards		-	-	-	-	-
	Micro-credit (Note 5)		10,968	968,333	1.13	29,712	270.90
	Others (Note 6)	Secured	154,620	36,256,362	0.43	262,375	169.69
		Unsecured	7,049	2,046,108	0.34	31,403	445.50
Total loans			827,282	227,142,324	0.36	2,630,880	318.01
			Amount of overdue accounts	Accounts receivable balance	Overdue account ratio	Allowance for doubtful accounts	Bad debt coverage ratio
Credit card business			618	199,843	0.31	1,629	263.59
Without recourse factoring (Note 7)			-	-	-	-	-

Year / Month			December 31, 2024				
Type of business			Amount of non-performing loans (Note 1)	Total loans	Non-performing loans ratio (Note 2)	Allowance for doubtful accounts	Bad debt coverage ratio (Note 3)
Corporate Finance	Secured		211,697	76,582,303	0.28	878,662	415.06
	Unsecured		47,137	72,871,374	0.06	1,129,690	2,396.61
Consumer Finance	Residential mortgages (Note 4)		70,521	29,501,993	0.24	209,391	296.92
	Cash cards		-	-	-	-	-
	Micro-credit (Note 5)		6,908	1,009,522	0.68	26,936	389.92
	Others (Note 6)	Secured	135,067	37,408,558	0.36	280,791	207.89
		Unsecured	28,778	2,345,870	1.23	49,061	170.48
Total loans			500,108	219,719,620	0.23	2,574,531	514.80
			Amount of overdue accounts	Accounts receivable balance	Overdue account ratio	Allowance for doubtful accounts	Bad debt coverage ratio
Credit card business			1,346	251,009	0.54	2,241	166.49
Without recourse factoring (Note 7)			-	-	-	-	-

Note 1: The amount of non-performing loans was presented in accordance with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". The amount included in overdue accounts for credit cards was presented in accordance with the Banking Bureau Letter (4) No.0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio = non-performing loans/ total loans. Overdue account ratio for credit cards = overdue accounts / balance of accounts receivable.

Note 3: Bad debt coverage ratio for loans = allowance for doubtful accounts of loans/ amount of non-performing loans. Coverage ratio for credit card accounts receivable = allowance for doubtful account / amount of overdue accounts.

Note 4: Residential mortgage is a form of financing secured by a residential property acquired (owned) by the borrower or his or her spouse or minor children, obtained by the borrower from the Bank for the purpose of purchasing the property or adding improvements to the dwelling.

Note 5: Micro-credit is regulated by the Banking Bureau Letter (4) No. 09440010950 dated December 19, 2005. It is a type of finance other than credit obtained from credit cards or cash cards.

Note 6: Consumer finance - other refers to other secured or unsecured consumer loans other than residential mortgages, cash cards and micro-credit.

Note 7: Pursuant to the Banking Bureau Letter No. 09850003180 dated August 24, 2009, the amount of without resource factoring will be recognized as overdue accounts within six months after the factor or insurance company resolved not to compensate the loss.

(B) Non-performing loans or overdue receivables exempted from declaration to the competent authority:

Item	December 31, 2025		December 31, 2024	
	Balance of non-performing loans exempt	Balance of overdue receivables exempt	Balance of non-performing loans exempt	Balance of overdue receivables exempt
Amount exempt as a result of debt negotiation and performance in accordance with agreement (Note 1)	4	-	9	-
Amount exempt as a result of debt liquidation program and restructuring program (Note 2)	83,016	647	82,877	341
Total	83,020	647	82,886	341

Note 1: The amounts of non-performing loans and overdue receivables disclosed as a result of being exempt under debt negotiation arrangements pursuant to the Banking Bureau Letter (1) No. 09510001270 dated April 25, 2006.

Note 2: The amounts of non-performing loans and overdue receivables disclosed as a result of being exempt under the debt liquidation and restructuring program pursuant to the Banking Bureau Letter (1) No. 09700318940 of the FSC dated September 15, 2008 and No.10500134790 of the FSC dated September 20, 2016.

(C) Concentration of credit risk exposures of the Company:

Year	December 31, 2025			December 31, 2024		
Ranking (Note 1)	Industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / current net worth (%) (Note 4)	Industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / current net worth (%) (Note 4)
1	A Group (Petrochemical Industry)	4,870,222	18.23	A Group (Real Estate Development Industry)	2,173,308	8.68
2	B Group (Real Estate Development Industry)	2,649,229	9.92	B Group (Petrochemical Industry)	1,990,760	7.95
3	C Group (Mortuary Services)	1,936,115	7.25	C Group (Mortuary Services)	1,843,424	7.37
4	D Group (Electric Power Supply Industry)	1,833,716	6.87	D Group (Electric Power Supply Industry)	1,781,060	7.12
5	E Group (Real Estate Development Industry)	1,754,385	6.57	E Group (Automotive Power System Manufacturing)	1,723,239	6.89
6	F Group (Sports Stadium Industry)	1,556,805	5.83	F Group (Sports Stadium Industry)	1,654,518	6.61
7	G Group (Artificial Fiber Industry)	1,544,250	5.78	G Group (Real Estate Development Industry)	1,565,867	6.26
8	H Group (Real Estate Development Industry)	1,533,680	5.74	H Group (Other Financial Intermediation)	1,523,242	6.09
9	I Group (Other Financial Intermediation)	1,464,530	5.48	I Group (Artificial Fiber Industry)	1,498,892	5.99
10	J Group (Department Stores Industry)	1,455,384	5.45	J Group (Department Stores Industry)	1,473,986	5.89

Note 1: The top ten enterprise groups other than government and public-sector enterprises according to their total amounts of outstanding loans.

Note 2: The term "enterprise group" refers to a group of corporate entities as defined by Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3: Total outstanding loan amount is the sum of balances of all types of loans (including import negotiation, export negotiation, bills discounted, overdraft, short-term loan, short-term secured loan, margin loans receivable, medium-term unsecured loan, medium-term secured loan, long-term unsecured loan, long-term secured loan and overdue loan), remittance purchased, without recourse factoring, acceptances receivable and guarantees.

Note 4: Total outstanding loans amount / current net worth: net worth for domestic banks is calculated using the net worth of the Head Office where net worth for branch(es) of a foreign bank in Taiwan shall be calculated using the net worth of the branch(es).

(4) Liquidity risk

A. Sources and definition of liquidity risk

Liquidity risk refers to the risk that the Bank is unable to obtain sufficient funds in a timely manner and at an acceptable cost to meet its actual or anticipated payment obligations. Such obligations include, but are not limited to, deposit withdrawals, repayment of maturing liabilities, drawdowns of credit facilities, and cash outflows arising from interest, fees, or off-balance-sheet transactions. Circumstances described above may reduce the level of the Company's available cash to conduct business activities such as extension of loans or trading and investments. Under extreme circumstances, illiquidity may potentially cause an overall decrease in the Company’s balance-sheet positions, disposal of assets or inability to carry out loan commitments. Liquidity risk is inherent in the bank operations and may be affected by industry-specific or market events. The events include but are not limited to: credit event, merger or acquisition, systematic shock and natural disaster.

B. Liquidity risk management policy

With the aim of maintaining long-term profitability and business growth, the Company adopts a management strategy that is in between the pro-active and passive approach to manage the liquidity of our funds.

a. The following benchmarks are used to evaluate and monitor the liquidity level of the Company’s NTD funds:

(A) Cashflow gap for obligations falling due within 30 days (incl.).

(B) Cashflow gap for all other maturities

(C) Provide a deposit reserve in accordance with the regulatory ratio prescribed by the Central Bank.

(D) Liquidity reserve shall not fall below the minimum liquid assets to liabilities ratio for financial institutions prescribed by Central Bank.

(E) Deposit to loan ratio.

b. The following benchmarks are used to evaluate and monitor the liquidity level of the Company’s major currency funds:

(A) Liquidity gap for the respective maturities to total assets ratio.

(B) Deposit reserve ratio provided in accordance with the Central Bank requirements.

The aforementioned indicators are reviewed by the Risk Management Office monthly and reported to the Risk Management Committee and to the Audit Committee and the Board of Directors quarterly.

C. Maturity analysis of non-derivative financial liabilities

The analysis of cash outflows associated with non-derivative financial liabilities of the Company is made according to the number of days remaining from the balance sheets date to the respective contract's maturity date. The amounts disclosed below were prepared based on the cash flows arising from the contracts and as such may not correspond to the amounts of related items presented on the balance sheets.

December 31, 2025	0~30 days	31~90 days	91~180 days	181~365 days	Over 1 year	Total
Deposits from the Central Bank and other banks	8,404,285	3,864,750	628,190	8,910	-	12,906,135
Bills and bonds sold under repurchase agreements	8,429,439	144,749	77,931	-	-	8,652,119
Accounts payable	3,471,249	283,028	243,038	97,129	60,081	4,154,525
Deposits and remittances	33,898,621	47,993,921	33,211,334	53,062,694	127,730,769	295,897,339
Bonds payables	-	-	-	-	6,327,000	6,327,000
Lease liabilities (Note)	6,676	13,342	20,010	39,688	212,370	292,086
Other capital outflow upon maturity	202,554	56,080	163,099	9,158	174,378	605,269

December 31, 2024	0~30 days	31~90 days	91~180 days	181~365 days	Over 1 year	Total
Deposits from the Central Bank and other banks	8,894,416	4,901,844	394,040	12,490	-	14,202,790
Bills and bonds sold under repurchase agreements	12,361,912	153,690	47,200	-	-	12,562,802
Accounts payable	3,140,261	379,699	218,099	80,014	49,857	3,867,930
Deposits and remittances	31,551,619	45,494,785	32,340,656	54,494,500	124,537,388	288,418,948
Bonds payables	-	1,500,000	-	-	3,877,000	5,377,000
Lease liabilities (Note)	6,525	13,034	18,455	35,831	266,589	340,434
Other capital outflow upon maturity	647,733	87,700	181,580	3,124	174,363	1,094,500

Note: Please refer to Note 12.4.(3). F for further information on the maturity analysis of lease liabilities.

The maturity analysis of demand deposits included in "Deposits and Remittances" in the table above is prepared based on historical experience and allocated across different maturity bands. Assuming that all demand deposits are repayable at the earliest maturity dates as of December 31, 2025 and 2024, cash outflows within the next 0–30 days would increase by $142,283,247 thousand and $146,173,671 thousand, respectively.

D. Maturity analysis of derivative financial liabilities

Derivatives settled in gross amounts

The Company settles the following derivative instruments on gross amounts:

• Foreign exchange derivatives: foreign exchange futures and currency swaps.

• Interest rate derivatives: currency swap and interest swap.

• Credit derivatives: all credit default swaps are represented in gross amounts. Periodic payments are made to the buyer of the credit guarantee. A lump-sum payment is made to the buyer of the credit guarantee when a credit risk event occurs.

The Company's derivatives instruments settled in gross amounts are presented in the following table according to the days remaining from the balance sheets date to the respective contract's maturity date. Upon evaluation, a contract's maturity date is fundamental in understanding all derivative instruments presented on the balance sheets. The amounts disclosed below were prepared on the basis of the cash flows arising from the contracts and as such may not correspond to the amounts of related items presented on the balance sheets. The maturity of derivative financial liabilities settled in gross amounts is analyzed as follows:

December 31, 2025	0~30 days	31~90 days	91~180 days	181~365 days	Over 1 year	Total
Derivative financial liabilities at fair value through profit or loss						
- Foreign exchange derivatives	594,595	1,311,224	980,977	3,305,447	-	6,192,243
- Cash outflow	294,971	654,674	478,577	1,578,447	-	3,006,669
- Cash inflow	299,624	656,550	502,400	1,727,000	-	3,185,574
- Interest rate derivatives	-	-	-	-	-	-
- Cash outflow	-	-	-	-	-	-
- Cash inflow	-	-	-	-	-	-
Derivative financial liabilities for hedging purpose						
- Foreign exchange derivatives	-	-	-	-	-	-
- Cash outflow	-	-	-	-	-	-
- Cash inflow	-	-	-	-	-	-
- Interest rate derivatives	-	-	-	-	-	-
- Cash outflow	-	-	-	-	-	-
- Cash inflow	-	-	-	-	-	-
Total cash outflow	294,971	654,674	478,577	1,578,447	-	3,006,669
Total cash inflow	299,624	656,550	502,400	1,727,000	-	3,185,574
Net cash flow	(4,653)	(1,876)	(23,823)	(148,553)	-	(178,905)

December 31, 2024	0~30 days	31~90 days	91~180 days	181~365 days	Over 1 year	Total
Derivative financial liabilities at fair value through profit or loss						
- Foreign exchange derivatives	3,558,235	5,755,036	-	3,389,993	-	12,703,264
- Cash outflow	1,736,897	2,808,310	-	1,662,525	-	6,207,732
- Cash inflow	1,821,338	2,946,726	-	1,727,468	-	6,495,532
- Interest rate derivatives	-	-	-	-	-	-
- Cash outflow	-	-	-	-	-	-
- Cash inflow	-	-	-	-	-	-
Derivative financial liabilities for hedging purpose						
- Foreign exchange derivatives	-	-	-	-	-	-
- Cash outflow	-	-	-	-	-	-
- Cash inflow	-	-	-	-	-	-
- Interest rate derivatives	-	-	-	-	-	-
- Cash outflow	-	-	-	-	-	-
- Cash inflow	-	-	-	-	-	-
Total cash outflow	1,736,897	2,808,310	-	1,662,525	-	6,207,732
Total cash inflow	1,821,338	2,946,726	-	1,727,468	-	6,495,532
Net cash flow	(84,441)	(138,416)	-	(64,943)	-	(287,800)

E. Maturity analysis of off-balance-sheet items

The maturity analysis of off-balance sheets items of the Company shows the days remaining from the balance sheets date to the maturity date. For financial guarantee contracts that were issued, the maximum guarantee amounts that may be claimed were included in the nearest maturity period. The amounts disclosed below were prepared based on the cash flows arising from the contracts and as such may not correspond to the amounts of related items presented on the balance sheets.

December 31, 2025	Under 1 year	1~5 years	More than 5 years	Total
Irrevocable loan commitments	9,571,283	4,690,366	669,728	14,931,377
Irrevocable credit card commitments	1,809	8,139	-	9,948
Unused letters of credit	743,485	-	-	743,485
Other guarantees	2,635,849	5,817,921	656,094	9,109,864
Total	12,952,426	10,516,426	1,325,822	24,794,674

December 31, 2024	Under 1 year	1~5 years	More than 5 years	Total
Irrevocable loan commitments	10,676,747	6,680,460	1,973,085	19,330,292
Irrevocable credit card commitments	3,341	4,181	-	7,522
Unused letters of credit	1,513,830	-	-	1,513,830
Other guarantees	2,614,011	3,736,280	349,851	6,700,142
Total	14,807,929	10,420,921	2,322,936	27,551,786

F. Maturity analysis of lease agreement and capital expenditure commitments

The lease agreement commitments of the Company are operating lease commitments, which refer to the total minimum lease payments the Company should make as a lessor or a lessee under irrevocable operating lease terms and conditions.

The Company's capital expenditures commitments refer to the agreement signed by the Company to obtain the capital required for acquiring building and equipment.

The maturity analysis of the Company's lease and capital expenditure commitments is as follows:

December 31, 2025	Under 1 year	1~5 years	More than 5 years	Total
Lease agreement commitments				
Leases under IFRS 16	79,718	189,059	23,314	292,091
Operating lease income (lessor)	10,962	35,529	180	46,671
Capital expenditure commitments	-	-	-	-

December 31, 2024	Under 1 year	1~5 years	More than 5 years	Total
Lease agreement commitments				
Leases under IFRS 16	73,846	217,320	49,268	340,434
Operating lease income (lessor)	11,592	41,561	5,110	58,263
Capital expenditure commitments	-	-	-	-

G. Information disclosed in accordance with the "Regulations Governing the Preparation of Financial Statements by Public Banks"

(A) The maturity structure of the Company's NTD capital

December 31, 2025							
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Main maturing capital inflow	301,526,591	32,575,090	34,190,706	21,688,033	30,552,236	21,682,901	160,837,625
Main maturing capital outflow	369,221,872	10,664,892	18,355,000	37,691,095	35,646,728	63,102,171	203,761,986
Maturity gap	(67,695,281)	21,910,198	15,835,706	(16,003,062)	(5,094,492)	(41,419,270)	(42,924,361)

December 31, 2024							
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Main maturing capital inflow	289,813,093	29,646,357	26,173,421	19,919,226	31,707,056	19,615,119	162,751,914
Main maturing capital outflow	368,042,932	11,907,618	14,462,436	39,513,995	35,660,948	69,766,532	196,731,403
Maturity gap	(78,229,839)	17,738,739	11,710,985	(19,594,769)	(3,953,892)	(50,151,413)	(33,979,489)

(B) The maturity structure of the Company's USD capital

Unit: US$ Thousand

December 31, 2025						
	Total	0~30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Main maturing capital inflow	1,318,824	132,003	57,720	99,702	154,052	875,347
Main maturing capital outflow	1,551,202	499,376	496,962	197,317	193,174	164,373
Maturity gap	(232,378)	(367,373)	(439,242)	(97,615)	(39,122)	710,974

Unit: US$ Thousand

December 31, 2024						
	Total	0~30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Main maturing capital inflow	1,562,869	237,456	133,496	76,704	155,951	959,262
Main maturing capital outflow	1,734,173	581,319	626,442	195,193	138,765	192,454
Maturity gap	(171,304)	(343,863)	(492,946)	(118,489)	17,186	766,808

(5) Market Risk

A. Sources and definition of market risk

Market risk refers to the risk of changes in the fair value or future cash flows of on-and off-balance-sheet financial instruments held by the due to adverse changes in market prices in terms of interest rates, foreign exchange rates, stock prices, and commodity prices. Essentially, it refers to the risk of fluctuations in the Company's net profit or the values of investment portfolios as result of changes in the aforesaid risk factors.

Market risk confronting the Company mainly arises from fluctuations in the prices of equity instruments, interest rates and exchange rates. Positions in equity securities that are subject to market risk mainly consist of stocks listed on the stock/OTC stocks, funds, and ETFs. Positions subject to interest rate risks include bonds and foreign currency derivatives; positions subject to currency exchange risks primarily comprise of the various derivative instruments denominated in foreign currencies, and the various foreign-currency securities.

B. Market risk management policy

The Company monitors positions subject to market risk and tolerable losses in accordance with the risk management objectives and limits approved by the Board of Directors.

The Company has set a market risk information system to effectively monitor the risk limits of the positions of financial instruments, conduct tress testing, sensitivity (DV01) and compute the value at risk (VaR). Such information is presented at the Assets-Liabilities and Risk Management Committee, the Audit Committee and the Board of Directors' meetings as guidelines for decision making by senior management.

C. Market risk management procedures

(A) Identification and measurement

The business units and risk management unit of the Company have set market risk factors to identify positions exposed to risks and to measure market risk. Market risk factors refer to factors that may affect the value of interest rate, exchange rate and equity securities positions. Such factors include positions, sensitivity, stress testing and value at risk, which are used to measure the impact of interest risks, exchange rate risks and equity securities risks on the investment portfolios.

(B) Control and reporting

The Risk Management Department of the Company reports the information on the execution of market risk management objectives, positions, sensitivity, stress testing and VaR to the ALCO (Assets-Liabilities and Risk Management Committee). The Company has set clearly defined reporting procedures, and all transactions are governed by specific risk limits and stop loss regulations. For example, where a transaction has reached the stop-loss limit, such transaction must be terminated immediately, or the trading unit must submit in detail reasons for continuing the transaction and responsive measures to the Investment Review Committee or senior management for approval.

D. Trading-book risk management policy

The trading book comprises positions in financial instruments, foreign exchange, or commodities that are held with trading intent and are free of legal restrictions on their sale or full hedging. Positions that do not meet the criteria for inclusion in the trading book shall be classified as banking book positions. Positions are recognized as trading book positions primarily based on the intent of holding, including but not limited to the following criteria:

1. Held for short-term resale.
2. Intended to benefit from short-term price movements.
3. Intended to lock in arbitrage profits.
4. Hedging instruments related to positions falling within categories 1. 2. or 3.

(A) Strategy

The Company undertakes assessments and exercise controls to effectively control market risk and ensure that trading strategies adopted by business units are relatively free from constraints. The Company formulates risk limits for the respective investment portfolios based on trading strategies, type of product and annual profit target to manage trading-book investment portfolios.

(B) Policies and procedures

The Company has formulated the “Market Risk Management Guidelines” and “Trading Book Policy and Procedures” as the key regulations to monitor trading-book positions.

(C) Valuation policy

Where market prices are available for valuation of trading-book financial instruments, the positions shall be valued at least once daily using readily available information obtained from independent resources.

(D) Methods of risk measurement

a. Refer to Note 12.4 (5) I for assumptions and methods used to calculate VaR.

b. The Company conducts stress testing under scenarios based on 100bp changes in interest rate, 15% change in the price of equity securities and 3% of major currency exchange rates. Results of stress testing are presented at the ALCO, the Audit Committee and the Board of Directors’ meetings.

E. Management of trading-book interest rate risk

(A) Definition of interest rate risk

“Interest rate risk” refers to the risk of changes in the fair value of the trading-book positions held by the Company or risk of financial loss as result of interest rate movements. Instruments subject to interest rate risk include securities and derivative instruments linked to interest rate.

(B) Trading-book interest rate management procedures

The Company carefully selects investment targets by conducting research on the issuer’s credit standing and financial status, country risk and interest rate trends. The Company also formulates limits applicable to trading-book transactions and stop-loss limit (applicable to the trading unit, trader, and instruments traded) based on management strategies and market conditions for approval by senior management or the Board of Directors.

(C) Methods of measurement

a. Refer to Note 12.4 (5) I for VaR assumptions and computation method.

b. Use DV01 to measure the degree of impact of interest rate risks on the investment portfolios.

F. Management of Banking-book interest rate risk

Management of Banking-book interest rate risk is primarily aimed at enhancing interest rate risk management, improving the efficiency of capital utilization.

(A) Strategy

Interest rate risk management aims at improving the Company's responsiveness to interest rate movement and involves measuring, managing and hedging against risks of adverse changes in the economic value of balance sheets items and profitability as a result of changes in interest rate.

(B) Management procedures

The Company uses the earnings view and economic value view analysis as the main Banking-book interest rate risk management method to monitor short-term and long-term interest rate risks on monthly basis. The monitoring results are reported monthly to the ALCO and to the Audit Committee and the Board of Directors quarterly.

(C) Methods of measurement

To strengthen management of Banking-book interest rate risk, the Company has formulated monitoring indicators to conduct stress testing for measurement and monitoring as below:

a. Earnings view:

Not greater than 15% of the ratio of net interest income of the maximum adverse effect on earnings in the next 12 months based on assessing the interest rate sensitive asset and liability structure of the New Taiwan Dollar and major foreign currencies under the turbulent scenario of parallel upward/parallel downward shifts in interest rates.

b. Economic value view:

Evaluate the effect of the economic value of equity in the interest rate sensitive asset and liability structure of the New Taiwan Dollar and major foreign currencies under the turbulent scenario of parallel upward, parallel downward, steep changes, flat changes, short-term interest rate rise and short-term interest rate decline in interest rates. Not greater than 15% of Tier 1 Capital Ratio on the largest change in the economic value of equity (△EVE).

G. Management of exchange rate risk

(A) Definition of exchange rate risk

Exchange rate risk refers to the profit and loss arising from conversion from one currency to the other in different time periods. Exchange rate risk confronting the Company originates from spot and forward exchange contracts as well as derivatives. The Company aims to square all foreign exchange positions daily and as such, are subject to relatively low exchange rate risks.

(B) Exchange rate risk management policy, procedures and method of measurement

Exchange rate risks of the Company are monitored using VaR. Please refer to Note 12.4 (5) I for further details, and stipulate transaction limits and stop-loss limits applicable to each trading unit and trader.

The Company conducts stress testing on exchange rate risks at least once a year under scenarios with a 3% change in the exchange rate of major currencies. Results of stress testing are presented to the ALCO, the Audit Committee and the Board of Directors for approval. Please refer to Note 12.4 (5) I for further details on stress testing.

H. Management of price risk of equity securities

(A) Definition of the price risk of equity securities

Market risk confronting the Company includes individual risks arising from changes in the market price of individual equity securities as well as general market risk arising from a general movement in market prices.

(B) The purpose for managing the price risk of equity securities

Price risk management aims at preventing severe fluctuations in the prices of equity securities from causing a deterioration in the Company's financial status or profitability and aims at improving the efficiency of fund utilization and ensuring sound business operation.

(C) Procedures for managing the price risk of equity securities

The Company stipulates investment stop-loss limits. If a trading unit continues to hold a trading position in the situation where the stop-loss limit has been reached, special approval is required from management or the Investment Review Committee.

(D) Method of measurement

Price risk arising from trading-book equity securities is controlled on the basis of VaR. Please refer to 12.4 (5) I for further details.
Following IFRS 9, price risk arising from non-trading book equity securities held by the Company is monitored by appropriate mechanisms designed specifically to meet the needs of the Company's business development.

I. Market risk valuation technique

(A) VaR (Value at Risk, VaR)

The Company uses the VaR model to conduct monthly evaluation on the market risk of positions held and the maximum potential loss that may arise for reporting to the ALCO and quarterly to the Audit Committee and the Board of Directors.

Value at risk is a statistical estimate of potential losses on current positions that may result from adverse market movements. VaR is defined as "the worst expected loss" over a target horizon with a given level of confidence (99%) and normal market environment. As such, it is still probable (1%) that the actual loss may exceed the VaR estimate. The VaR model assumes a minimum holding period (10 business days) prior to closing off the positions. The Company evaluates the VaR of positions held by the Historical Simulation Method. This valuation method cannot prevent losses as result of severe market fluctuations.

Item	Year ended December 31					
	2025			2024		
	Average	Highest	Lowest	Average	Highest	Lowest
Foreign exchange VaR	68,082	189,205	13,939	151,061	182,881	135,530
Interest rate VaR	149,430	167,908	136,760	151,345	163,791	130,087
Equity securities VaR	114,247	241,482	-	141,997	184,862	80,635
Total VaR	329,246	506,265	206,394	148,001	197,338	114,924

(B) Stress testing

Stress testing is used to measure the maximum potential loss arising from the risk asset portfolios that may be suffered by the Company in the worst-case scenario. The Risk Management Dept. conducts stress testing on interest rate risk, exchange rate risk and equity securities risk. Results of stress testing are presented to the ACLO, the Audit Committee and the Board of Directors for approval.

J. Concentration of exchange rate risk

The following table shows the concentration of exchange rate risk exposures arising from all assets and liabilities expressed in the respective currencies and carrying amounts held by the Company as of December 31, 2025 and 2024 (only information for the top 4 currencies is disclosed).

Unit: FCY / NTD Thousand

	December 31, 2025			
	USD	AUD	GBP	CNY
Foreign Currency Financial Assets				
Cash and cash equivalents	$20,965	$4,358	$1,574	$72,747
Due from Central Bank and call loans to banks	1,800	-	-	114,000
Financial assets at fair value through profit or loss	30,943	-	-	-
Financial assets at fair value through other comprehensive income	377,310	248,726	18,488	-
Investments in debt instruments at amortizes cost	172,794	99,488	10,705	-
Accounts receivable	9,723	2,078	264	-
Discounts and loans	548,401	31,000	18,650	191,892
Other assets	133,816	-	-	45,602
Total assets	$1,295,752	$385,650	$49,681	$424,241
Exchange rate	31.40	21.00	42.26	4.496
NTD equivalent of total assets	$40,686,613	$8,098,650	$2,099,519	$1,907,388
Foreign Currency Financial Liabilities				
Deposits from the Central Bank and other banks	214,255	109,000	25,000	-
R/P bills and bonds liabilities	67,368	226,324	19,837	-
Deposits and remittances	956,385	46,008	3,881	424,242
Other financial liabilities	573	-	-	-
Accounts payable	7,319	2	-	-
Other liabilities	9,167	4,304	960	-
Total liabilities	$1,255,067	$385,638	$49,678	$424,242
Exchange rate	31.40	21.00	42.26	4.496
NTD equivalent of total liabilities	$39,409,104	$8,098,398	$2,099,392	$1,907,392

Unit: FCY / NTD Thousand

	December 31, 2024			
	USD	AUD	CNY	JPY
<u>Foreign Currency Financial Assets</u>				
Cash and cash equivalents	$18,837	$3,267	$142,678	$7,646,041
Due from Central Bank and call loans to banks	57,800	-	7,000	-
Financial assets at fair value through profit or loss	24,693	-	-	-
Financial assets at fair value through other comprehensive income	388,275	287,592	-	-
Investments in debt instruments at amortizes cost	208,067	129,855	3,015	-
Accounts receivable	12,864	3,074	62	-
Discounts and loans	595,429	37,000	210,534	478,782
Other assets	203,750	-	77,119	-
Total assets	$1,509,715	$460,788	$440,408	$8,124,823
Exchange rate	32.78	20.36	4.476	0.2097
NTD equivalent of total assets	$49,488,458	$9,381,644	$1,971,266	$1,703,775
<u>Foreign Currency Financial Liabilities</u>				
Deposits from the Central Bank and other banks	284,370	79,400	-	-
R/P bills and bonds liabilities	143,409	289,457	-	-
Deposits and remittances	1,027,423	49,647	434,921	8,013,562
Other financial liabilities	840	-	-	-
Accounts payable	9,007	2	5,488	-
Other liabilities	23,400	42,251	-	111,261
Total liabilities	$ 1,488,449	$460,757	$440,409	$8,124,823
Exchange rate	32.78	20.36	4.476	0.2097
NTD equivalent of total liabilities	$ 48,791,358	$9,381,013	$1,971,271	$1,703,775

K. Information on foreign currency financial assets and liabilities with significant impacts:

Unit: in thousands

Item	December 31, 2025 Foreign Currency	Exchange Rate	NTD
Financial Assets			
Monetary Items			
USD	1,231,419	31.40	38,666,557
AUD	385,651	21.00	8,098,671
GBP	49,682	42.26	2,099,561
CNY	378,639	4.496	1,702,361
Financial Liabilities			
Monetary Items			
USD	1,254,354	31.40	39,386,716
AUD	381,334	21.00	8,008,014
GBY	48,718	42.26	2,058,823
CNY	424,242	4.496	1,907,392
Non-monetary Items			
USD	672	31.40	21,101
JPY	9,007	0.2006	1,807

Item	December 31, 2024 Foreign Currency	Exchange Rate	NTD
Financial Assets			
Monetary Items			
USD	1,391,471	32.78	45,612,419
AUD	460,788	20.36	9,381,644
JPY	8,124,823	0.2097	1,703,775
CNY	363,290	4.476	1,626,086
Non-monetary Items			
Financial Liabilities			
Monetary Items			
USD	1,488,093	32.78	48,779,689
AUD	418,506	20.36	8,520,782
JPY	8,013,562	0.2097	1,680,444
CNY	440,409	4.476	1,971,271
Non-monetary Items			
USD	1,065	32.78	34,911

L. Disclosures in accordance with the Regulations Governing the Preparation of Financial Statements by Public Banks

(A) Interest rate sensitivity of the Company’s assets and liabilities (NTD)

December 31, 2025					
Item	1~90 days (incl.)	91~180 days (incl.)	181~365 days (incl.)	Over 1 year	Total
Interest rate sensitive assets	241,430,545	10,390,693	1,571,783	27,690,990	281,084,011
Interest rate sensitive liabilities	81,521,515	139,841,959	31,591,637	8,660,251	261,615,362
Interest rate sensitivity gap	159,909,030	(129,451,266)	(30,019,854)	19,030,739	19,468,649
Net worth					25,452,512
Ratio of interest rate sensitive assets to liabilities (%)					107.44
Ratio of interest rate sensitivity gap to net worth (%)					76.49

December 31, 2024					
Item	1~90 days (incl.)	91~180 days (incl.)	181~365 days (incl.)	Over 1 year	Total
Interest rate sensitive assets	229,670,657	10,968,072	1,535,659	29,327,635	271,502,023
Interest rate sensitive liabilities	87,138,929	129,872,603	26,293,876	6,008,785	249,314,193
Interest rate sensitivity gap	142,531,728	(118,904,531)	(24,758,217)	23,318,850	22,187,830
Net worth					24,349,429
Ratio of interest rate sensitive assets to liabilities (%)					108.90
Ratio of interest rate sensitivity gap to net worth (%)					91.12

Explanation 1: Refer to total NTD assets and liabilities of all onshore branches of the Company, excluding contingent assets or liabilities.

Explanation 2: Interest rate sensitive assets and liabilities refer to the interest-earning assets and interest-bearing liabilities of which the income or costs are affected by the fluctuations in interest rates.

Explanation 3: Interest rate sensitivity gap＝interest rate sensitive assets - interest rate sensitive liabilities.

Explanation 4: Ratio of interest rate sensitive assets to liabilities＝Interest rate sensitive assets ÷ interest rate sensitive liabilities (refer to NTD interest rate sensitive assets and interest rate sensitive liabilities).

(B) Analysis of interest rate sensitive assets and liabilities (USD)

Unit: US$ Thousand；%

December 31, 2025					
Item	1~90 days (incl.)	91~180 days (incl.)	181~365 days (incl.)	Over 1 year	Total
Interest rate sensitive assets	712,775	76,879	30,733	339,302	1,159,689
Interest rate sensitive liabilities	953,298	135,599	88,588	60,515	1,238,000
Interest rate sensitivity gap	(240,523)	(58,720)	(57,855)	278,787	(78,311)
Net worth					40,685
Ratio of interest rate sensitive assets to liabilities (%)					93.67
Ratio of interest rate sensitivity gap to net worth (%)					(192.48)

December 31, 2024					
Item	1~90 days (incl.)	91~180 days (incl.)	181~365 days (incl.)	Over 1 year	Total
Interest rate sensitive assets	802,830	61,124	42,026	404,881	1,310,861
Interest rate sensitive liabilities	1,139,196	154,069	68,622	93,316	1,455,203
Interest rate sensitivity gap	(336,366)	(92,945)	(26,596)	311,565	(144,342)
Net worth					21,690
Ratio of interest rate sensitive assets to liabilities (%)					90.08
Ratio of interest rate sensitivity gap to net worth (%)					(665.48)

Explanation 1: Refer to total USD assets and liabilities of all onshore branches of the Company, excluding contingent assets or liabilities.

Explanation 2: Interest rate sensitive assets and liabilities refer to the interest-earning assets and interest-bearing liabilities of which the income or costs are affected by the fluctuations in interest rates.

Explanation 3: Interest rate sensitivity gap＝interest rate sensitive assets－interest rate sensitive liabilities.

Explanation 4: Ratio of interest rate sensitive assets to liabilities＝Interest rate sensitive assets ÷ interest rate sensitive liabilities (refer to USD interest rate sensitive assets and interest rate sensitive liabilities).

(6) Transfer of Financial Assets

Transferred financial assets not derecognized in whole

Most of the financial assets in routine operation of the Company already transferred but not qualified for derecognition in their entirety are debt securities under R/P agreements or equity securities lent out under securities lending agreements. These transactions resulted in the transfer of cash flow from contracts to a third party and reflect the liabilities of the Company deriving from the responsibilities of repurchasing the transferred financial assets at fixed price in the future. For this type of transactions, the Company cannot use, sell, or lien the transferred financial assets within the term of trade but the Company still have to assume the interest risk and credit risk, therefore these instruments were not derecognized in whole. The following table shows the financial assets and other financial liabilities not qualified for derecognition in their entirety:

December 31, 2025		
Financial asset category	Book value of transferred financial assets	Book value of related financial liabilities
Financial assets at fair value through other comprehensive income		
R/P contracts	6,250,298	6,026,486
Financial assets at amortized cost		
R/P contracts	2,839,356	2,625,633

December 31, 2024		
Financial asset category	Book value of transferred financial assets	Book value of related financial liabilities
Financial assets at fair value through profit or loss R/P contracts	233,469	214,975
Financial assets at fair value through other comprehensive income		
R/P contracts	8,934,179	8,590,109
Financial assets at amortized cost		
R/P contracts	4,051,130	3,757,718

(7) Offsetting between financial assets and financial liabilities

The Company also did not have the offsetting conditions as required by the notification. However, the Company has entered into a general agreement with counterparties for settlement in net value or similar agreements, such as R/P in similar agreements. The aforementioned general agreements on delivery at net amount or similar agreements provided that if the trading parties elect to deliver at net amount, they may offset the financial assets with financial liabilities in the transaction for delivery, or delivery at total amount. If either side of the trading parties is defaulted, the other side may elect to deliver at net amount.

The following table provides the quantified information on the financial assets and financial liabilities to be executed under the general agreement on net amount delivery:

December 31, 2025:

Financial assets	Recognized total financial assets	Recognized total financial liabilities offset on balance sheet	Net financial assets on balance sheet	Amount not offset on balance sheet: Financial instruments	Amount not offset on balance sheet: Collaterals in cash received	Amount not offset on balance sheet: Net amount
Derivatives	$160,607	$ -	$160,607	$(6,258)	$ -	$154,349

Financial liabilities	Recognized total financial liabilities	Recognized total financial assets offset on balance sheet	Net financial liabilities on balance sheet	Amount not offset on balance sheet: Financial instruments	Amount not offset on balance sheet: Cash collateral pledged	Amount not offset on balance sheet: Net amount
Derivatives	$6,258	$ -	$6,258	$(6,258)	$ -	$ -
R/P bills and bond liabilities	8,652,119	-	8,652,119	(8,593,715)	(58,404)	$ -
Total	$8,658,377	$ -	$8,658,377	$(8,599,973)	$(58,404)	$ -

December 31, 2024:

Financial assets	Recognized total financial assets	Recognized total financial liabilities offset on balance sheet	Net financial assets on balance sheet	Amount not offset on balance sheet: Financial instruments	Amount not offset on balance sheet: Collaterals in cash received	Amount not offset on balance sheet: Net amount
Derivatives	$252,176	$ -	$252,176	$(5,334)	$ -	$246,842

Financial liabilities	Recognized total financial liabilities	Recognized total financial assets offset on balance sheet	Net financial liabilities on balance sheet	Amount not offset on balance sheet: Financial instruments	Amount not offset on balance sheet: Cash collateral pledged	Amount not offset on balance sheet: Net amount
Derivatives	$5,334	$ -	$5,334	$(5,334)	$(1)	$(1)
R/P bills and bond liabilities	12,562,802	-	12,562,802	(12,470,656)	(92,146)	-
Total	$12,568,136	$ -	$12,568,136	$(12,475,990)	$(92,147)	$(1)

12.5 Capital Management

(1) Overview

The Company adopts the following capital management objectives:

(A) The primary objective of the Company in capital management is to ensure that the core capital of the Company meets the regulatory capital requirement and shall at least equal to the minimum capital adequacy ratio required by law. The Company follows the regulations enforced by the competent authority for calculation of the core capital and regulatory capital.

(B) Capital requirement is estimated based on the risk components and features of the risks the Company bounds to confront for proper risk management and the optimization allocation of assets so that the Company has sufficient capital to tackle the risks.

(2) Capital Management Procedures

The Company maintains an adequate capital adequacy ratio that meets the requirements of the competent authority. The Company lodges the capital adequacy ratio with the competent authority on a quarterly basis.

The Company possesses Tier I Capital and Tier II capital as equity in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" of FSC:

(A) Tier 1 Capital: Including common stock equity tier 1 capital and other non-common equity tier 1 capital.

- Common stock equity tier 1 capital: It refers to common stock equity (ordinary share capital and share premium, additional paid-in capital, subscribed stock, legal reserve, special reserve, accumulated earnings, non-controlling interests, other component of equity, and etc.) deducting goodwill, intangible assets, deferred tax assets from the previous year, unrealized gain on financial assets at fair value through other comprehensive income (not classified as capital instruments of financial related business and debt instrument of TLAC), the insufficiency of operation reserves and allowance for bad debts, properties revaluation increments, unamortized loss on sale of substandard debts and other adjustments prescribed by other calculation methods and regulations.

- Other non-common equity tier 1 capital: Including non-cumulative perpetual preferred stock and share premium, non-cumulative perpetual subordinated debt, and non-cumulative perpetual preferred stock and share premium issued by the subsidiary of the Company and not directly or indirectly held by the Company.

(B) Tier 2 capital: It includes cumulative perpetual preferred stock and share premium, cumulative perpetual subordinated debt, convertible subordinated bond, long-term subordinated bond, non-perpetual preferred stock and share premium, retained earnings increments measured at fair value or revaluation of properties on the first-time adoption of International Accounting Standards, 45% of gains from increments of investment properties at fair value model and unrealized holding gains of available-for-sale financial assets, 45% of unrealized gain on financial assets at fair value through other comprehensive income (not classified as capital instruments of financial related business and debt instrument of TLAC), operation reserves and allowance for bad debts, cumulative perpetual preferred stock and share premium issued by the subsidiary of the Company and not directly or indirectly held by the Company, and etc.

(3) Capital adequacy:

Unit：NTD thousand；%

Items \ Year (Note2)			December 31, 2025	December 31, 2024
Equity capital	Common stock equity		24,963,883	23,567,205
	Other tier 1 capital		4,846,000	4,846,000
	Tier 2 capital		5,103,194	2,495,346
	Equity capital		34,913,077	30,908,551
Risk-weighted assets	Credit risk	Standardized Approach	216,574,448	216,040,961
		Internal Rating-Based Approach	-	-
		Asset Securitization	-	-
	Operational Risk	Basic Indicator Approach	-	7,315,259
		Standardized Approach	8,139,671	-
	Market Risk	Simplified Standardized Approach	4,887,521	-
		Standardized Approach	-	9,394,311
		Internal Model Approach	-	-
	Total risk-weighted assets		229,601,640	232,750,531
Capital Adequacy Ratio			15.21	13.28
Common stock equity / Risk assets			10.87	10.13
Tier 1 capital / Risk assets			12.98	12.21
Leverage Ratio			8.07	7.67

Note 1: The amount of the Company's own capital, weighted risk assets and total risk insurance shall be calculated in accordance with the "Bank Capital Adequacy and Capital Level Management Measures" and "Description and Table of Calculation Methods for Bank-owned Capital and Risky Assets".

Note 2: The annual statement should be filled with the capital adequacy ratio for the current period and the previous period. Except for the current period and the previous period, the semi-annual financial statements should increase the capital adequacy ratio at the end of the previous year.

Note 3: The following calculation formula should be listed in this period:

（1） Equity capital＝Common stock equity＋Other tier 1 capital＋Tier 2 capital

（2） Risk-weighted assets＝Credit risk-weighted assets＋（Operational Risk＋Market Risk） Capital accrual×12.5 。

（3） Capital adequacy ratio＝Equity capital / Risk-weighted assets

（4） Ratio of common stock equity to risk assets＝Common stock equity / Risk-weighted assets

（5） Ratio of Tier 1 capital to risk assets＝ (Common stock equity＋Other tier 1 capital) / Risk-weighted assets

（6） Leverage Ratio = Tier 1 capital / Total exposure.

12.6 Profitability

Unit: %

Item		Year ended December 31	
		2025	2024
Return on assets	Before income tax	0.44	0.40
	After income tax	0.36	0.29
Return on equity	Before income tax	6.06	6.03
	After income tax	4.94	4.41
Net income ratio		25.45	21.93

Explanation: 1. Return on assets＝Income before (after) income tax / average total assets.

2. Return on equity＝Income before (after) income tax / average net worth

3. Net income ratio＝net income (loss) after income tax / net operating revenue

4. Net income before (after) income tax refers to the amount of income for the period from January to the current quarter.

13.SUPPLEMENTARY DISCLOSURES

13.1 Information on significant transactions

(1) Cumulative purchase or sale of shares in the same investee company in excess of $300 million or 10% of paid-in capital: None.

(2) Acquisition of individual real estate properties at costs of at least NT$300 million or 10% of the paid-in capital: Appendix 1.

(3) Disposal of real estate in excess of $300 million or 10% of paid-in capital: None.

(4) Allowance for service fees to related parties in excess of $5 million: None.

(5) Receivables from related parties in excess of $300 million or 10% of the paid-in capital: Appendix 2.

(6) Information on sale of non-performing loans: None.

(7) Type of and other relevant information on securitization instruments approved for issuance in accordance with the securitization rules governing financial assets and real estate: None.

(8) Other significant transactions sufficient to influence the decisions of financial statement users: None.

13.2 Information on investees: Appendix 3.

13.3 Information on Investments in Mainland China: None.

13.4 Information of major shareholders (List of all shareholders with ownership of 5 percent or greater showing the name and the number of shares and percentage of ownership held by each shareholder): Appendix 4.

Appendix 1

BANK OF KAOHSIUNG CO., LTD.
Acquisition of individual Real Estate Properties at Costs of At Least NT$300 million or 10% of the Paid-in Capital
For the Year Ended December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Company name	Real estate	Transaction date	Transaction amount	Payment terms	Counterparty	Relationship with the seller	Prior transaction of related counterparty				Price reference	Purpose of acquisition	Other terms
							Owner	Relationship	Transfer Date	Amount			
BANK OF KAOHSIUNG CO., LTD.	No. 609 and 611 Ruiguang Road, Neihu District, Taipei City and 4 parking spaces	December 25, 2024 (Note)	326,880	Fully paid	Wang○○ and 3 other people	-	-	-	-	-	Appraisal report by CUSHMAN & WAKEFIELD: 342,953； Appraisal report by CCIS Real Estate Joint Appraisers Firm: 340,720	Business operation	None

(Note) In December, 2024, the Board of Directors has resolved to purchase the above real estate properties. The Company signed a real estate sale and purchase contract with the seller in January 2025.

Appendix 2

BANK OF KAOHSIUNG CO., LTD.

Statement of Receivables from Related Parties in Excess of $300 Million or 10% of Paid-in Capital

December 31, 2025

Company in Which Accounts Receivable Are Recognized	Counterparty	Relationship	Balance of Receivables from Related Parties	Turnover rate	Overdue Receivables from Related Parties		Amount of Receivables From Related Parties Subsequently Collected	Allowance for Doubtful accounts
					Amount	Handling Method		
BANK OF KAOHSIUNG CO., LTD.	Kaohsiung City Government	Major shareholder of the Company	10,223,904	Not applicable to the financial institutions	None	Not applicable	As of February 24, 2026, 0 thousand was collected.	-

Appendix 3

BANK OF KAOHSIUNG CO., LTD.

Information on the investees

December 31, 2025

Unit: In Thousands of New Taiwan Dollars

Invested company name	Area	Main business	Percentage of ownership	Carrying value	Investment income and loss (Note 3)	Shareholdings of the Company and related enterprises (Note 1)				Note
						Current number of shares (Thousands)	Pro Forma Shares (Note 2)	Total		
								Number of shares (Thousands)	Percentage of Ownership	
Financial related business										
Taiwan Futures Exchange	Taipei City	Futures trading	0.30%	199,500	4,665	2,165	—	2,165	0.30%	Financial asset at FVTOCI
Financial Information Service co., Ltd	Taipei City	Information service	1.20%	633,318	22,059	8,987	—	8,987	1.20%	Financial asset at FVTOCI
Taiwan Depository & Clearing Corporation	Taipei City	Custody settlement	0.08%	75,476	1,937	840	—	840	0.08%	Financial asset at FVTOCI
Waterland Securities Co., Ltd.	Taipei City	Securities business	4.29%	1,074,261	49,556	49,369	—	49,369	4.29%	Financial asset at FVTOCI
Sunshine Assets Management Co., Ltd.	Taipei City	Asset management	0.01%	6	1	0.347	—	0.347	0.01%	Financial asset at FVTOCI
Ipass Corporation	Kaohsiung City	Electronic ticketing industry	3.28%	51,404	–	27,112	—	27,112	20.14%	Financial asset at FVTOCI
Taiwan Mobile Pay. Co., Ltd.	Taipei City	Information service	0.50%	3,618	–	300	—	300	0.50%	Financial asset at FVTOCI

Invested company name	Area	Main business	Percentage of ownership	Carrying value	Investment income and loss (Note 3)	Shareholdings of the Company and related enterprises (Note 1)				Note
						Current number of shares (Thousands)	Pro Forma Shares (Note 2)	Total		
								Number of shares (Thousands)	Percentage of Ownership	
Taiwan Asset Management Corporation	Taipei City	Asset management	0.57%	120,540	3,900	6,000	—	6,000	0.57%	Financial asset at FVTOCI
Taiwan Financial Asset Service Corporation	Taipei City	Financial asset service	2.94%	64,050	1,050	5,000	—	5,000	2.94%	Financial asset at FVTOCI
Taipei Foreign Exchange Market Development Foundation	Taipei City	Forex broker	3.53%	64,806	6,230	700	—	700	3.53%	Financial asset at FVTOCI
Taiwan Finance Corporation	Taipei City	Ticket financing business	10.00%	849,608	9,807	51,617	—	51,617	10.00%	Financial asset at FVTOCI
Non-financial related business										
Kaohsiung Rapid Transit Corporation	Kaohsiung City	MRT system	0.23%	5,344	-	643	—	643	0.23%	Financial asset at FVTOCI

Note 1: All existing or proposed shares held by the Company, the directors, the supervisors, the general manager, the deputy general manager and the related companies that are in compliance with the definition of the Company Law shall be included in the shares.

Note 2: (1) The proposed shareholding refers to the purchase of equity-type securities or the derivative goods contract (which has not yet been converted into equity holders), and is linked to the investment business according to the agreed trading conditions and the bank's intention to invest. The equity is also transferred to the investment purpose of Article 74 of this Law, and the shares acquired as a result of the conversion under the assumption of conversion.

(2) The former disclosure of "equity securities with equity" refers to securities of the first paragraph of Article 11 of the Securities and Exchange Act, such as convertible corporate bonds and warrants

(3) The "derivative commodity contract" mentioned above refers to those who meet the definition of derivative instruments in International Financial Reporting Standard No. 9, such as stock options.

Note 3: Investment gains and losses recognized in the current period refer to cash dividend income.

Appendix 4

BANK OF KAOHSIUNG CO., LTD.

Information of Major Shareholder

December 31, 2025

Unit：Shares

Name of Major Shareholders	Numbers of Shares	Percentage of ownership (%)
Kaohsiung City Government	758,578,030	40.35%
Jinn Her Enterprise Co., Ltd.	278,179,934	14.80%

Note: The information of main shareholder in this table is the data reported to the Competent Authority according to Securities and Exchange Act Article 43-1 “Any person who acquires, either individually or jointly with another person(s), more than 5 percent of the total issued shares of a public company shall report such acquisition to the Competent Authority and make a public announcement.” and the Banking Act of The Republic of China Article 25 “he same person or same related party who singly, jointly or collectively holds more than five percent (5%) of a bank's outstanding voting shares shall report such fact to the competent authority within ten (10) days from the day of holding.”

14.SEGMENT INFORMATION

14.1 General Information:

The reportable segments of the Company are strategic business units that provide different products and services and can generate revenues and incurring expenses. Since each strategic enterprise unit requires different technology and marketing strategies, the decision-makers of the Company separately manage and monitor the operating results of the respective enterprise units to make decisions on resource allocation and performance reviews. The reportable segments are as follows:

(1) DBU, which primarily engages in deposit taking and underwriting of loans in the domestic market.

(2) OBU& Finance Administration Department, which primarily engages in the investment and trading of securities and offshore deposits and loans.

(3) Other segments, which primarily engages in public treasury, trust and insurance agency businesses.

14.2 Measurement of Segment Information:

The Company decision makers separately monitor the operating results of the respective operating segments to make decisions on resource allocation and performance reviews. Segment performance is evaluated on the operating income or loss derived by the segment concerned. Such operating income or loss is measured by methods consistent with those adopted for the income and expense items in the financial statements.

14.3 Financial Information by Segment

Year ended December 31, 2025：

	DBU	OBU& Finance Administration Dept.	Other Segments	Adjustment & Elimination	Total
Interest and service fee income from external customers	$6,277,474	$2,829,633	$574,372	$ -	$9,681,479
Interest and service fee income from internal segments	3,011,027	-	-	(3,011,027)	-
Interest and service fee paid to external customers	(4,487,185)	(587,970)	(158,630)	-	(5,233,785)
Interest and service fee paid to internal segments	-	(2,550,160)	(460,867)	3,011,027	-
Net financial instrument profit or loss	(107,404)	428,498	-	-	321,094
Other net revenue	156,958	93,802	1,776	-	252,536
Net revenue	4,850,870	213,803	(43,349)	-	5,021,324
Bad debt expense	(463,674)	76,525	-	-	(387,149)
Operating expenses	(2,780,226)	(123,256)	(163,846)	-	(3,067,328)
Segment profit or loss	$1,606,970	$167,072	$(207,195)	$ -	$1,566,847
Capital expenditure on noncurrent assets	$614,882	$ -	$ -	$ -	$614,882
Segment assets	$212,591,723	$123,502,962	$19,623,955	$117,558	$355,836,198
Segment liabilities	$187,813,252	$121,442,478	$19,837,319	$32,181	$329,125,230

(1)Internal segment revenues and expenses were eliminated.
(2)Segment profit (loss) excluded income tax expense amounting to $288,972 thousand.
(3)Segment assets excluded deferred tax assets amounting to $117,558 thousand.
(4)Segment liabilities excluded deferred tax liabilities amounting to $32,181thousand.

Year ended December 31, 2024：

	DBU	OBU& Finance Administration Dept.	Other Segments	Adjustment & Elimination	Total
Interest and service fee income from external customers	$5,646,830	$3,115,629	$520,094	$ -	$9,282,553
Interest and service fee income from internal segments	3,366,018	-	-	(3,366,018)	-
Interest and service fee paid to external customers	(4,408,071)	(891,685)	(152,501)	-	(5,452,257)
Interest and service fee paid to internal segments	-	(2,934,023)	(431,995)	3,366,018	-
Net financial instrument profit or loss	322,695	309,710	-	-	632,405
Other net revenue	(266,858)	163,382	25,371	-	(78,105)
Net revenue	4,660,614	(236,987)	(39,031)	-	4,384,596
Bad debt expense	(112,368)	46,655	-	-	(65,713)
Operating expenses	(2,738,969)	(120,912)	(144,495)	-	(3,004,376)
Segment profit or loss	$1,809,277	$(311,244)	$(183,526)	$ -	$1,314,507
Capital expenditure on noncurrent assets	$434,063	$ -	$ -	$ -	$434,063
Segment assets	$199,584,954	$125,259,153	$25,695,385	$110,946	$350,650,438
Segment liabilities	$175,223,061	$124,464,438	$25,887,352	$49,369	$325,624,220

(1)Internal segment revenues and expenses were eliminated.
(2)Segment profit (loss) excluded income tax expense amounting to $353,122 thousand.
(3)Segment assets excluded deferred tax assets amounting to $110,946 thousand.
(4)Segment liabilities excluded deferred tax liabilities amounting to $49,369thousand.

14.4 Information by product:

The business segment is the main operating segment. No need for additional business information.

14.5 Information by geographic location:

(1) Revenue from external customers (classified based on the country where the customer is located)

	Year Ended December 31	
Country	2025	2024
Taiwan	$7,659,691	$6,875,016
America	109,553	134,760
Australia	168,802	117,632
United Arab Emirates	85,945	69,886
Cayman	37,629	255,980
Virgin Islands	12,222	8,091
Others	1,607,636	1,821,188
Total	$9,681,478	$9,282,553

(2) Noncurrent assets

	Year Ended December 31	
Country	2025	2024
Taiwan	$4,560,093	$3,984,391

14.6 Information on major client:

Since the Company's interest income from a single customer does not reach 10% of the total interest income, there is no important customer information to disclose.

List of Accounting Item

BANK OF KAOHSIUNG CO., LTD.

CASH AND CASH EQUIVALENTS DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars and Foreign Currency)

Item	Summary	Amount	Remark
Cash on hand	Cash on hand	$1,259,254	
Foreign currency on hand	Foreign currency on hand (Note 1)	$103,445	
	Subtotal	1,362,699	
Checks for clearing	Spot bills presented on the exchange date	247,590	
Due from banks	Due from foreign banks and domestic foreign currency deposits (Note 2)	1,667,518	
	Bank of Taiwan	21,849	
	Other	3,342	
	Subtotal	1,692,709	
Total		$3,302,998	

(Note 1) The main currency amount and exchange rate are listed as follows:

USD	1,373	thousand；31.40	CAD	54	thousand；22.90
HKD	1,596	thousand；4.035	AUD	84	thousand；21.00
JPY	120,310	thousand；0.2006	SGD	15	thousand；24.44
EUR	420	thousand；36.85	NZD	46	thousand；18.12
CNY	1,891	thousand；4.496	KRW	71,800	thousand；0.0219

(Note 2) The main currency amount and exchange rate are listed as follows:

USD	19,593	thousand；31.40	SGD	739	thousand；24.44
GBP	1,574	thousand；42.26	CHF	360	thousand；39.60
EUR	1,909	thousand；36.85	ZAR	8,829	thousand；1.89
HKD	4,806	thousand；4.035	SEK	283	thousand；3.41
AUD	4,275	thousand；21.00	CNY	70,856	thousand；4.496
CAD	1,207	thousand；22.90	JPY	3,049,577	thousand；0.2006
NZD	1,277	thousand；18.12			

BANK OF KAOHSIUNG CO., LTD.
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS DETAILS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars；In Foreign Currency)

Financial instrument	Summary	Units/Shares (In Thousands)	Per value (dollar)	Total	Interest rate	Acquisition cost	Fair value Price (dollar)	Fair value Total	Remark
1 Financial assets mandatorily measured at fair value through profit or loss									
1.1 Bonds									
Central government bonds	March 2026			100,000	1.125%	99,980		100,004	
Convertible corporate bonds	January 2026 to November 2029			1,857,800	-	1,857,800		1,857,614	
Subtotal						1,957,780		1,957,618	
1.2 Overseas government bonds									
Financial Bonds	December 2025 to April 2035			704,547	0%~5.585%	704,547		805,066	
Corporate Bonds	February 2026 to January 2030			754,211	0%~5.492%	754,211		821,408	
Subtotal						1,458,758		1,626,474	
Subtotal of financial assets at fair value through profit or loss						3,416,538		3,584,092	
2 Derivative Financial Instruments									
Forward Foreign Exchange Contracts						-		651	
Foreign Exchange Swap Contracts	Foreign Currency Exchange					-		159,956	
Subtotal – Derivative Financial Instrument						-		160,607	
Total						$3,416,538		$3,744,699	

BANK OF KAOHSIUNG CO., LTD.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars；In Foreign Currency)

Financial instrument	Summary	Units/Shares (In Thousands)	Per value (dollar)	Total	Interest rate	Acquisition cost (Note 1)	Evaluation Adjustment	Fair value	
								Price (dollar)	Total
1 Domestic listed stocks		14,387	$ 10	$143,870		$1,795,523	($158,961)		$1,636,562
2 Domestic unlisted stocks		130,036	10	1,300,360		1,100,689	2,041,241		3,141,930
3 Bonds									
Central government bonds	March 2026 to November 2055			3,500,000	0.50~3.875%(NOTE2)	3,668,026	(123,846)	93.9984~119.6968	3,544,180
Other government bonds	June 2026 to June 2030			1,500,000	0.31%~1.38%	1,502,009	(21,306)	97.6496~99.9366	1,480,703
Financial bonds	August 2028			300,000	0.49%	300,000	(8,342)	97.2193	291,658
Corporate bonds	April 2026 to December 2030			2,950,000	0.45%~0.8%	2,952,047	(56,517)	94.6268~99.7472	2,895,530
Subtotal						8,422,082	(210,011)		8,212,071
6 Overseas bonds									
Financial bonds	January 2026 to August 2034				0%~8.25%	11,769,170	(191,181)		11,577,989
Corporate bonds	February 2026 to September 2035				1%~6.625%	4,104,583	(45,253)		4,059,330
Government bonds	January 2026 to September 2035				0%-9.75%	5,179,752	(219,885)		4,959,867
Subtotal						21,053,505	(456,319)		20,597,186
Total						$32,371,799	$1,215,950		$33,587,749

(Note 1)：The acquisition cost of the bond is the net amount of the original cost plus or minus the amortization.

(Note 2)：Including issued in 2004.

BANK OF KAOHSIUNG CO., LTD.

INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars；In Foreign Currency)

Financial instrument	Summary	Units/Shares (In Thousands)	Par value (dollar)	Interest rate	Amount (Note 1)
1. Domestic bonds					
Central government bonds	February 2026 to November 2055		11,000,000	0.500%~2.625%	$11,402,868
Other government bonds	January 2026 to April 2030		3,650,000	0.5498%~1.58%	3,654,525
Financial bonds	March 2028		100,000	1.40%	100,000
Corporate bonds	April 2026 to August 2035		6,010,000	0.590%~2.0495%	6,008,994
Subtotal					21,166,387
2. Overseas government bonds					
Financial bonds	April 2026 to April 2033			0%~4.75%	1,917,118
Corporate bonds	June 2026 to November 2034			1.125%~6.208%	4,428,003
Government bonds	October 2027 to February 2043			0%~5.625%	3,521,407
Subtotal					9,866,528
3. NCD issued by the Central Bank	January 2026 to August 2027				22,750,000
4. Short-term Securities	January 2026				2,776,974
Total 1+2+3+4					56,559,889
Less: Accumulated impairment					(6,684)
Total					$56,553,205

(Note 1)：The acquisition cost of the bond is the net amount of the original cost plus or minus the amortization.

BANK OF KAOHSIUNG CO., LTD.

SECURITIES PURCHASED UNDER RESALE AGREEMENTS DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Par Value	Amount	Remark
Short-term notes	$11,028,600	$11,012,458	

BANK OF KAOHSIUNG CO., LTD.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Financial instrument	Summary	Units/Shares (In Thousands)	Per value (dollar)	Total	Interest rate	Fair value Price (dollar)	Fair value Total	Remark
Foreign exchange swaps	Foreign currency exchange	-	-				$6,258	

BANK OF KAOHSIUNG CO., LTD.

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Par Value	Amount	Remark
Government bonds	$218,700	$222,680	
Foreign corporate bonds	1,609,070	1,467,653	
Foreign financial bonds	4,867,944	4,540,909	
Foreign government bonds	2,780,650	2,420,877	
Total	$9,476,364	$8,652,119	

BANK OF KAOHSIUNG CO., LTD.

DEPOSITS AND REMITTANCES DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Remark
Checking account deposits	General	$1,918,555	
Checking account deposits	Bank check	586,646	
Subtotal		2,505,201	
Public treasury deposits	Demand deposits in public treasury	17,487,166	
Public treasury deposits	Time deposits in public treasury	5,489,106	
Subtotal		22,976,272	
Demand deposits	General	44,432,018	
Demand deposits	Demand deposits in foreign currency	10,249,800	
Subtotal		54,681,818	
Time deposits	General	51,116,029	
Time deposits	Time deposits in foreign currency	26,470,363	
Subtotal		77,586,392	
Negotiable certificate of deposits	Negotiable certificate of deposits	356,000	
Savings deposits	Demand savings deposits	78,109,452	
Savings deposits	Time savings deposits	59,681,960	
Subtotal		138,147,412	
Remittances	Outward remittances	3	
Remittances	Remittance payable	241	
Subtotal		244	
Total		$295,897,339	

BANK OF KAOHSIUNG CO., LTD.
BONDS PAYABLES DETAILS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Items	Trustee	Offering Period	Maturity Date	Interest Payment Term	Interest Rate	Amount: Face Value	Amount: Amount repaid	Amount: Total	Amount: Unamortized Premium (Discount)	Amount: Amount	The Method of Redemption and Interest Payment	Collateral Contents	Remark
Subordinate financial bonds Second issue, 2018		September 12, 2018	N/A	September 12	2.60%	$800,000	-	$800,000	-	$800,000	Interest is accrued at a simple rate and paid annually from the issue date. The Bank may redeem the bond after 5 years from the issue date with the approval of the competent authority.	N/A	
Subordinate financial bonds First issue, 2019		December 20, 2019	N/A	December 20	2.00%	1,200,000	-	1,200,000	-	1,200,000	Interest is accrued at a simple rate and paid annually from the issue date. The Bank may redeem the bond after 5 years from the issue date with the approval of the competent authority.	N/A	
Subordinate financial bonds First issue, 2022		March 30, 2022	N/A	July 1	2.05%	1,057,000	-	1,057,000	-	1,057,000	Interest is accrued at a simple rate and paid on July 1 annually from the issue date. The Bank may redeem the bond after 5 years from the issue date with the approval of the competent authority.	N/A	
Subordinate financial bonds Second issue, 2022		June 29, 2022	N/A	July 1	3.00%	405,000	-	405,000	-	405,000	Interest is accrued at a simple rate and paid on July 1 annually from the issue date. The Bank may redeem the bond after 5 years from the issue date with the approval of the competent authority.	N/A	

Items	Trustee	Offering Period	Maturity Date	Interest Payment Term	Interest Rate	Amount: Face Value	Amount: Amount repaid	Amount: Total	Amount: Unamortized Premium (Discount)	Amount: Amount	The Method of Redemption and Interest Payment	Collateral Contents	Remark
Subordinate financial bonds Third issue, 2022		September 28, 2022	N/A	September 28	3.50%	205,000	-	205,000	-	205,000	Interest is accrued at a simple rate and paid annually from the issue date. The Bank may redeem the bond after 5 years from the issue date with the approval of the competent authority.	N/A	
Subordinate financial bonds Forth issue, 2022		December 21, 2022	N/A	December 21	3.75%	210,000	-	210,000	-	210,000	Interest is accrued at a simple rate and paid annually from the issue date. The Bank may redeem the bond after 5 years from the issue date with the approval of the competent authority.	N/A	
Subordinate financial bonds First issue, 2025		June 27, 2025	June 27, 2035	June 27	2.38%	1,200,000	-	1,200,000	-	1,200,000	From the issue date, interest shall be calculated annually on a simple interest basis at the stated coupon rate and paid once a year, with the principal repaid in full at face value upon maturity.	N/A	
Subordinate financial bonds Second issue, 2025		July 30,2025	July 30,2035	July 30	2.38%	1,250,000	-	1,250,000	-	1,250,000	From the issue date, interest shall be calculated annually on a simple interest basis at the stated coupon rate and paid once a year, with the principal repaid in full at face value upon maturity.	N/A	
Total						$6,327,000	$ -	$6,327,000	$ -	$6,327,000			

BANK OF KAOHSIUNG CO., LTD.

BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES DETAILS

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Remark
Provision for (reversal of) allowance for losses of loans	$270,353	
Provision for (reversal of) allowance for losses of receivables	3,823	
Provision for (reversal of) allowance for losses of overdue accounts that are not transferred from loans	1,183	
Subtotal	$275,359	
Provision for (reversal of) losses on guaranteed liabilities	60,640	
Provision for (reversal of) losses on financing commitments	41,150	
Provision for (reversal of) losses on other liabilities	10,000	
Total	$387,149	

BANK OF KAOHSIUNG CO., LTD.
EMPLOYEE BENEFITS DETAILS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Employee benefits expenses	Remark
Wages and salaries	$1,591,056	
Labor and health insurance expense	132,054	
Pensions costs	122,089	
Directors' Compensation	34,518	
Other employee benefits	32,202	
Total	$1,911,919	

1. The number of employees of the Company for the current year and the previous year were 1,166 and 1,172, respectively. The number of directors who have not served as employees in the current year and the previous year were both 9.
2. The average employee benefits expenses for current year was $1,623 thousand, and the average employee benefit expense for last year was $1,573 thousand.
3. The average wages and salaries for current year was $1,375 thousand, and the average wages and salaries for last year was $1,314 thousand.
4. Adjustment of the average wages and salaries: 4.6%.
5. Remuneration Policy

   A. Directors

      Remuneration is determined in accordance with the Company's governance practices and relevant regulations, and is subject to resolutions of the shareholders' meeting, the Remuneration Committee, and the Board of Directors.

   B. Managers and employees

      Compensation (including salaries, bonuses, and employee compensation) is determined based on the resolutions of the Remuneration Committee and the Board of Directors.

BANK OF KAOHSIUNG CO., LTD.

DEPRECIATION AND AMORTIZATION DETAILS

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Remark
Property, plant and equipment		
Depreciation expense - buildings	$23,648	
Depreciation expense - machinery equipment	34,039	
Depreciation expense - transportation equipment	491	
Depreciation expense - miscellaneous equipment	5,727	
Depreciation expense - leasehold improvement	3,731	
Subtotal	67,636	
Right-of-use asset		
Depreciation expense - buildings	76,056	
Depreciation expense - transportation equipment	8,247	
Subtotal	84,303	
Total depreciation	151,939	
Amortization expense - intangible assets	29,270	
Amortization expense - other assets	9,485	
Total amortization	38,755	
Total	$190,694	

BANK OF KAOHSIUNG CO., LTD.

Securities Department Disclosure

For the Years Ended December 31, 2025 and 2024

BANK OF KAOHSIUNG CO., LTD.

Financial Statements of Securities Department

For the Years Ended December 31, 2025 and 2024

Contents

BANK OF KAOHSIUNG CO., LTD. SECURITIES DEPARTMENT
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

ASSETS			December 31, 2025		December 31, 2024	
A/C No.	Item	Note	Amount	%	Amount	%
	Current assets					
112000	Financial assets at fair value through profit or loss	6.1	$ 100,004	2	$ 99,647	2
113200	Financial assets at fair value through other comprehensive income	6.2	4,360,778	97	4,290,517	97
114130	Receivables	6.3	29,238	1	29,279	1
110000	Total current assets		4,490,020	100	4,419,443	100
	Non-current assets					
129000	Other non-current assets		8,600	-	8,600	-
120000	Total non-current assets		8,600	-	8,600	-
906001	Total		$ 4,498,620	100	$ 4,428,043	100

LIABILITIES AND EQUTIY			December 31, 2025		December 31, 2024	
A/C No.	Item	Note	Amount	%	Amount	%
	Current liabilities					
214020	Securities sold under repurchase agreements	6.5	$ 222,680	5	$ 246,093	6
214130	Payables		1,270	-	752	-
210000	Total current liabilities		223,950	5	246,845	6
	Non-current liabilities					
224200	Other non-current liabilities	7	3,607,757	80	3,598,565	81
220000	Total non-current liabilities		3,607,757	80	3,598,565	81
906003	Total liabilities		3,831,707	85	3,845,410	87
	Equity					
301110	Operating capital	6.6	800,000	18	800,000	18
304040	Unappropriated earnings (Accumulated deficits)		(8,862)	-	(9,046)	-
305000	Other Equity					
305142	Unrealized gain (loss) of financial assets measured at fair value through other comprehensive income		(124,225)	(3)	(208,321)	(5)
906004	Total equity		666,913	15	582,633	13
	Total		$ 4,498,620	100	$ 4,428,043	100

(The accompanying notes are an integral part of the financial statements.)

BANK OF KAOHSIUNG CO., LTD. SECURITIES DEPARTMENT

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

(In thousands of New Taiwan Dollars)

			2025		2024	
A/C No.	Accounts	Note	Amount	%	Amount	%
421200	Interest income	6.7	$ 38,598	99	$ 38,947	112
421500	Net gain (loss) on operating securities measured at fair value through profit or loss	6.8	453	1	(4,035)	(12)
400000	Total income		39,051	100	34,912	100
502000	Self-operated brokerage expenses		(76)	-	(71)	-
521200	Interest expenses	6.9	(44,229)	(113)	(40,581)	(116)
531000	Employee benefits		(3,204)	(8)	(3,127)	(9)
533000	Other expenses		(404)	(1)	(179)	(1)
500000	Total expenses		(47,913)	(122)	(43,958)	(126)
902001	Income (loss) before income tax		(8,862)	(23)	(9,046)	(26)
701000	Income tax expense		-	-	-	-
902005	Net income (loss)		(8,862)	(23)	(9,046)	(26)
	Other comprehensive income					
805600	Items that may be reclassified subsequently to profit or loss					
805615	Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income		84,096	215	(67,202)	(192)
805000	Other comprehensive income (loss), net of income tax		84,096	215	(67,202)	(192)
902006	Total comprehensive income (loss)		$75,234	192	($76,248)	(218)

(The accompanying notes are an integral part of the financial statements.)

BANK OF KAOHSIUNG CO., LTD. SECURITIES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. HISTORY AND ORGANIZATION

The securities department of the Company was approved by the competent authority of the Republic of China in April 1992, and its business includes:

1.1 Securities dealer-limited to government bonds

1.2 Securities underwriter

1.3 Other business approved by the Financial Supervisory Commission

As of December 31, 2025, the securities department of the Company's designated working capital is $800,000 thousand.

2. APPROVAL OF FINANCIAL STATEMENTS

Please refer to the financial statements of the Company regarding the approval date and procedure of the financial report of the Company's securities department.

3.APPLICABILITY OF THE NEW ANNOUNCEMENT, STANDARDS, AND INTERPRETATION

Please refer to the financial statements of the Company for the application of the new release and revision criteria and explanations of the Company's securities department.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied by the Company's securities department are not different from those applied by the Company except for the following explanations.

Please refer to the financial report of the Company.

4.1 Statement of Compliance

The financial statements of the Company's securities department are based on the "Regulations Governing the Preparation of Financial Reports by Securities Firms".

4.2 Basis of Preparation

4.2.1. The financial statements of the Company's securities department is prearered in accordance with historical cost, except for financial assets or financial liabilities measured at fair value.

4.2.2. The analysis of expenses by the securities department of the company is classified according to the nature of the fees.

4.2.3. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

4.3 Classification criteria for distinguishing current and non-current assets and liabilities

4.3.1. Assets that meet one of the following criteria are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

(1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) Assets held mainly for trading purposes;

(3) Assets that are expected to be realized within twelve months from the balance sheet date; or

(4) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

4.3.2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

(4) Liabilities for which there is no substantive right at the balance sheet date to defer settlement for at least twelve months after the balance sheet date. The classification of a liability is not affected if its terms allow the counterparty to settle it by issuing equity instruments at their discretion.

4.4 Operating capital

The banking industry is also engaged in the self-operated and underwriting business of securities dealers and refers to the operating capital of the securities department.

5. CRITICAL ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATION AND ASSUMPTION UNCERTAINTY

The critical accounting judgments and major sources of estimation and assumption of the Company’s securities department are the same as those of the financial statements of the Company. Please refer to the financial statements of the Company.

6. DESCRIPTION OF SIGNIFICANT ACCOUNTS

6.1 Financial assets at fair value through profit or loss

Item	December 31, 2025	December 31, 2024
Government bonds	$100,004	$99,647

Please refer to Note 8 for details of financial assets at FVTPL provided as collateral for the various businesses as of December 31, 2025 and 2024.

6.2 Financial assets at fair value through other comprehensive income - current

Item	December 31, 2025	December 31, 2024
Investments in debt instruments:		
Government bonds	$4,485,003	$4,498,838
Valuation adjustment	(124,225)	(208,321)
Total	$4,360,778	$4,290,517

1. Please refer to Note 8 for details of partial financial assets at FVTOCI provided as collateral for the various businesses as of December 31, 2025 and 2024.
2. The Company's securities department considers the historical default loss rates of each credit rating supplied by external rating agencies to estimate the 12-month or lifetime expected credit losses. The securities department's current credit risk grading framework and gross carrying amount of each credit rating instrument investments are as follows:

Credit rating	Definition	Expected credit losses recognition basis	Expected credit loss rate	Carrying amount as of December 31, 2025
stage1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12 months expected credit losses	0.00%	$4,485,003

Credit rating	Definition	Expected credit losses recognition basis	Expected credit loss rate	Carrying amount as of December 31, 2024
stage1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12 months expected credit losses	0.00%	$4,498,838

3. As of December 31, 2025 and 2024, the amounts of impairment loss of the debt instrument investments measured by fair value through other comprehensive income were both $0 thousand.

6.3 Receivables

Item	December 31, 2025	December 31, 2024
Interest receivable	$29,238	$29,279
Less: Allowance for impairment losses	-	-
Net	$29,238	$29,279

The above receivables are not overdue in both years.

6.4 Properties and equipment, net

Name of Asset	December 31, 2025 Cost	Accumulated depreciation	Carrying amount
Machinery and computer equipment	$67	$67	$ -

Name of Asset	December 31, 2024 Cost	Accumulated depreciation	Carrying Amount
Machinery and computer equipment	$67	$67	$ -

6.5 Securities sold under repurchase agreements

Item	December 31, 2025	December 31, 2024
Government Bonds	$222,680	$246,093

Securities sold under repurchase agreements were purchased at agreed prices of $223,671 thousand and $246,775 thousand as of December 31, 2025 and 2024, respectively.

6.6 Operating capital

The Company's securities department had operating capital of both $800,000 thousand as of December 31, 2025 and 2024.

6.7 Interest income

Item	Year Ended December 31 2025	2024
Interest income from investments in debt instruments at FVTOCI	$37,407	$37,649
Interest income from financial assets at FVTPL	1,125	1,234
Other interest income	66	64
Total	$38,598	$38,947

6.8 Gain (loss) on financial assets at fair value through profit or loss

Item	Year Ended December 31 2025	2024
Gain on disposal of bonds	$96	$ (3,955)
Valuation gain (loss) on financial assets	357	(80)
	$453	$ (4,035)

6.9 Financial costs

Item	Year Ended December 31 2025	Year Ended December 31 2024
Interest expenses of the RP bonds	$2,467	$904
Internal transactions - interest expenses	41,762	39,677
Total	$44,229	$40,581

7. RELATED PARTY TRANSACTIONS

7.1 Name and Relationship of Related Parties with the Company

Name of Related Party	Relationship with the Company
Bank of Kaohsiung Co., Ltd.	Head office of the department

7.2 Significant transactions with related parties

1. Internal transactions credits

Name of Related Party	Item	December 31, 2025	December 31, 2024
Bank of Kaohsiung Co., Ltd.	Internal transactions (recognized as other liabilities)	$3,607,757	$3,598,565

2. Internal transactions gains (losses)

Name of Related Party	Item	Year Ended December 31 2025	Year Ended December 31 2024
Bank of Kaohsiung	Interest expenses	$41,762	$39,677
Co., Ltd.	Range of interest rates	1.17%	1.12%

8.PLEDGED ASSETS

Item	December 31, 2025	December 31, 2024
Government bond (par value)	$868,700	$893,900

The above pledged assets were placed with the court as:

1. Deposited in the Depository Section of the Central Bank Business Bureau as a ticket business guarantee.
2. Deposited with Citi (Taiwan) Bank as a guarantee for foreign currency interbank placement.
3. Deposited with China Trust Commercial Bank as a guarantee for the repurchase transaction.

9. SIGNIFICANT CONTINGENT LIABILITIES AND COMMITMENTS

As of December 31, 2025 and 2024, the Company's securities department had the following commitments:

Item	December 31, 2025	December 31, 2024
Securities sold under repurchase agreements	$223,671	$246,775

10. SIGNIFICANT DISASTER LOSS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENT: NONE.

12. OTHERS

12.1 Financial instruments

12.1.1 Fair value information - the carrying amounts of the Company's financial instruments not measured at fair value approximate to their fair values.

12.1.2 Fair value information - financial instruments that are measured at fair value on a recurring basis.

(1) The fair value hierarchies of the Company's financial instruments were as follows:

	December 31, 2025			
Item	Amount	Level 1	Level 2	Level 3
Financial assets at fair value				
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL- current	$100,004	$100,004	$ -	$ -
Financial assets at FVTOCI- current	$4,360,778	$4,360,778	$ -	$ -

	December 31, 2024			
Item	Amount	Level 1	Level 2	Level 3
Financial assets at fair value				
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL- current	$99,647	$99,647	$ -	$ -
Financial assets at FVTOCI- current	$ 4,290,517	$4,290,517	$ -	$ -

(2) Definition of the three levels of fair value：please refer to the Notes of the Company's financial statements.

(3) Evaluation techniques and input values used to measure fair values：please refer to the notes of the Company's financial statements.

(4) Transfer between Level 1 and Level 2 of the fair value hierarchy: From January to December 2025 and 2024, the Company's securities department did not have any transfer between Level 1 assets and liabilities and Level 2 assets and liabilities.

(5) Changes in Level 3 instruments: None.

(6) Valuation procedures for fair value measurements being categorized within Level 3: None.

(7) Qualitative information of significant unobservable inputs used in Level 3 fair value measurement: None.

(8) The sensitivity analysis of the fair value on assumption that could possibly and reasonable be substituted for measurement of Level 3 fair value: Not applicable.

12.2 Management objectives and policies of financial risk

12.2.1. In order to achieve risk management objectives, the Company uniformly measures different risk factors and formulates corresponding risk control strategies. For financial risk information such as market risk, credit risk, and cash flow risk of interest rate changes, please refer to the financial statements of the Company.

12.2.2. Liquidity risk

The following table presents the cash outflows analysis of the Company's non-derivative financial liabilities based on the remaining maturity date from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are based on contractual cash flows, so the amount disclosed in some projects will not correspond to the relevant items on the balance sheet.

December 31, 2025	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Current liabilities						
Securities sold under repurchase agreements	$ -	$144,749	$77,931	$ -	$ -	$ 222,680
Payables	318	938	14	-	-	1,270
Non-current liabilities						
Other liabilities	3,607,757	-	-	-	-	3,607,757

December 31, 2024	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Current liabilities						
Securities sold under repurchase agreements	$45,203	$153,690	$47,200	$ -	$ -	$246,093
Payables	163	568	21	-	-	752
Non-current liabilities						
Other liabilities	3,598,565	-	-	-	-	3,598,565

12.2.3. Transferred financial assets that are derecognized in their entirety with continuing involvement

Please refer to the explanations of the Company's financial statements. The following table analyzes the financial assets of the Company's securities department that do not meet the overall derecognition conditions and related financial liabilities:

December 31, 2025

Financial asset type	Carrying Amount of The Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTOCI		
Securities sold under repurchase agreements	$230,563	$222,680

December 31, 2024

Financial asset type	Carrying Amount of The Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTOCI		
Securities sold under repurchase agreements	$244,856	$246,093

12.2.4. Offsetting financial assets and financial liabilities

Please refer to the explanations of the company's financial statements. The following table presents the quantitative information related to the financial assets and financial liabilities of the Company's securities department subject to master netting arrangements:

December 31, 2025

Financial liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		
				Financial Instruments	Cash Collateral Pledged	Net Amounts
Securities sold under repurchase agreements	$222,680	$ -	$222,680	$(230,563)	$ -	$(7,883)

December 31, 2024

Financial liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		
				Financial Instruments	Cash Collateral Pledged	Net Amounts
Securities sold under repurchase agreements	$246,093	$ -	$246,093	$(244,856)	$ -	$ 1,237

13.SUPPLENENTARY DISCLOSURES

13.1 Significant transactions information

(1) Loans to others: None.

(2) Endorsements and guarantees provided to others: None.

(3) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

(4) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

(5) Allowance for service fees to related parties in excess of NT$5 million: None.

(6) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

13.2 Information on investees: None.

13.3 Information on investment in mainland China: None.

14.SEGMENT INFORMATION: NOT APPLICABLE.

BANK OF KAOHSIUNG CO., LTD. SECURITIES DEPARTMENT

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS - CURRENT DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Financial instrument	Summary	Units/Shares (In Thousands)	per value (dollar)	Total	Interest rate	Acquisition cost	Evaluation Adjustment	Fair value	
								Price (dollar)	Total
Central Government Bonds	From March 2024 to March 2026			$100,000	1.125%	$99,980	$24	100.00	$100,004

BANK OF KAOHSIUNG CO., LTD. SECURITIES DEPARTMENT

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Items	Summary	Units/Shares (In Thousands)	Value (dollar)	Total	Interest Rate	Acquisition Cost	Evaluation Adjustment	Fair Value Price (dollar)	Fair Value Total
Central Government Bonds	From March 2026 to August 2044			$3,050,000	0.5%~2.25%	$3,185,003	($108,316)	95.8876~112.0331	$3,076,687
Other Government Bonds	From June 2026 to June 2030			1,300,000	0.31%~1.38%	1,300,000	(15,909)	97.6496~99.9366	1,284,091
Total				$4,350,000		$4,485,003	($124,225)		$4,360,778

BANK OF KAOHSIUNG CO., LTD. SECURITIES DEPARTMENT

SECURITIES SOLD WITH REPURCHASE AGREEMENT DETAILS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Par Value	Amount	Remark
Central Government Bonds	$218,700	$222,680	

BANK OF KAOHSIUNG CO., LTD. SECURITIES DEPARTMENT

INTEREST INCOME DETAILS

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Remark
Interest income	Interest income on investments in debt instruments at FVTOCI	$37,407	
	Interest income from financial assets at FVTPL	1,125	
	Others	66	
Total		$38,598	

BANK OF KAOHSIUNG CO., LTD. SECURITIES DEPARTMENT

INTEREST EXPENSE DETAILS

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Items	Amount	Remark
Repurchased bond debt interest	$2,467	
Internal transactions - interest expenses	41,762	
Total	$44,229	

BANK OF KAOHSIUNG CO., LTD. SECURITIES DEPARTMENT
EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND
OTHER OPERATING EXPENSE DETAILS
FOR THE YEAR ENDED DECEMBER 31, 2025 and 2024
(In Thousands of New Taiwan Dollars)

Items	Amount	
	2025	2024
Employee benefits		
Wages and salaries	$3,037	$2,963
Labor and health insurance	-	-
Pensions costs	168	164
Other employee benefits	-	-
Other general and administrative expenses	404	179
Total	$3,609	$3,306

As of December 31, 2025 and 2024, the Company's securities department has 2 employe in both year.