

Stock code: 5876  
Taiwan Stock Exchange

**The Shanghai Commercial & Savings  
Bank, Ltd.**

**Standalone Financial Statements for the  
Year Ended December 31, 2025 and 2024  
and Independent Auditors' Report**

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## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of The Shanghai Commercial & Savings Bank, Ltd.

### ***Opinion***

We have audited the accompanying balance sheets of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") as at December 31, 2025 and 2024, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 Bank as at 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 and Regulations Governing the Preparation of Financial Reports by Securities Firms.

### ***Basis for opinion***

We conducted our audits of the financial statements in accordance with the "Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants", Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgment, 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 these matters.

Key audit matter for the Bank's financial statements of the current period is stated as follows:

## **Allowance for credit losses of discounts and loans**

### Description

The core business of the Bank is granting loans, which is significant to the accompanying financial statements for the current period. The impairment assessment of discounts and loans is conducted in accordance with International Financial Reporting Standards 9 (“IFRS 9”) ‘Financial instruments’ and relevant regulations of allowance for credit losses promulgated by competent authorities. Management evaluates the impairment of discounts and loans using the expected credit loss model, with assumptions made based on past events, current market conditions and forward-looking information, to assess whether there is significant increase of credit risk since initial recognition to measure allowance of credit losses. In addition, credit losses for credit-impaired loans are evaluated based on recoverable amounts. Please refer to Notes 4, 5, 14 and 38 of the financial statements for relevant information on impairment of discounts and loans. The evaluation of allowance for credit losses of discounts and loans involves significant judgments such as accounting estimates and management’s assumptions, and shall comply with relevant regulations and interpretations. The measurement results would impact the amount recognized directly. Thus, we have determined the allowance of credit losses of discounts and loans as the key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. Obtained an understanding and performed sample tests of internal controls as well as operation procedures related to management’s evaluation of credit losses;
2. Sampled and tested the classification of expected credit loss impairment stages.
3. Sampled and tested whether parameter assumptions adopted in the expected credit loss model including probability of default, loss given default and exposure at default are in accordance with existing policies;
4. Sampled and tested credit-impaired cases with material amounts which were assessed individually;
5. Assessed whether the allowance for credit losses of discounts and loans is in compliance with relevant regulations of the competent authorities.

### ***Responsibilities of management and those charged with governance for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms, 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 Bank’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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Bank’s financial reporting process.

### ***Auditors' 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 auditors' 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 Standards on Auditing of 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 Standards on Auditing of Republic of China, we exercise professional judgment and 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 Bank'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 Bank'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 Bank 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the bank audit. We remain solely responsible for our audit opinion.

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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Puo-Ju Kuo  
For and on behalf of PricewaterhouseCoopers, Taiwan  
February 26, 2026

Wei-Tai Wu

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The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than Taiwan. The standards, procedures and practices in Taiwan governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than Taiwan. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in Taiwan, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**  
**Balance Sheets**  
**December 31, 2025 and 2024**  
(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
11000	Cash and cash equivalents (Note 6)	\$ 14,986,097	1	\$ 21,213,339	1
11500	Due from the Central Bank and call loans to banks (Note 7)	109,494,310	7	87,192,232	5
12000	Financial assets measured at fair value through profit or loss (Note 8)	1,787,849	-	2,582,689	-
12100	Financial assets measured at fair value through other comprehensive income (Notes 9 and 11)	246,386,617	15	250,415,803	16
12200	Investments in debt instruments measured at amortized cost (Notes 10 and 11)	153,830,215	10	214,376,343	13
12500	Securities purchased under resell agreements (Note 12)	32,181,654	2	8,408,560	1
13000	Receivables, net (Note 13)	10,909,929	1	10,749,984	1
13500	Discounts and loans, net (Note 14)	897,597,329	56	887,519,906	55
15000	Investments under the equity method, net (Note 15)	102,688,504	6	101,293,536	6
15500	Other financial assets, net (Note 16)	5,526	-	1,872	-
18500	Properties, net (Note 17)	15,292,307	1	15,230,318	1
18600	Right-of-use assets, net (Note 18)	707,283	-	757,738	-
19000	Intangible assets, net (Note 19)	318,363	-	323,476	-
19300	Deferred income tax assets (Note 32)	977,920	-	1,343,887	-
19500	Other assets, net (Note 20 and 29)	11,082,883	1	9,853,351	1
10000	Total assets	<u>\$ 1,598,246,786</u>	<u>100</u>	<u>\$ 1,611,263,034</u>	<u>100</u>
<b>Codes</b>	<b>LIABILITIES AND EQUITY</b>				
21000	Deposits from the central bank and other banks (Note 21)	\$ 11,171,923	1	\$ 21,140,910	1
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	4,112,266	-	3,728,563	-
22500	Securities sold under repurchase agreements (Note 22)	7,192,305	-	4,783,153	-
23000	Payables (Note 23)	27,838,008	2	26,257,828	2
23200	Current income tax liabilities (Note 32)	204,842	-	382,599	-
23500	Deposits and remittances (Note 24)	1,263,841,169	79	1,286,587,580	80
24000	Bank debentures (Note 25)	54,370,000	3	48,220,000	3
25500	Other financial liabilities (Note 26)	11,796,602	1	8,626,096	1
25600	Provisions (Notes 27)	1,764,534	-	1,661,634	-
26000	Lease liabilities (Note 18)	716,114	-	769,855	-
29300	Deferred income tax liabilities (Note 32)	8,933,309	1	9,711,633	1
29500	Other liabilities (Note 28)	1,387,091	-	1,464,520	-
20000	Total liabilities	<u>1,393,328,163</u>	<u>87</u>	<u>1,413,334,371</u>	<u>88</u>
	Equity (Note 30)				
	Share capital				
31101	Ordinary shares	48,616,031	3	48,616,031	3
31500	Capital surplus	27,867,109	2	27,705,927	2
	Retained earnings				
32001	Legal reserve	68,680,295	4	64,476,033	4
32003	Special reserve	7,669,374	-	7,669,374	1
32005	Unappropriated earnings	39,968,320	3	39,833,861	2
32000	Total retained earnings	116,317,989	7	111,979,268	7
32500	Other equity	12,200,638	1	9,710,581	-
32600	Treasury shares	(83,144)	-	(83,144)	-
30000	Total equity	<u>204,918,623</u>	<u>13</u>	<u>197,928,663</u>	<u>12</u>
	Total liabilities and equity	<u>\$ 1,598,246,786</u>	<u>100</u>	<u>\$ 1,611,263,034</u>	<u>100</u>

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

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**  
**Statements of Comprehensive Income**  
**For the Year ended December 31, 2025 and 2024**  
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes	For the Year Ended December 31				Change
	2025		2024		
	Amount	%	Amount	%	
41000 Interest income	\$ 38,138,857	135	\$ 40,419,486	147	( 6 )
51000 Interest expenses	( 20,509,128 )	( 73 )	( 21,389,849 )	( 78 )	( 4 )
49010 Net interest income (Notes 31)	<u>17,629,729</u>	<u>62</u>	<u>19,029,637</u>	<u>69</u>	( 7 )
Non-interest income					
49100 Service fee income, net (Note 31)	4,826,304	17	4,362,671	16	11
49200 Gain (loss) on financial assets and liabilities measured at fair value through profit or loss (Note 31)	495,061	2	( 2,956,671 )	( 11 )	( 117 )
49310 Realized gain on financial assets measured at fair value through other comprehensive income (Note 31)	2,838,088	10	2,751,005	10	3
49450 Gain on financial assets measured at amortized cost	68,116	-	79,286	-	( 14 )
49600 Foreign exchange gain, net	55,195	-	2,744,974	10	( 98 )
49700 Impairment gain on assets (Note 11 and 15)	( 12,046 )	-	( 54,605 )	-	( 78 )
49750 Proportionate share of profit of associates under the equity method (Note 31)	2,358,914	9	1,401,187	5	68
49800 Other non-interest income, net (Note 31)	140	-	90,530	1	( 100 )
49020 Total non-interest income	<u>10,629,772</u>	<u>38</u>	<u>8,418,377</u>	<u>31</u>	26
4xxxx Net revenue	<u>28,259,501</u>	<u>100</u>	<u>27,448,014</u>	<u>100</u>	3
58200 Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	( 1,804,172 )	( 7 )	( 2,605,898 )	( 9 )	( 31 )
Operating expenses					
58500 Employee benefits (Note 31)	( 5,714,037 )	( 20 )	( 5,450,807 )	( 20 )	5
59000 Depreciation and amortization (Note 31)	( 935,509 )	( 3 )	( 879,500 )	( 3 )	6
59500 Other general and administrative (Note 31)	( 3,336,064 )	( 12 )	( 3,501,713 )	( 13 )	( 5 )
58400 Total operating expenses	<u>( 9,985,610 )</u>	<u>( 35 )</u>	<u>( 9,832,020 )</u>	<u>( 36 )</u>	2
61001 Profit before income tax	16,469,719	58	15,010,096	55	10
61003 Income tax expense (Note 32)	( 1,642,065 )	( 6 )	( 1,531,613 )	( 6 )	7
64000 Net income	<u>\$ 14,827,654</u>	<u>52</u>	<u>\$ 13,478,483</u>	<u>49</u>	10
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
65201 Remeasurement of defined benefit plans	( 54,528 )	-	( 4,711 )	-	1057
65204 (Loss) gain on investments in equity instruments measured at fair value through other comprehensive income (Note 9)	( 1,649,723 )	( 6 )	694,848	2	( 337 )
65205 Financial liabilities designated at FVTPL which the amount of change derived from credit risk (Note 8)	278	-	3,132	-	( 91 )
65207 Proportionate share of other comprehensive income of associates under the equity method	1,568,452	6	3,199,184	12	( 51 )
65220 Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 32)	( 53,889 )	-	( 13,955 )	-	286
65200 Subtotal of items that will not be reclassified subsequently to profit or loss	<u>( 189,410 )</u>	<u>-</u>	<u>3,878,498</u>	<u>14</u>	( 105 )
Items that may be reclassified subsequently to profit or loss:					
65301 Exchange differences on translating foreign operations	( 4,496,897 )	( 16 )	6,409,246	23	( 170 )
65307 Share of the other comprehensive income of associates accounted for using the equity method	1,622,485	6	1,311,365	5	24
65309 Gain (loss) on debt instruments measured at fair value through other comprehensive income (Note 9)	3,607,231	13	( 684,983 )	( 2 )	( 627 )
65310 Loss allowance for debt instruments measured at fair value through other comprehensive income (Note 11)	13,406	-	( 39,121 )	-	( 134 )
65320 Income tax relating to items that may be reclassified subsequently to profit or loss (Note 32)	195,195	-	( 1,148,465 )	( 4 )	( 117 )
65300 Subtotal of items that may be reclassified subsequently to profit or loss	<u>941,420</u>	<u>3</u>	<u>5,848,042</u>	<u>22</u>	( 84 )
65000 Other comprehensive income for the period, net of income tax	<u>752,010</u>	<u>3</u>	<u>9,726,540</u>	<u>36</u>	( 92 )
66000 Total comprehensive income for the period	<u>\$ 15,579,664</u>	<u>55</u>	<u>\$ 23,205,023</u>	<u>85</u>	( 33 )
Earnings per share (Note 33)					
67500 Basic	<u>\$ 3.06</u>		<u>\$ 2.78</u>		
67700 Diluted	<u>\$ 3.06</u>		<u>\$ 2.78</u>		

The accompanying notes are an integral part of the standalone financial statements

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**  
**Statements of Changes in Equity**  
**For the Year ended December 31, 2025 and 2024**  
(Expressed in Thousands of New Taiwan Dollars)

Codes	Share Capital		Retained Earnings			Other Equity					Total Equity	
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Change in Financial Assets at FVTOCI	Loss on Hedging Instruments	Change in Credit Risk From Financial Liabilities Designated at FVTPL	Treasury Shares		
A1	Balance on January 1, 2024	\$ 48,616,031	\$ 27,548,445	\$ 64,476,033	\$ 13,252,879	\$ 28,987,035	\$ (421,695 )	\$ 945,607	\$ -	\$ (4,147 )	\$ (83,144 )	\$ 183,317,044
D1	Net profit for the year ended December 31, 2024	-	-	-	-	13,478,483	-	-	-	-	-	13,478,483
D3	Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	(18,241 )	5,392,604	4,349,045	-	3,132	-	9,726,540
D5	Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	13,460,242	5,392,604	4,349,045	-	3,132	-	23,205,023
B3	Appropriation of 2023 earnings	-	-	-	-	-	-	-	-	-	-	-
B5	Special reserve	-	-	-	(5,583,505 )	5,583,505	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(8,750,886 )	-	-	-	-	-	(8,750,886 )
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	-	9,480
C17	Dividends not yet collected	-	148,002	-	-	-	-	-	-	-	-	148,002
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	553,965	-	(553,965 )	-	-	-	-
Z1	Balance on December 31, 2024	\$ 48,616,031	\$ 27,705,927	\$ 64,476,033	\$ 7,669,374	\$ 39,833,861	\$ 4,970,909	\$ 4,740,687	\$ -	\$ (1,015 )	\$ (83,144 )	\$ 197,928,663
A1	Balance on January 1, 2025	\$ 48,616,031	\$ 27,705,927	\$ 64,476,033	\$ 7,669,374	\$ 39,833,861	\$ 4,970,909	\$ 4,740,687	\$ -	\$ (1,015 )	\$ (83,144 )	\$ 197,928,663
D1	Net profit for the year ended December 31, 2025	-	-	-	-	14,827,654	-	-	-	-	-	14,827,654
D3	Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	(34,951 )	(3,666,783 )	4,486,342	(32,876 )	278	-	752,010
D5	Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	14,792,703	(3,666,783 )	4,486,342	(32,876 )	278	-	15,579,664
B1	Appropriation of 2024 earnings	-	-	-	-	-	-	-	-	-	-	-
B5	Legal reserve	-	-	4,204,262	-	(4,204,262 )	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(8,750,886 )	-	-	-	-	-	(8,750,886 )
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	-	9,480
C17	Dividends not yet collected	-	151,702	-	-	-	-	-	-	-	-	151,702
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(1,703,096 )	-	1,703,096	-	-	-	-
Z1	Balance on December 31, 2025	\$ 48,616,031	\$ 27,867,109	\$ 68,680,295	\$ 7,669,374	\$ 39,968,320	\$ 1,304,126	\$ 10,930,125	\$ (32,876 )	\$ (737 )	\$ (83,144 )	\$ 204,918,623

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

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

**Statements of Cash Flows**

**For the Year ended December 31, 2025 and 2024**

(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
	Cash flows from operating activities	
A00010	\$ 16,469,719	\$ 15,010,096
A20010	Net profit before income tax	
A20010	Adjustments to reconcile net profit to net cash provided by operating activities	
A20100	707,583	616,679
A20100	Depreciation expenses	
A20200	227,926	262,821
A20200	Amortization expenses	
A20300	1,804,172	2,605,898
A20300	Provisions for bad debt expense, commitment and guarantee liability	
A20400	(458,130)	745,607
A20400	(Gain) loss on financial assets and liabilities at fair value through profit or loss	
A20900	20,509,128	21,389,849
A20900	Interest expenses	
A21200	(38,138,857)	(40,419,486)
A21200	Interest revenue	
A21300	(2,683,201)	(2,414,488)
A21300	Dividend income	
A21800	-	140,771
A21800	Provision for reconciliation compensation reserves	
A22300	(2,358,914)	(1,401,187)
A22300	Proportionate share of profit of subsidiaries	
A22500	98,081	(119,952)
A22500	Loss (gain) on disposal of properties and equipment, net	
A23500	12,046	(44,240)
A23500	Loss (gain) on financial asset impairment	
A23700	-	98,845
A23700	Impairment (reversal) on non-financial assets	
A29900	273,557	(247,221)
A29900	Others	
A40000	Changes in operating assets and liabilities	
A41110	(8,331,457)	(15,993,619)
A41110	Due from the central bank and call loans to banks	
A41120	1,120,094	(2,936,060)
A41120	Financial assets measured at fair value through profit or loss	
A41123	6,027,890	(20,140,838)
A41123	Financial assets measured at fair value through other comprehensive income	
A41125	60,549,491	22,872,038
A41125	Investment in debt instruments measured at amortized cost	
A41150	(181,015)	(109,182)
A41150	Receivables	
A41160	(11,873,143)	(24,244,775)
A41160	Discounts and loans	
A41190	(3,710)	1,660
A41190	Other financial assets	
A41990	(1,301,438)	3,619,954
A41990	Other assets	
A42110	(9,968,987)	6,914,704
A42110	Deposits from the central bank and other banks	
A42120	516,857	703,154
A42120	Financial liabilities at fair value through profit or loss	
A42140	2,409,152	4,191,864
A42140	Securities sold under repurchase agreements	
A42150	1,588,221	(1,315,086)
A42150	Payables	
A42160	(22,746,411)	12,025,886
A42160	Deposits and remittances	
A42170	3,170,506	2,066,823
A42170	Other financial liabilities	
A42180	64,024	177,320
A42180	Employee benefit provisions	
A42990	(77,557)	35,186
A42990	Other liabilities	
A33000	17,425,627	(15,906,979)
A33000	Cash from (used in) operations	
A33100	37,946,363	40,236,930
A33100	Interest received	
A33200	2,685,201	2,478,597
A33200	Dividends received	
A33300	(20,354,895)	(21,075,785)
A33300	Interest paid	
A33500	(1,980,702)	(2,579,949)
A33500	Income tax paid	
AAAA	35,721,594	3,152,814
AAAA	Net cash from (used in) operating activities	

(Continued)

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**  
**Statements of Cash Flows**  
**For the Year ended December 31, 2025 and 2024**  
(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>		<b>For the Year Ended December 31</b>	
		<b>2025</b>	<b>2024</b>
	Cash flows from investing activities		
B02700	Acquisition of properties	\$ (543,700 )	\$ (1,249,459 )
B02800	Proceeds from disposal of properties	-	168,204
B04500	Acquisition of intangible assets	(219,552 )	(123,978 )
BBBB	Net cash from (used in) investing activities	<u>(763,252 )</u>	<u>(1,205,233 )</u>
	Cash flows from financing activities		
C01400	Proceeds from issuance of bank debentures	10,950,000	6,550,000
C01500	Payments for bank debentures	(4,800,000 )	(16,400,000 )
C04020	Payments for principal portion of lease liabilities	(336,407 )	(318,136 )
C04500	Cash dividends	(8,750,886 )	(8,750,886 )
CCCC	Net cash from (used in) financing activities	<u>(2,937,293 )</u>	<u>(18,919,022 )</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>(504,576 )</u>	<u>431,043</u>
EEEE	Net increase in cash and cash equivalents	31,516,473	(16,540,398 )
E00100	Cash and cash equivalents at the beginning of the period	<u>66,991,693</u>	<u>83,532,091</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 95,508,166</u>	<u>\$ 66,991,693</u>

Reconciliation of the cash and cash equivalent amounts in the statements of cash flows with the equivalent item reported in the balance sheets as of December 31, 2025 and 2024:

<u>Codes</u>		<b>December 31, 2025</b>	<b>December 31, 2024</b>
E00210	Cash and cash equivalents in balance sheets	\$ 14,986,097	\$ 21,213,339
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	51,340,415	37,369,794
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	32,181,654	8,408,560
E00200	Cash and cash equivalents in statements of cash flows	<u>\$ 98,508,166</u>	<u>\$ 66,991,693</u>

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

(Concluded)

# THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD

## Notes to Standalone Financial Statements

For the year ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

### 1. ORGANIZATION AND OPERATIONS

The Shanghai Commercial & Savings Bank (the “Bank”) is incorporated in Taiwan and engages in the commercial banking businesses under related laws and regulations. The shares of the Bank have been listed and traded on the Taiwan Stock Exchange since October 19, 2018.

The Bank has its head office in Taipei and 78 branches, including 4 foreign branches separately located in Wuxi China, Hong Kong, Vietnam Dong Nai and Singapore.

The standalone financial statements are presented in the Bank’s functional currency, the New Taiwan dollar.

### 2. AUTHORIZATION OF FINANCIAL STATEMENTS

On February 26, 2026, the financial statements were approved by the board of directors and issued afterward.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

3.1 Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”).

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

<b>New Standards, Interpretations and Amendments</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 21 「Lack of Exchangeability」	January 1, 2025

The Bank assesses the applicable amendments to the IFRSs approved and issued by the FSC will not result in significant changes to the Bank’s accounting policies.

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

New standards, interpretations and amendments endorsed by FSC from 2026 are as follows:

<b>New Standards, Interpretations and Amendments</b>	<b>Effective Date Announced by IASB</b>
Amendments to certain content of IFRS 9 and IFRS 7 for the “Classification and measurement of financial instruments.”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 for the “Power purchase agreements.”	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

As of the date the standalone financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of other standards and interpretations will have on the Bank's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

### 3.2.1 Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

- (1) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, covering contractual terms that can change cash flows based on contingent events (for example, interest rates linked to ESG targets), non-recourse features and contractually-linked instruments.
- (2) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), including a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows that could result from those contractual terms and the gross carrying amount of financial assets and amortised cost of financial liabilities subject to these contractual terms.
- (3) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception relating to the derecognition of a financial liability (or part of a financial liability) settled through an electronic cash transfer system. Applying the exception, an entity is permitted to derecognise a financial liability at an earlier date if, and only if, the entity has initiated a payment instruction and specific conditions are met.  
The conditions for the exception are that the entity making the payment does not have:
  - A. the practical ability to withdraw, stop or cancel the payment instruction;
  - B. the practical ability to access the cash used for settlement; and
  - C. significant settlement risk.
- (4) Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

### 3.2.2 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 (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall, at initial recognition, disaggregate a portfolio into three groups of contracts: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement

model, where estimates are remeasured in 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 modified simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk.

In accordance with the effective date and transitional provisions of IFRS 17, the Bank's financial statements for the comparative period of 2025 will be retrospectively restated in accordance with IFRS 17. Adoption of IFRS 17 will increase the Bank's restated equity attributable to owners of the parent company by approximately 0.1%, amounting to approximately \$260 million. The preparation of the comparative data for the 2025 fiscal year in accordance with IFRS 17 is proceeding as scheduled.

### 3.2.3 Amendments to IFRS 17, 'Insurance contracts'

The amendments to IFRS 17 include the deferral of effective date, expected recovery of insurance acquisition cash flows, contractual service margin attributable to investment services, reinsurance contracts held – recovery of losses and other amendments, and they are not intended to change the fundamental principles of the standard.

### 3.2.4 Contracts" Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'

The amendment permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The overlay can be applied by entities that have already applied IFRS 9 or will apply it when they apply IFRS 17.

## 3.3 IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<b>New Standards, Interpretations and Amendments</b>	<b>Effective Date Announced by IASB</b>
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
Amendments to IFRS 18 "The presentation and disclosure of financial statements"	January 1, 2027(Note)
Amendments to IFRS 19 "The subsidiaries without public accountability: disclosures"	January 1, 2027
Amendments to IFRS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note :The Financial Supervisory Commission (FSC) announced in a press release on September 25, 2025, that publicly listed companies will apply International Financial Reporting Standard 18 (IFRS 18) starting in fiscal year 2028. Companies wishing to adopt IFRS 18 earlier may opt to do so after the FSC approves IFRS 18.

As of the date the standalone financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of other standards and interpretations will have on the Bank's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **4.1 Statement of Compliance**

These standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **4.2 Basis of Preparation**

The standalone financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and pension plans which are measured in accordance with the actuarial assumptions.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

4.2.1 Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

4.2.2 Level 2 inputs are observable parameters other than quoted prices included within Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

4.2.3 Level 3 inputs are unobservable inputs for an asset or liability.

When the Bank prepared the financial statements, its investments in subsidiaries and associates were accounted for using the equity method. To make the current loss and profit as well as the other comprehensive income and equity equal to the current loss and profit and the other comprehensive income and equity which are attributable to the owners of the Bank in the consolidated financial statements, “equity investments under the equity method”, the “share of profit or loss of subsidiaries, associates and joint ventures”, and the “share of the other comprehensive income of subsidiaries, associates and joint ventures” were adjusted.

### **4.3 Classification of Current and Non-current Assets and Liabilities**

Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in The Bank’s consolidated financial statements are not classified as current or non-current. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by liquidity.

### **4.4 Foreign Currencies**

In preparing the financial statements of each individual entity in The Bank, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also

recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of The Bank's foreign operations (including of the associates or branches in other countries or currencies used are different from the currency of the Bank) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Bank and non-controlling interests as appropriate).

#### **4.5 Financial Instruments**

Financial assets and financial liabilities are recognized in the consolidated balance sheets when The Bank becomes one of the parties of the contract.

For financial assets and financial liabilities other than financial assets or financial liabilities at fair value through profit or loss (FVTPL), the fair value is directly attributable to the transaction costs of acquiring or issuing financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at FVTPL are recognized as current expenses.

##### **4.5.1 Financial assets**

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

##### **(1) Measurement**

The Bank owns financial assets which are classified into the following specified categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income (FVTOCI) and investments in equity instruments at FVTOCI.

##### **A. Financial assets at FVTPL**

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on re-measurement (excluding any dividends or interest arising from such financial assets) recognized in profit or loss. Fair value is determined in the manner described in Note 38.

##### **B. Financial assets at amortized cost**

Financial assets that meet the following conditions are subsequently 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, accounts receivable at amortized cost and others, are measured at amortized cost, which equals to gross carrying amount determined using 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 assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and
- b. Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such a financial asset.

Cash equivalents include accounts due from the Central Bank that are highly liquid, convertible into fixed cash at any time, and have a low-risk of value changes within three months from the date of acquisition, which are used to meet short-term cash commitments.

#### C. Investments in debt instruments at FVTOCI

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

- a. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; 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.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method 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. Investments in equity instruments at FVTOCI

On initial recognition, The Bank may make an irrevocable election to designate investments in equity instruments 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.

Investments in equity instruments 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 investments in equity instruments are recognized in profit or loss when The Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

### (2) Impairment of financial assets

The Bank recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including discounts and loans and accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables, loan commitments, as well as contract assets at the estimated credit loss on each balance sheet date.

For such financial assets, The Bank recognizes lifetime expected credit losses (ECLs) when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, The Bank measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Bank 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 investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

Under the guidelines of the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” issued by the Banking Bureau of the Financial Supervisory Commission, the credit accounts are categorized into five groups: Normal credit assets, assets that require special mention, substandard assets, doubtful assets and full-amount loss based on clients’ financial conditions. After assessing the value of the collateral, The Bank will assess the possibilities of recovery.

Under the above guidelines, in addition to the minimum standard allowance for all accounts, allowance is provided for accounts classified as normal (except government accounts), accounts with notice, accounts with warning, difficult accounts and uncollectible accounts at rates of 1%, 2%, 10%, 50%, and 100%, respectively.

According to the local statutes, the Bank’s allowances for bad debts and guarantee liabilities for the “acquisition of residential home repair loans and construction loans” and “category one credit assets (including short-term trade financing) due from PRC businesses” should be at least 1.5%. In addition, the minimum allowance for bad debts for SME loans handled in accordance with the “Regulations for the Central Bank’s Handling of Bank Acceptance of SME Loans Affected by the Severe Special Contagious Pneumonia Epidemic” is 0.5%.

Debts that are determined to be uncollectible are written off after being reported to the board of directors for approval.

### (3) Derecognition of financial assets

When the contractual rights from the cash flows of financial assets have lapsed or the financial assets and all the risks and rewards of the assets have been transferred to other enterprises, the financial assets are derecognized.

When a financial asset is totally derecognized, the difference between the carrying amount and the sum of any accumulated gain or loss recognized in other comprehensive income is recognized as 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 investment in a debt instrument 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 which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On derecognition of a financial asset other than in its entirety, The Bank allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in 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 no longer recognized on the basis of the relative fair values of those parts.

#### 4.5.2 Equity instruments

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

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

The repurchase of The Bank's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of The Bank's own equity instruments.

#### 4.5.3 Financial liabilities

##### (1) Subsequent measurement

All financial liabilities are measured at amortized cost using effective interest rate, except for the following situations:

##### A. Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on such financial liability.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and 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 has performance evaluated on a fair value basis, in accordance with The Bank's documented risk management or investment strategy, and information about The Banking is provided internally on that basis; or
- c. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which does not incorporate any interest or dividends paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 38.

#### B. Financial guarantee contracts

The financial guarantee contracts issued by The Bank and not measured at FVTPL are measured at the higher of the allowance for the expected credit losses and the amortized amount after initial recognition.

#### (2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

#### 4.5.4 Derivatives

Derivatives signed by The Bank include forward foreign exchange contracts, interest rate swaps and others to manage The Bank's interest rate and exchange rate risk.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 "Financial Instruments" 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 that is within the scope of IFRS 9 (e.g. those embedded in the principal contract of 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.

#### 4.6 Investment in Associates

An associate is an entity over which The Bank has significant influence and that is neither a

subsidiary nor an interest in a joint venture.

The Bank applies equity method to account for investments in associates.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize The Bank's share of the profit or loss and other comprehensive income of the associate. The Bank also recognizes the changes in The Bank's share of equity of associates attributable to The Bank.

Any excess of the cost of acquisition over The Bank's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of The Bank's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When The Bank subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of The Bank's proportionate interest in the associate. The Bank records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If The Bank's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When The Bank's share of losses of an associate equals or exceeds its interest in that associate, including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of The Bank's net investment in the associate, The Bank discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that The Bank has incurred legal obligations or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

#### **4.7 Non-performing Loans**

Under the guidelines of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", the balance of loans and other credits extended by the Bank and the related accrued interest thereon are classified as non-performing.

Non-performing loans in the lending business are classified as discounts and loans; otherwise, are classified as other financial assets.

#### **4.8 Securities Purchased/Sold Under Resale/Repurchase Agreements**

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resale agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense

over the life of each agreement.

#### **4.9 Properties and Equipment**

Properties and equipment are stated at cost, less recognized accumulated depreciation.

Any gain or loss 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.

#### **4.10 Intangible Assets**

Intangible assets that have finite useful lives and are acquired separately are carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life is assumed to be zero unless The Bank expects to dispose of the intangible asset before the end of its economic life. Change in accounting estimate takes effect prospectively.

Any gain or loss on the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### **4.11 Impairment of Property and Equipment, Right-of-Use Assets, Intangible Assets Other Than Goodwill**

At the end of each reporting period, The Bank reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, The Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### **4.12 Collaterals Assumed**

Collaterals assumed are recorded at their appraised values. At balance sheet date, these collaterals are individually revalued at the lower of cost or net realizable value.

#### **4.13 Provisions**

Provisions are recognized when The Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that The Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **4.14 Revenue Recognition**

Interest revenue from loans is estimated on accrual basis. Interest revenue from non-performing Bank-extended loans and other credits are recognized only when collection is made. In accordance with the Ministry of Finance regulations, the interest from the relief and extension of specific loans is recorded as deferred income and recognized as income upon collection. Service fees are recorded as income upon receipt or when the related services are substantially completed.

The costs of acquisition of loans and accounts receivable and extra fees received are accounted for as adjustments to the book value and the effective interest of loans and accounts receivable.

Dividend revenue is recognized when the right of shareholder to receive dividend is established. The premise is that the economic benefits associated with the transaction are likely to flow into The Bank and the amount of revenue can be reliably measured.

#### **4.15 Leasing**

The Bank assesses whether the contract is (or includes) a lease on the contract date. For contracts that include the lease and non-lease components, The Bank distributes the consideration in the contract on a relatively separate price basis and deals with them separately.

##### **4.15.1 The Bank as lessor**

When the lease terms transfer almost all the risks and rewards attached to the ownership of the assets to the lessee, the leases are classified as finance leases. All other leases are classified as operating leases.

Under finance leases, lease payments include fixed payments, substantially fixed payments, variable lease payments which depend on an index or a rate, guaranteed residual values, and the exercise price of the purchase option that is reasonably certain to be exercised, and the rental termination penalties reflected in the lease term, less the incentives for the lease to be paid. The net amount of the lease investment is measured as the sum of the present value of both the lease receivable and the unguaranteed residual value plus the original direct costs and expressed as a finance lease receivable. The financing income is apportioned to each accounting period so as to reflect a periodic fixed rate of return that The Bank's unexpired net lease investment is available for each period.

Under operating leases, the lease payments deducted from the lease incentives are recognized as income on a straight-line basis over the relevant lease periods. The original direct costs incurred in obtaining the operating leases are added to the carrying amount of the underlying assets and recognized as an expense on a straight-line basis over the lease terms.

##### **4.15.2 The Bank as lessee**

The Bank recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight line basis over the lease terms. Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates of the lease to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, substantially 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 Bank 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 receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, The Bank uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, The Bank remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining amount of remeasurement is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheets.

## **4.16 Employee Benefits**

### **4.16.1 Short-term employee benefits**

Liabilities related to short-term employee benefits are measured and recognized at the undiscounted amount expected to be paid to employees for their services.

### **4.16.2 Retirement benefit costs**

The Bank currently has both defined contribution and defined benefit retirement plans for its employees. Pursuant to local rules, employees working overseas are enrolled in defined contribution retirement benefit plan.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is

reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in The Bank's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

#### 4.16.3 Employee preferential deposits

The Bank provides current and retired employees preferential interests rates for deposits under certain balances. Differences between preferential rate and interest at market rate are recognized as employee benefits.

Under rule No. 30 of the Regulations Governing the Preparation of Financial Reports by Public Banks, post-retirement preferential interests provided to retired employees should be measured and recognized using actuarial calculation pursuant to IAS No. 19 if variables for use in the actuarial assumptions are stipulated in official governing rules, then the rules should be applied first.

#### 4.16.4 Other long-term employee benefits

Current employees who are eligible for retirement will be given a pension according to the retirement plan. If employees do not have the qualification to retire, (a) the pension will be issued for one month if the service lasts less than one year; (b) if the service lasts more than one year and less than five years, they will receive pension for one month for serving each full year; (c) if the service lasts for more than five years, the pension is calculated according to the actuarial calculation method. However, the calculation method is only applicable to the service that existed before the application of the new system.

### 4.17 Share-based payment arrangements

The fair value at the acquisition date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Bank's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share option. It is recognized as an expense in full at the grant date if vested immediately. The Bank applies for cash capital increase to reserve employee subscriptions, and the acquisition date is based on the day when the number of shares subscribed by employees is confirmed.

### 4.18 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 4.18.1 Current tax

The Bank determines the current income (loss) in accordance with the laws and regulations established by each jurisdiction of income tax declaration., and calculates the payable (recoverable) income tax.

According to the Taiwan Income Tax Law, an additional tax on unappropriated earnings is recognized in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

#### 4.18.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized on all taxable temporary differences. Deferred tax assets are recognized on deductible temporary difference and loss carry forwards provided that taxable income will be available for use in deducting the benefits of the temporary differences probably.

Deferred tax liabilities are recognized on taxable temporary differences associated with investments in subsidiaries and associates, except where The Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which The Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### 4.18.3 Current tax and deferred tax of the period

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

### **4.19 Hedge Accounting**

4.25.1 At the inception of a hedging relationship, there is formal designation and documentation of the hedging relationship and the Bank's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Bank will assess whether the hedging relationship meets the hedge effectiveness requirements.

4.25.2 The hedging relationship designated by the Bank as a fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset.

#### 4.25.3 Fair Value Hedges

- A When the gain or loss is recognised in other comprehensive income if the hedging instrument hedges an equity instrument for which the Bank has elected to present changes in fair value in other comprehensive income.
- B When the hedged item is an equity instrument for which the Bank has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND MAIN SOURCES OF UNCERTAINTY IN ESTIMATES AND ASSUMPTIONS

In the application of the Bank's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### Estimates and assumptions of main sources of uncertainty

#### Estimated impairment of financial assets

Estimates of impairment on loans and receivables are based on management's assumptions about default rates and expected loss rates. The Bank considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for impairment assessments. Refer to Note 38 for the important assumptions and input values used. If the actual cash flows in the future are less than expected, significant impairment losses may occur.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash in hand and working fund	\$ 7,592,003	\$ 10,748,151
Due from banks - foreign	5,171,569	6,969,079
Due from other banks	1,586,901	2,875,786
Checks for clearing	635,624	620,323
	<u>\$ 14,986,097</u>	<u>\$ 21,213,339</u>

The Bank did not take any cash and cash equivalents as pledged assets.

## 7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Call loans to banks	\$ 53,718,117	\$ 36,132,262
Deposit reserves - II	34,694,936	34,566,139
Deposit reserves - I	20,874,343	16,291,208
Deposit reserves - foreign currency	206,914	202,623
	<u>\$ 109,494,310</u>	<u>\$ 87,192,232</u>

Deposit reserves are statutory reserves and determined monthly at prescribed rates based on average balances of customers' deposits. The entire balance of deposit reserve - II is subject to withdrawal restrictions while no restrictions are placed on other deposit reserves.

## 8. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Financial assets measured at FVTPL</b>		
<b>Financial assets mandatorily classified as at FVTPL</b>		
Option contracts	\$ 687,722	\$ 98,537
Futures	515,932	543,385
Interest rate swap contracts	291,949	39,282
Currency swap contracts	248,983	525,722
Forward contracts	43,263	679,882
Bank debentures	-	539,158
Corporate bonds	-	156,723
	<u>\$ 1,787,849</u>	<u>\$ 2,582,689</u>
<b>Financial liabilities measured at FVTPL</b>		
<b>Held-for-trading financial liabilities</b>		
Currency swap contracts	\$ 889,108	\$ 90,412
Interest rate swap contracts	677,494	464,829
Option contracts	686,858	106,400
Forward contracts	35,010	628,842
Futures	-	17
	<u>2,288,470</u>	<u>1,290,500</u>
<b>Financial liabilities designated at FVTPL</b>		
Bank debentures	1,823,796	2,438,063
	<u>\$ 4,112,266</u>	<u>\$ 3,728,563</u>

The Bank engages in derivative transactions mainly to accommodate customers' needs and manage its exposure positions.

The financial assets and liabilities' at FVTPL contract (nominal) amounts of derivative transactions were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Currency swap contracts	\$ 105,507,373	\$ 62,208,862
Option contracts	196,104,868	14,344,143
Forward contracts	6,833,796	67,851,920
Interest rate swap contracts	23,900,924	12,028,742
Future contracts	102,983	33,729

Information for financial liabilities designated by the Bank at FVTPL is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
The difference between the fair value and the maturity value		
– Fair value	\$ 1,823,796	\$ 2,438,063
– Maturity value	1,823,305	2,431,170
	<u>\$ 491</u>	<u>\$ 6,893</u>

	<u>Effects of changes in credit risk</u>
Current amount of change	
For the Year Ended December 31, 2025	<u>\$ 278</u>
For the Year Ended December 31, 2024	<u>\$ 3,132</u>
Cumulative amount of change	
Up to December 31, 2025	<u>(\$ 737)</u>
Up to December 31, 2024	<u>(\$ 1,015)</u>

The financial liabilities designated by the Bank at FVTPL were the second issuance of unsecured debentures amounting to US\$70,000 thousand with a 30-year maturity and interest of 0% rate on October 29, 2018. On the expiration of 5 years and every subsequent year, the Bank may exercise the option at the agreed redemption price. If the option is not exercised during the period, the payment will be made on the expiration date. The second issuance of unsecured debentures amounting to US\$6,400 thousand with a 3-year maturity and fixed interest rate of 0% on November 1, 2023. The second to third years are combined interest rates, using simple interest calculation, with interest paid once every quarter and repayment of principals at maturity. The first issuance of unsecured debentures amounting to US\$10,750 thousand with a 2-year maturity on March 27, 2024 with a fixed rate of 5.5% of the first year and combined interest rates of the second year. The interest paid once every quarter and repayment of principals at maturity.

The Bank entered an interest rate swap contract to reduce the interest rate risk of the aforementioned financial bonds. The interest rate swap contract was measured at fair value and the fair value changes were included in profit or loss. The Bank designated the aforementioned financial bonds as financial liabilities measured at FVTPL for consistency.

The amount of change in the fair value of financial bonds attributable to the changes in the fair value of financial liabilities and the combination of the fair value of financial assets is calculated as the difference between the changes in the fair value of market risk factor. The amount of change in fair value attributable to the market risk factor is calculated using the benchmark yield curve at the balance sheet date. Fair value of financial bonds is based on the benchmark yield curve on the balance sheet date and the estimated credit risk spread by the creditor's interest rate quote on the similar maturity date of the combined company, such that the estimated future cash flow is discounted.

**9. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investments in equity instruments measured at FVTOCI		
Shares	<u>\$ 24,272,652</u>	<u>\$ 31,007,163</u>
Investments in debt instruments measured at FVTOCI		
Corporate bonds	94,581,008	101,988,806
Bank debentures	72,858,112	68,517,242
Government bonds	41,546,414	40,249,434
Commercial papers	10,165,299	7,469,697
Asset-backed securities	<u>2,508,132</u>	<u>1,183,461</u>
	<u>221,658,965</u>	<u>219,408,640</u>
	<u>\$ 245,931,617</u>	<u>\$ 250,415,803</u>

Some of the Bank's equity instruments are not held for trading purposes. Therefore, the designated investments are selected to be measured at FVTOCI.

For the information on credit risk management and impairment assessment of investments in debt instruments at FVTOCI, refer to Note 11.

Parts of the aforementioned financial assets at FVTOCI were sold under repurchase agreements as of December 31, 2025 and 2024. The par values of bonds and commercial papers sold under repurchase agreements were \$7,416,095 thousand and \$4,778,000 thousand, respectively.

The Bank disposed of FVTOCI - equity instruments to adjust its investment portfolio. The fair value of the equity instruments disposed were \$55,928,263 thousand, \$41,050,097 thousand, cumulative gains and losses on disposals were a loss of \$1,703,096 thousand and a gain of \$553,965 thousand, respectively, for the year ended December 31, 2025 and 2024.

For the information on financial assets at FVTOCI were as follows:.

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>Equity instruments at fair value through other comprehensive income (loss)</b>		
Fair value change recognized in other comprehensive income	(\$ 1,649,723)	\$ 694,848
Cumulative (loss) gain reclassified to retained earnings due to derecognition	(\$ 1,703,096)	(\$ 553,965)
Dividend income recognized in profit or loss		
Held at end of period	\$ 725,227	\$ 977,796
Derecognized during the period	1,954,041	1,433,406
	<u>\$ 2,679,268</u>	<u>\$ 2,411,202</u>
<b>Debt instruments at fair value through other comprehensive income (loss)</b>		
Fair value change recognized in other comprehensive income (loss)	\$ 3,607,231	(\$ 684,983)
Reclassified due to derecognition	158,820	339,803
	<u>\$ 3,766,051</u>	<u>(\$ 345,180)</u>
Reclassified due to (loss) reversal of impairment recognition (Excluding the effect of exchange rate)	(\$ 13,515)	\$ 42,958
Interest income recognized in profit or loss	\$ 7,557,177	\$ 7,641,310

For the information on financial assets pledged at FVTOCI, refer to Note 35.

## 10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Negotiable certificates of deposit	\$ 135,300,000	\$ 194,485,000
Corporate bonds	5,405,563	5,194,767
Government bonds	5,258,021	5,016,030
Bank debentures	3,040,975	9,405,126
Treasury bonds	680,118	-
Asset-backed securities	4,148,175	279,510
	<u>153,832,852</u>	<u>214,380,433</u>
Less: Loss allowance	( 2,637)	( 4,090)
	<u>\$ 153,830,215</u>	<u>\$ 214,376,343</u>

Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	For the Year Ended December 31	
	2025	2024
Interest revenue	\$ 2,258,459	\$ 2,773,395
Gain on disposal	68,116	79,286
Reversal gain on impairment	1,469	1,282
	<u>\$ 2,328,044</u>	<u>\$ 2,853,963</u>

In 2025 and 2024, the Bank disposed of part of its investments in debt instruments for risk management purposes, with a disposal gain of \$68,116 thousand and \$79,286 thousand respectively.

For the information on the credit risk management and impairment of investment in debt instruments measured at amortized cost, refer to Note 11.

For the information on related financial assets at amortized cost pledged as collateral, refer to Note 35.

## 11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The investments in debt instruments were classified as financial assets measured at FVTOCI and financial assets at amortized cost.

<b>December 31, 2025</b>	<u>At FVTOCI</u>	<u>At Amortized Cost</u>	<u>Total</u>
Total carrying amount	\$ 223,523,277	\$ 153,832,852	\$ 377,356,129
Loss allowance	( 100,646)	( 2,637)	( 103,283)
Amortized cost	223,422,631	<u>\$ 153,830,215</u>	377,252,846
Fair value adjustment	( 1,763,666)		( 1,763,666)
	<u>\$ 221,658,965</u>		<u>\$ 375,489,180</u>
<b>December 31, 2024</b>	<u>At FVTOCI</u>	<u>At Amortized Cost</u>	<u>Total</u>
Total carrying amount	\$ 224,880,174	\$ 214,380,433	\$ 439,260,607
Loss allowance	( 87,240)	( 4,090)	( 91,330)
Amortized cost	224,792,934	<u>\$ 214,376,343</u>	439,169,277
Fair value adjustment	( 5,384,294)		( 5,384,294)
	<u>\$ 219,408,640</u>		<u>\$ 433,784,983</u>

The Bank implements a policy of investing in debt instruments with investment grade and have low credit risk for the purpose of impairment assessment. The Bank continues to track external rating information and monitor changes in credit risk of the investments of debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the initial recognition.

The Bank considered the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full-lifetime expected credit loss of the investments in debt instruments.

The Bank's current credit risk rating mechanism and the total carrying amount of each credit rating investment in debt instruments were as follows:

		<b>December 31, 2025</b>		
<b>Credit Rating</b>	<b>Definitions</b>	<b>Expected Credit Loss Recognition Base</b>	<b>Expected Credit Loss Rate</b>	<b>Total Carrying Amount</b>
Stage 1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%~0.901%	\$ 377,094,666
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	1.793%~1.869%	206,552
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	60.980%	54,911

  

		<b>December 31, 2024</b>		
<b>Credit Rating</b>	<b>Definitions</b>	<b>Expected Credit Loss Recognition Base</b>	<b>Expected Credit Loss Rate</b>	<b>Total Carrying Amount</b>
Stage 1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%~0.961%	\$ 438,854,335
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.418%~2.729%	406,272

Information on changes in allowance for impairment loss under the credit risk rating assessment of investments in debt instruments at FVTOCI and at amortized cost is summarized as follows:

#### **Investments in debt instruments at FVTOCI**

	Credit Risk Rating			
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Stage 3 (Lifetime ECLs with impairment)	Total
Balance at January 1, 2025	\$ 80,064	\$ 7,176	\$ -	\$ 87,240
Stage transfer-to lifetime ECLs with impairment	( 57)	-	57	-
Purchase of new debt instruments	21,223	-	-	21,223
Derecognition	( 29,967)	( 5,714)	-	( 35,681)
Provisions (reversal)	( 5,420)	( 99)	33,492	27,973
Exchange rate and other changes	( 2,482)	2,374	( 1)	( 109)
Balance at December 31, 2025	<u>\$ 63,361</u>	<u>\$ 3,737</u>	<u>\$ 33,548</u>	<u>\$ 100,646</u>

	Credit Risk Rating			
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Stage 3 (Lifetime ECLs with impairment)	Total
Balance at January 1, 2024	\$ 77,981	\$ 10,691	\$ 37,689	\$ 126,361
Stage transfer-to 12-Month ECLs without impairment	( 91)	91	-	-
Purchase of new debt instruments	26,937	-	-	26,937
Derecognition	( 31,667)	( 2,681)	( 43,960)	( 78,308)
Provisions (reversal)	6,441	1,972	-	8,413
Exchange rate and other changes	<u>463</u>	<u>( 2,897)</u>	<u>6,271</u>	<u>3,837</u>
Balance at December 31, 2024	<u>\$ 80,064</u>	<u>\$ 7,176</u>	<u>\$ -</u>	<u>\$ 87,240</u>

### Investments in debt instruments at amortized cost

	Credit Risk Rating		
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Total
Balance at January 1, 2025	\$ 4,090	\$ -	\$ 4,090
Purchase of new debt instruments	141	-	141
Derecognition	( 1,383)	-	( 1,383)
Provisions (reversal)	( 227)	-	( 227)
Exchange rate and other changes	<u>16</u>	<u>-</u>	<u>16</u>
Balance at December 31, 2025	<u>\$ 2,637</u>	<u>\$ -</u>	<u>\$ 2,637</u>
Balance at January 1, 2024	\$ 5,365	\$ -	\$ 5,365
Derecognition	( 1,636)	-	( 1,636)
Provisions (reversal)	354	-	354
Exchange rate and other changes	<u>7</u>	<u>-</u>	<u>7</u>
Balance at December 31, 2024	<u>\$ 4,090</u>	<u>\$ -</u>	<u>\$ 4,090</u>

## 12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Securities purchased under resell agreements as of December 31, 2025 and 2024 were \$32,181,654 thousand and \$8,408,560 thousand. The aforementioned securities will be bought back one after another before March 12, 2026 and January 17, 2025 at \$32,214,998 thousand and \$8,415,417 thousand.

### 13. RECEIVABLES, NET

	December 31, 2025	December 31, 2024
Accrued interest	\$ 4,770,172	\$ 4,795,095
Credit card receivables	3,374,510	3,285,192
Accounts receivable due from sales of securities	601,157	816,268
Acceptances	1,641,392	1,396,098
Accounts receivable - factoring	266,318	228,353
Others	568,825	532,221
	<u>11,222,374</u>	<u>11,053,227</u>
Less: Allowance for credit losses	( 312,445)	( 303,243)
	<u>\$ 10,909,929</u>	<u>\$ 10,749,984</u>

The changes in total carrying amount and the allowance of receivables and other financial assets for the year ended December 31, 2025 and 2024 (including non-accrual loans and bills of exchange, refer to Note 16) are as follows:

#### For the Year ended December 31, 2025

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
<b>Receivables and other financial assets</b>				
Beginning on January 1, 2025	\$ 10,830,502	\$ 162,446	\$ 67,136	\$ 11,060,084
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	( 59,833)	59,974	( 141)	-
Transfer to ECLs on financial assets	( 32,377)	( 18,442)	50,819	-
Transfer to 12-month ECLs	38,181	( 38,175)	( 6)	-
Financial assets derecognized in the current period	( 2,146,176)	( 41,611)	( 3,505)	( 2,191,292)
Transfer or pay off the original amount	( 401,887)	( 23,562)	( 65)	( 425,514)
Purchased or originated financial assets	2,742,874	57,929	48,406	2,849,209
Write-offs	-	-	( 49,524)	( 49,524)
Exchange rate and other changes	( 10,838)	( 12)	( 49)	( 10,899)
Balance on December 31, 2025	\$ 10,960,446	\$ 158,547	\$ 113,071	\$ 11,232,064

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
<b>Allowance</b>						
Beginning on January 1, 2025	\$ 243,720	\$ 24,377	\$ 11,937	\$ 280,034	\$ 28,194	\$ 308,228
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	( 486)	491	( 5)	-	-	-
Transfer to ECLs on financial assets	( 128)	( 333)	461	-	-	-
Transfer to 12-month ECLs	9,742	( 9,742)	-	-	-	-
Financial assets derecognized in the current period	( 5,416)	( 7,595)	( 8,279)	( 21,290)	-	( 21,290)
Provisions (reversal)	( 49,320)	10,426	25,574	( 13,320)	-	( 13,320)
Purchased or originated financial assets	7,057	6,368	34,254	47,679	-	47,679
The difference of impairment under the regulation	-	-	-	-	12,707	12,707
Write-offs	-	-	( 49,524)	( 49,524)	-	( 49,524)
Recoveries after write-off	-	-	32,908	32,908	-	32,908
Exchange rate and other changes	( 744)	-	( 35)	( 779)	-	( 779)
Balance on December 31, 2025	\$ 204,425	\$ 23,992	\$ 47,291	\$ 275,708	\$ 40,901	\$ 316,609

#### For the Year ended December 31, 2024

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
<b>Receivables and other financial assets</b>				
Beginning on January 1, 2024	\$ 10,637,938	\$ 292,822	\$ 63,300	\$ 10,994,060
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	( 62,469)	62,815	( 346)	-
Transfer to ECLs on financial assets	( 38,049)	( 16,525)	54,574	-
Transfer to 12-month ECLs	39,126	( 33,055)	( 6,071)	-
Financial assets derecognized in the current period	( 3,186,024)	( 181,974)	( 9,133)	( 3,377,131)
Transfer or pay off the original amount	635,420	( 3,048)	24,385	656,757
Purchased or originated financial assets	2,803,897	41,304	3,452	2,848,653
Write-offs	-	-	( 63,146)	( 63,146)
Exchange rate and other changes	663	107	121	891
Balance on December 31, 2024	\$ 10,830,502	\$ 162,446	\$ 67,136	\$ 11,060,084

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
<b>Allowance</b>						
Beginning on January 1, 2024	\$ 230,032	\$ 50,484	\$ 29,115	\$ 309,631	\$ 12,918	\$ 322,549
Changes due to financial assets recognized at the beginning of the						
Transfer to lifetime ECLs	( 433)	558	( 125)	-	-	-
Transfer to ECLs on financial	( 256)	( 2,010)	2,266	-	-	-
Transfer to 12-month ECLs	17,300	( 15,017)	( 2,283)	-	-	-
Financial assets derecognized in the current period	( 7,803)	( 24,945)	( 7,105)	( 39,853)	-	( 39,853)
Provisions (reversal)	1,501	11,271	22,587	35,359	-	35,359
Purchased or originated financial	5,706	4,025	1,433	11,164	-	11,164
The difference of impairment under the regulation	-	-	-	-	15,276	15,276
Write-offs	-	-	( 63,146)	( 63,146)	-	( 63,146)
Recoveries after write-off	-	-	29,154	29,154	-	29,154
Exchange rate and other changes	( 2,327)	11	41	( 2,275)	-	( 2,275)
Balance on December 31, 2024	\$ 243,720	\$ 24,377	\$ 11,937	\$ 280,034	\$ 28,194	\$ 308,228

#### 14. DISCOUNTS AND LOANS, NET

	December 31, 2025	December 31, 2024
Loans	\$ 905,553,955	\$ 894,177,297
Non-performing loans	1,607,936	1,944,344
Inward/outward documentary bills	2,138,081	2,561,650
Overdrafts	-	3,162
	<u>909,299,972</u>	<u>898,683,291</u>
Discount and premium adjustments	124,186	141,031
Provisions for loans and discounts	( 11,826,829)	( 11,307,578)
	<u>\$ 897,597,329</u>	<u>\$ 887,516,744</u>

The Bank discontinues accruing interest when loans are deemed non-performing. For the year ended December 31, 2025 and 2024, the unrecognized interest revenue on the non-performing loans amounted to \$34,801 thousand and \$46,707 thousand, respectively.

For the year ended December 31, 2025 and 2024, the Bank only had written off certain credits after completing the required legal procedures.

The changes in carrying amount and allowance for discounts and loans for the year ended December 31, 2025 and 2024 are as follows:

**For the Year ended December 31, 2025**

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
<b>Discounts and loans</b>				
Beginning on January 1, 2025	\$ 885,310,273	\$ 10,415,101	\$ 2,961,079	\$ 898,686,453
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	( 1,744,669)	1,744,669	-	-
Transfer to ECLs on financial assets	( 1,246,392)	( 393,685)	1,640,077	-
Transfer to 12-month ECLs	2,637,967	( 2,637,967)	-	-
Financial assets derecognized in the current period	( 316,390,396)	( 5,934,898)	( 763,844)	( 323,089,138)
Transfer or pay off the original amount	( 37,580,218)	( 180,031)	( 590,876)	( 38,351,125)
Purchased or originated financial assets	370,383,729	1,381,900	3,160,117	374,925,746
Write-offs	-	-	( 1,389,084)	( 1,389,084)
Exchange rate and other changes	( 1,487,249)	6,443	( 2,074)	( 1,482,880)
Balance on December 31, 2025	\$ 899,883,045	\$ 4,401,532	\$ 5,015,395	\$ 909,299,972

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
<b>Allowance</b>						
Beginning on January 1, 2025	\$ 571,393	\$ 1,290,571	\$ 561,509	\$ 2,423,473	\$ 8,884,105	\$ 11,307,578
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	( 832)	832	-	-	-	-
Transfer to ECLs on financial assets	( 599)	( 22,335)	22,934	-	-	-
Transfer to 12-month ECLs	947,251	( 947,251)	-	-	-	-
Financial assets derecognized in the current period	( 236,540)	( 246,902)	( 129,163)	( 612,605)	-	( 612,605)
Provisions (reversal)	( 775,717)	154,831	951,463	330,577	-	330,577
Purchased or originated financial assets	386,347	67,973	672,157	1,126,477	-	1,126,477
The difference of impairment under the regulation or decree	-	-	-	-	889,525	889,525
Write-offs	-	-	( 1,389,084)	( 1,389,084)	-	( 1,389,084)
Recoveries of write-offs	-	-	332,577	332,577	-	332,577
Exchange rate and other changes	( 159,097)	1,812	( 931)	( 158,216)	-	( 158,216)
Balance on December 31, 2025	\$ 732,206	\$ 299,531	\$ 1,021,462	\$ 2,053,199	\$ 9,773,630	\$ 11,826,829

**For the Year ended December 31, 2024**

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
<b>Discounts and loans</b>				
Beginning on January 1, 2024	\$ 866,937,819	\$ 5,916,015	\$ 6,938,948	\$ 879,792,782
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	( 1,273,494)	1,273,494	-	-
Transfer to ECLs on financial assets	( 1,272,977)	( 322,643)	1,595,620	-
Transfer to 12-month ECLs	163,659	( 163,659)	-	-
Financial assets derecognized in the current period	( 309,153,946)	( 1,232,008)	( 452,391)	( 310,838,345)
Transfer or pay off the original amount	( 36,298,063)	( 338,066)	227,652	( 36,408,477)
Purchased or originated financial assets	362,531,844	5,216,102	231,586	367,979,532
Write-offs	-	-	( 5,585,119)	( 5,585,119)
Exchange rate and other changes	3,675,431	65,866	4,783	3,746,080
Balance on December 31, 2024	\$ 885,310,273	\$ 10,415,101	\$ 2,961,079	\$ 898,686,453

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
<b>Allowance</b>						
Beginning on January 1, 2024	\$ 905,400	\$ 848,430	\$ 2,454,873	\$ 4,208,703	\$ 9,542,613	\$ 13,751,316
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	( 1,324)	1,324	-	-	-	-
Transfer to ECLs on financial assets	( 1,015)	( 24,946)	25,961	-	-	-
Transfer to 12-month ECLs	24,538	( 24,538)	-	-	-	-
Financial assets derecognized in the current period	( 422,450)	( 73,383)	( 113,176)	( 609,009)	-	( 609,009)
Provisions (reversal)	( 266,794)	136,710	3,510,896	3,380,812	-	3,380,812
Purchased or originated financial assets	309,613	424,540	99,735	833,888	-	833,888
The difference of impairment under the regulation or decree	-	-	-	-	( 658,508)	( 658,508)
Write-offs	-	-	( 5,585,119)	( 5,585,119)	-	( 5,585,119)
Recoveries of write-offs	-	-	166,212	166,212	-	166,212
Exchange rate and other changes	23,425	2,434	2,127	27,986	-	27,986
Balance on December 31, 2024	\$ 571,393	\$ 1,290,571	\$ 561,509	\$ 2,423,473	\$ 8,884,105	\$ 11,307,578

The details of bad debt expense, commitment and guarantee liability provisions for the year ended December 31, 2025 and 2024 are listed below:

	For the Year Ended December 31	
	2025	2024
Provisions for loans and discounts	\$ 1,733,974	\$ 2,947,183
Provisions (reversal) for reserve of possible losses on guarantees	44,422	( 363,231)
Provisions for receivables and other financial assets	25,776	21,946
	<u>\$ 1,804,172</u>	<u>\$ 2,605,898</u>

To reflect the market environment, the Bank and Shanghai Commercial Bank (HK) increased the allowances for doubtful accounts on discounts and loans by 1,100 million for the six months ended June 30, 2024, based on group assessments. Relevant information is available from the material information and announcement on the Market Observation Post System website of the Taiwan Stock Exchange.

## 15. INVESTMENTS UNDER THE EQUITY METHOD

Equity Method	December 31, 2025		December 31, 2024	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<b>Investment in subsidiaries</b>				
Domestic investments				
SCSB Asset Management Ltd.	\$ 1,745,299	100.00	\$ 1,699,726	100.00
China Travel Service (Taiwan)	370,636	99.99	398,316	99.99
SCSB Marketing Ltd.	9,552	100.00	9,858	100.00
	<u>2,125,487</u>		<u>2,107,900</u>	
Foreign investments				
Shancom Reconstruction AG.	94,443,237	100.00	93,322,272	100.00
Wresqueue Limitada	410,290	100.00	419,629	100.00
Pafoong Insurance Company Ltd.	487,926	40.00	465,504	40.00
AMK Microfinance Institution Plc (AMK)	5,221,564	99.99	5,978,231	99.99
	<u>100,563,017</u>		<u>99,185,636</u>	
Total	<u>\$ 102,688,504</u>		<u>\$ 101,293,536</u>	

The Bank invested in Pafoong Insurance Company (Hong Kong) Ltd. and held 40% equity directly and 60% indirectly through Shancom Reconstruction AG Therefore, Pafoong Insurance Company (Hong Kong) Ltd. was recorded as a subsidiary.

The Bank recognized investment losses on Kuo Hai Construction over the years because of the investee's continuing operating losses. The carrying value of Kuo Hai Construction was reduced to zero in 2002.

The Bank acquired Cambodia AMK on August 28, 2018, and the consideration paid included the expected value of the consolidated effect, revenue growth, future market development, etc., the bank use the annual discount rate (15.2%) to evaluate AMK's recoverable amount and the recoverable amount of the Bank assessed that the AMK was less than the carrying amount at the end of the year, so impairment loss was recognized for the year ended December 31, 2024 of 98,845 thousand.

## 16. OTHER FINANCIAL ASSETS, NET

	December 31, 2025	December 31, 2024
Non-performing receivables	\$ 4,108	\$ 4,985
Bills of exchange	<u>5,582</u>	<u>1,872</u>
	9,690	6,857
Allowance	( 4,164)	( 4,985)
	<u>\$ 5,526</u>	<u>\$ 1,872</u>

The amount of non-performing receivables is made up of unsettled transactional for forward exchange contracts and credit card receivables.

The balances of credit card receivables which were reported as non-performing amounted to \$4,108 thousand and \$4,985 thousand as of December 31, 2025 and 2024, respectively. The unrecognized interest revenue on the receivables amounted to \$66 thousand and \$80 thousand for the year ended December 31, 2025 and 2024, respectively.

## 17. PROPERTIES, NET

	December 31, 2025	December 31, 2024
Land	\$ 9,533,891	\$ 9,533,891
Buildings and improvements	4,702,386	1,485,609
Mechanical equipment	410,849	528,310
Miscellaneous equipment	379,434	375,529
Transportation equipment	2,073	2,812
Construction in progress and prepayments	<u>263,674</u>	<u>3,304,167</u>
	<u>\$ 15,292,307</u>	<u>\$ 15,230,318</u>

For the Year Ended December 31, 2025

	Balance at January 1, 2025	Additions	Disposals	Internal Transfers	Effects of Exchange Rate Changes, Net	Balance at December 31, 2025
<b>Cost</b>						
Land	\$ 9,533,891	\$ -	\$ -	\$ -	\$ -	\$ 9,533,891
Buildings and improvements	4,175,813	392,732	( 256,365)	3,040,493	-	7,352,673
Mechanical equipment	1,379,139	58,727	( 44,401)	-	( 2,157)	1,391,308
Miscellaneous equipment	890,163	92,241	( 43,497)	-	( 1,417)	937,490
Transportation equipment	<u>20,187</u>	<u>-</u>	<u>( 54)</u>	<u>-</u>	<u>-</u>	<u>20,133</u>
	15,999,193	<u>\$ 543,700</u>	<u>(\$ 344,317)</u>	<u>\$ 3,040,493</u>	<u>(\$ 3,574)</u>	19,235,495
<b>Accumulated depreciation</b>						
Buildings and improvements	\$ 2,690,204	\$ 126,097	(\$ 166,014)	\$ -	\$ -	\$ 2,650,287
Mechanical equipment	850,829	171,753	( 40,337)	-	( 1,786)	980,459
Miscellaneous equipment	514,634	84,199	( 39,845)	-	( 932)	558,056
Transportation equipment	<u>17,375</u>	<u>725</u>	<u>( 40)</u>	<u>-</u>	<u>-</u>	<u>18,060</u>
	4,073,042	<u>\$ 382,774</u>	<u>(\$ 246,236)</u>	<u>\$ -</u>	<u>(\$ 2,718)</u>	4,206,862
Construction in progress and prepayments	<u>3,304,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 3,040,493)</u>	<u>\$ -</u>	<u>263,674</u>
Net amount	<u>\$ 15,230,318</u>					<u>\$ 15,292,307</u>

For the Year Ended December 31, 2024

	Balance at January 1, 2024	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at December 31, 2024
<b>Cost</b>					
Land	\$ 9,570,200	\$ -	(\$ 36,309)	\$ -	\$ 9,533,891
Buildings and improvements	4,184,727	-	( 8,914)	-	4,175,813
Mechanical equipment	1,228,229	264,359	( 117,085)	3,636	1,379,139
Miscellaneous equipment	734,520	195,441	( 41,929)	2,131	890,163
Transportation equipment	31,429	176	( 11,418)	-	20,187
	<u>15,749,105</u>	<u>\$ 459,976</u>	<u>(\$ 215,655)</u>	<u>\$ 5,767</u>	<u>15,999,193</u>
<b>Accumulated depreciation</b>					
Buildings and improvements	\$ 2,635,587	\$ 63,498	(\$ 8,881)	\$ -	\$ 2,690,204
Mechanical equipment	801,848	157,042	( 110,964)	2,903	850,829
Miscellaneous equipment	481,273	68,553	( 36,702)	1,510	514,634
Transportation equipment	27,168	1,063	( 10,856)	-	17,375
	<u>3,945,876</u>	<u>\$ 290,156</u>	<u>(\$ 167,403)</u>	<u>\$ 4,413</u>	<u>4,073,042</u>
Construction in progress and prepayments	<u>2,514,684</u>	<u>\$ 789,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,304,167</u>
Net amount	<u>\$ 14,317,913</u>				<u>\$ 15,230,318</u>

The Bank did not have any impairment losses on the properties as of December 31, 2025 and 2024.

Depreciation expense of properties is computed using the straight-line method over the useful lives below:

Buildings and improvements	
Branches offices	43-55 years
Air conditioning and machine rooms	9 years
Mechanical equipment	3-8 years
Transportation equipment	5-10 years
Miscellaneous equipment	5-20 years

## 18. LEASE ARRANGEMENTS

### 18.1 Right-of-use assets

	December 31, 2025	December 31, 2024
Carrying amount of right-of-use assets		
Buildings and improvements	\$ 661,558	\$ 694,250
Transportation equipment	31,591	43,702
Mechanical equipment	14,134	19,786
	<u>\$ 707,283</u>	<u>\$ 737,952</u>

	For the Year Months Ended December 31	
	2025	2024
Increase in right-of-use assets	\$ 276,891	\$ 436,636
Depreciation expenses of right-of-use assets		
Buildings and improvements	\$ 303,313	\$ 302,766
Transportation equipment	15,843	18,000
Mechanical equipment	5,653	5,757
	<u>\$ 324,809</u>	<u>\$ 326,523</u>

## 18.2 Lease liabilities

	December 31, 2025	December 31, 2024
Carrying amount of lease liabilities	\$ 716,114	\$ 769,855

The discount rate intervals for lease liabilities are as follows:

	December 31, 2025	December 31, 2024
Buildings and improvements	0.60%~1.90%	0.60%~1.60%
Mechanical equipment	0.60%~1.90%	0.60%~1.60%
Transportation equipment	0.60%~1.90%	0.60%~1.60%

## 18.3 Other lease information

	For the Year Ended December 31	
	2025	2024
Short-term lease expenses	\$ 19,379	\$ 14,980
Leases of low value assets	\$ 2,545	\$ 2,891
Variable lease payments which are not included in lease liabilities measurements	\$ 13,289	\$ 13,783
Total cash outflow for leases	<u>\$ 371,620</u>	<u>\$ 349,790</u>

The Bank chooses to apply recognition exemption to the rentals of buildings, office equipment, transportation equipment that qualify as short-term lease and computer equipment which qualify as low value assets, and did not recognize related right-of-use assets and lease liabilities.

## 19. INTANGIBLE ASSETS, NET

For the Year Ended December 31, 2025					
	Balance at January 1, 2025	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at December 31, 2025
Cost					
Computer software	\$ 851,174	\$ 219,552	(\$ 142,765)	(\$ 2,697)	\$ 925,264
Less: Accumulated depreciation					
Computer software	527,698	223,864	( 142,765)	( 1,896)	606,901
Net amount	<u>\$ 323,476</u>				<u>\$ 318,363</u>

  

For the Year Ended December 31, 2024					
	Balance at January 1, 2024	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at December 31, 2024
Cost					
Computer software	\$ 783,100	\$ 123,978	(\$ 61,478)	\$ 5,574	\$ 851,174
Less: Accumulated depreciation					
Computer software	365,660	220,382	( 61,478)	3,134	527,698
Net amount	<u>\$ 417,440</u>				<u>\$ 323,476</u>

Amortization expense is computed using the straight-line method over the useful lives as follows:

Computer software	3-5 years
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## 20. OTHER ASSETS, NET

	December 31, 2025	December 31, 2024
Prepaid expenses	\$ 6,380,127	\$ 6,275,086
Refundable deposits	2,222,374	1,274,393
Temporary payments and suspension	1,915,243	1,593,986
Miscellaneous taxes	91,583	232,174
Deferred charges	2,235	6,391
Others	471,321	471,321
	<u>\$ 11,082,883</u>	<u>\$ 9,853,351</u>

## 21. DUE TO THE CENTRAL BANK AND BANKS

	December 31, 2025	December 31, 2024
Call loans from banks	\$ 8,186,107	\$ 18,441,446
Deposit from Chunghwa Post Co., Ltd.	1,221,799	1,221,799
Due to banks	808,798	954,062
Bank overdrafts	955,219	523,603
	<u>\$ 11,171,923</u>	<u>\$ 21,140,910</u>

## 22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of December 31, 2025 and 2024 were \$7,192,305 thousand and \$4,783,153 thousand, respectively. The aforementioned securities will be brought back by November 9, 2026 and June 27, 2025 at \$7,242,701 thousand and \$4,786,489 thousand, respectively.

## 23. PAYABLES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Dividends payable	\$ 18,292,542	\$ 17,449,275
Accrued interest	4,004,552	3,922,592
Accounts payable	1,400,863	952,702
Acceptances	1,658,070	1,452,638
Accrued expenses	1,636,612	1,554,638
Other accounts payable	252,596	247,460
Others	592,773	678,523
	<u>\$ 27,838,008</u>	<u>\$ 26,257,828</u>

## 24. DEPOSITS AND REMITTANCES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Savings deposits	\$ 497,319,370	\$ 480,518,976
Time deposits	403,307,101	436,725,591
Demand deposits	290,708,450	287,687,541
Negotiable certificates of deposit	62,464,800	70,525,400
Checking deposits	9,835,323	10,901,583
Remittances	206,125	228,489
	<u>\$ 1,263,841,169</u>	<u>\$ 1,286,587,580</u>

## 25. BANK DEBENTURES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
The subordinated bank debenture - 7-10 years maturity; first issued in 2017; maturity date is from June 2024 to 2027	4,800,000	4,800,000
The subordinated bank debenture - 7-10 years maturity; second issued in 2017; maturity date is from December 2024 to 2027	3,800,000	3,800,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2018; maturity date is in June 2028	2,000,000	5,000,000
The subordinated bank debenture; third issued in 2018; no maturity date	7,000,000	7,000,000
The bank debenture - 7-10 years maturity; first issued in 2020; maturity date is in March 2027 to 2030	10,000,000	10,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2021; maturity date is from October 2028 to 2031	5,000,000	5,000,000
The bank debenture - 3-5 years maturity; first issued in 2022; maturity date is from July 2025 to 2027	1,200,000	2,000,000
The bank debenture - 3 years maturity; second issued in 2022; maturity date is September 2025	-	1,000,000
The subordinated bank debenture; third issued in 2022; no maturity date	1,070,000	1,070,000
The bank debenture - 3 years maturity; third issued in 2023; maturity date is in December 2026	2,000,000	2,000,000
The subordinated bank debenture - 10 years maturity; second issued in 2024; maturity date is in March 2034	2,500,000	2,500,000
The bank debenture - 5-7 years maturity; third issued in 2024; maturity date is from December 2029 to 2031	4,050,000	4,050,000

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
The bank debenture – 5 years maturity; first issued in 2025; maturity date is in April 2030	2,100,000	-
The bank debenture - 3-5 years maturity; second issued in 2025; maturity date is from September 2028 to 2030	8,450,000	-
The bank debenture - 3 years maturity; third issued in 2025; maturity date is in November 2028	400,000	-
	<u>\$ 54,370,000</u>	<u>\$ 48,220,000</u>

The first issuance of the 2017 bank debenture was classified into two types, Types A and B, in accordance with the issued terms. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.50%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.85%. The interests were paid annually with the repayment of principals at maturity.

The second issuance of the 2017 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.30%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.55%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2018 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.25%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.45%. Their interests were paid annually with repayment of principals at maturity.

The third issuance of the 2018 subordinated bank debenture with no maturity date was at a fixed annual interest rate of 2.15% with the interest paid annually.

The first issuance of the 2020 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven-year of bank debenture at a fixed annual interest rate of 0.62%; Type B, ten-year of bank debenture at a fixed annual interest rate of 0.64%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2021 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 0.60%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 0.72%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2022 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, three-year of bank debenture at a fixed annual interest rate of 1.60%; Type B, five-year of bank debenture at a fixed annual interest rate of 1.70%. Their interests were paid annually with repayment of principals at maturity.

The second issuance of the 2022 three-year bank debenture was at a fixed annual interest rate of 1.40% with the interest paid annually and the repayment of principal at maturity.

The third issuance of the 2022 subordinated bank debenture with no maturity date was at a fixed annual interest rate of 3.25% with the interest paid annually.

The third issuance of the 2023 three-year bank debenture was at a fixed annual interest rate of 1.60% with the interest paid annually and the repayment of principal at maturity.

The second issuance of the 2024 ten-year subordinated bank debenture was at a fixed annual interest rate of 1.95% with the interest paid annually and the repayment of principal at maturity.

The third issuance of the 2024 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, five-year of bank debenture at a fixed annual interest rate of 1.90%; Type B, seven-year of bank debenture at a fixed annual interest rate of 1.95%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2025 five-year bank debenture was at a fixed annual interest rate of 1.88% with the interest paid annually and the repayment of principal at maturity.

The second issuance of the 2025 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, three -year of bank debenture at a fixed annual interest rate of 1.64%; Type B, five -year of bank debenture at a fixed annual interest rate of 1.68%. Their interests were paid annually with repayment of principals at maturity.

The third issuance of the 2025 three-year bank debenture was at a fixed annual interest rate of 1.61% with the interest paid annually and the repayment of principal at maturity.

## 26. OTHER FINANCIAL LIABILITIES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Principals of structured instruments	\$ 9,970,593	\$ 7,360,739
Appropriated loan funds	1,826,009	1,265,357
	<u>\$ 11,796,602</u>	<u>\$ 8,626,096</u>

## 27. PROVISIONS

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Provision for employee benefits	\$ 847,375	\$ 783,351
Provision for guarantees liabilities	780,345	741,772
Provision for financing commitment	130,333	129,903
Provision for unexpected losses	3,565	3,565
Provision for other operations	2,916	3,043
	<u>\$ 1,764,534</u>	<u>\$ 1,661,634</u>

Provisions for changes in financing commitment and guarantee liability provisions of the Bank for the year ended December 31, 2025 and 2024 were as follows:

**For the Year ended December 31, 2025**

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
<b>Provisions for commitment and guarantee liability</b>						
Beginning on January 1, 2025	\$ 79,301	\$ 84,588	\$ 588	\$ 164,477	\$ 707,198	\$ 871,675
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	( 7)	7	-	-	-	-
Transfer to 12-month ECLs	72,035	( 72,035)	-	-	-	-
Financial assets derecognized in the current period	( 27,919)	( 568)	-	( 28,487)	-	( 28,487)
Provisions (reversal)	( 60,281)	1,809	167	( 58,305)	-	( 58,305)
Purchased or originated financial assets	41,349	1,835	-	43,184	-	43,184
The difference of impairment under the regulation or decree	-	-	-	-	88,030	88,030
Exchange rate and other changes	( 5,419)	-	-	( 5,419)	-	( 5,419)
Balance on December 31, 2025	\$ 99,059	\$ 15,636	\$ 755	\$ 115,450	\$ 795,228	\$ 910,678

**For the Year ended December 31, 2024**

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
<b>Provisions for commitment and guarantee liability</b>						
Beginning on January 1, 2024	\$ 150,325	\$ 170,819	\$ 793	\$ 321,937	\$ 903,123	\$ 1,225,060
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	( 14)	14	-	-	-	-
Transfer to 12-month ECLs	164	( 164)	-	-	-	-
Financial assets derecognized in the current period	( 80,385)	( 1,917)	-	( 82,302)	-	( 82,302)
Provisions (reversal)	( 31,525)	( 86,077)	( 231)	( 117,833)	-	( 117,833)
Purchased or originated financial assets	31,001	1,828	-	32,829	-	32,829
The difference of impairment under the regulation or decree	-	-	-	-	( 195,925)	( 195,925)
Exchange rate and other changes	9,735	85	26	9,846	-	9,846
Balance on December 31, 2024	\$ 79,301	\$ 84,588	\$ 588	\$ 164,477	\$ 707,198	\$ 871,675

## 28. OTHER LIABILITIES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Guarantee deposits received	\$ 967,067	\$ 1,012,698
Interest received in advance	122,344	161,020
Deferred revenue	146,182	145,425
Temporary credit	57,737	47,086
Others	93,761	98,291
	<u>\$ 1,387,091</u>	<u>\$ 1,464,520</u>

## 29. PENSION PLAN

### (1) Defined contribution plans

The Bank adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total amounts of contributions to the defined contribution plans For the year ended December 31, 2025 and 2024 were \$125,823 thousand and \$117,494 thousand, respectively.

### (2) Defined benefit plans

The defined benefit plans adopted by the Bank in accordance with the Labor Standards Law is operated by the government of Taiwan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Bank contribute amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy.

Net defined benefit assets presented in the actuarial report were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance on January 1, 2024	(\$ 3,125,396)	\$ 3,358,260	\$ 232,864
Service cost			
Current service cost	( 98,696)	-	( 98,696)
Interest (expense) income	( 36,722)	41,430	4,708
Recognized in profit or loss	( 135,418)	41,430	( 93,988)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	258,214	258,214
Actuarial gains - changes in financial assumptions	58,990	-	58,990
Actuarial losses - experience adjustments	( 274,620)	-	( 274,620)
Recognized in other comprehensive income	( 215,630)	258,214	42,584
Contributions from the employer	-	284,115	284,115
Plan Assets paid	459,402	( 459,402)	-
Balance on December 31, 2024	(\$ 3,017,042)	\$ 3,482,617	\$ 465,575
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance on January 1, 2025	(\$ 3,017,042)	\$ 3,482,617	\$ 465,575
Service cost			
Current service cost	( 74,944)	-	( 74,944)
Interest (expense) income	( 41,715)	50,888	9,173
Recognized in profit or loss	( 116,659)	50,888	( 65,771)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	217,945	217,945
Actuarial losses - changes in financial assumptions	( 74,064)	-	( 74,064)
Actuarial losses - experience adjustments	( 222,842)	-	( 222,842)
Recognized in other comprehensive income	( 296,906)	217,945	( 78,961)
Contributions from the employer	-	274,375	274,375
Plan Assets paid	333,332	( 333,332)	-
Balance on December 31, 2025	(\$ 3,097,275)	\$ 3,692,493	\$ 595,218

Through the defined benefit plans under the Labor Standards Law, the Bank is exposed to the following risks:

- A. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with 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 plans' debt investments.
- 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.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.38%	1.50%
Expected rate of salary increase	3.00%	2.75%

If possible reasonable changes 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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
0.25% increase	\$ (56,348 )	\$ (57,385 )
0.25% decrease	\$ 57,862	\$ 58,990
Expected rate of salary increase		
0.25% increase	\$ 47,325	\$ 48,274
0.25% decrease	\$ (46,283 )	\$ (47,158 )

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Average duration of the defined benefit obligation	7.8years	7.8years
Expected contributions to the plans for the next year	\$ 282,606	\$ 291,928

### (3) Employee preferential deposit plan

The Bank's obligation to pay the quota deposits of current staff and retired employees is based on the Bank's relevant employee preferential deposit benefits. In accordance with the guidelines for the Regulations Governing the Preparation of Financial Reports by Public Banks, the Bank needs to measure on the excess interest arising from the post-retirement preferential deposit interest rate through actuarial process .

The actuarial assumptions of the retired employees' preferential deposit and welfare expenses are based on the Banking Bureau's requirement dated March 15, 2012 (Ref. No. 10110000850). The assumptions are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	4.00%	4.00%
Deposit rate of return	2.00%	2.00%
Preferential deposit withdrawal rate	2.00%	2.00%
Change in the preferential deposit policy	50.00%	50.00%

The amount of the Bank's obligations arising from the preferential deposit plan for retired employees is included in the balance sheet as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Retired employees' preferential deposit liabilities, net	\$ 847,327	\$ 769,171

The amounts of the retired employees' preferential deposit benefit expenses in the statements of comprehensive income For the year ended December 31, 2025 and 2024 were \$117,803 thousand and \$138,532 thousand, respectively.

(4) Other long-term employee benefit liabilities

Current employees who are eligible for retirement will be given a pension according to the retirement plan. If employees do not have the qualification to retire, (a) the pension will be paid for one month if the service lasts less than one year; (b) if the service lasts more than one year and less than five years, they will receive pension for one month for serving each full year; (c) if the service lasts for more than five years, the pension is calculated according to the actuarial calculation method. However, the calculation method is only applicable to the service that existed before the application of the new system.

The amounts of the Bank's obligations arising from the employee's pension were included in the balance sheets as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other long-term employee benefit liabilities, net	\$ 48	\$ 14,180

The Bank recognized a decrease of \$14,131 thousand and an increase of \$218 thousand in employee pension benefit cost in the consolidated statements of comprehensive income for the year ended December 31, 2025 and 2024, respectively.

(5) Employee benefit liabilities provisions includes:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Retired employees' preferential deposit liabilities	\$ 847,327	\$ 769,171
Other long-term employment benefits	48	14,180
	<u>\$ 847,375</u>	<u>\$ 783,351</u>

## 30. EQUITY

### 30.1 Share capital

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Ordinary shares</b>		
Authorized shares (in thousands)	6,000,000	6,000,000
Authorized capital	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Issued and paid shares (in thousands)	4,861,603	4,861,603
Issued capital	<u>\$ 48,616,031</u>	<u>\$ 48,616,031</u>

The issued ordinary shares have par value of \$10. Each shareholder is entitled with the right to vote and to receive dividends.

### 30.2 Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Share premium	\$ 24,049,635	\$ 24,049,635
Treasury shares transaction	2,084,440	2,074,960
Unclaimed dividends	1,646,298	1,494,596
Recognition of changes in equity of subsidiaries	85,518	85,518
Proportionate share in investee's surplus from donated assets under the equity method	1,218	1,218
	<u>\$ 27,867,109</u>	<u>\$ 27,705,927</u>

The capital surplus from shares issued in excess of par (including additional paid-in capital from the issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be capitalized from capital surplus into share capital, which is limited to a certain percentage of the Bank's paid-in capital.

The capital surplus from investments accounted for using the equity method and dividends not yet collected by shareholders has limited use and can only be used to offset losses.

Since the shares held by subsidiaries were classified as treasury shares, cash dividend distributed to subsidiaries was then recorded as capital surplus - treasury shares according to the shareholding ratio.

When the equity of the Bank is not actually obtained or processed, the impact of the equity transaction recognized due to changes in the Bank's equity or the Bank's recognition of the adjustment to the capital reserve of the subsidiary identified using the equity method.

### 30.3 Retained earnings and dividend policy

According to the earnings distribution policy of the Bank, where the Bank made a surplus profit in its annual accounts, the profit shall be first utilized for paying taxes and then offsetting losses of previous years. As required by the law, 30% of profit shall be allocated as the legal reserve. However, when the amount of statutory surplus reserve has reached the amount of total paid-in capital of the Bank, the required allocation of 30% of profit to the legal reserve is waived and any amount exempted from allocation to capital reserve may be appropriated to or reversed from the special surplus reserve for distribution of special dividends. After the abovementioned appropriations, the balance and accumulated unappropriated earnings of the previous year, including the special reserve shall be available for earnings for distribution. The board of directors drafts a plan for surplus distribution and submits it to the shareholders' meeting for approval. The distribution of dividends or bonuses is subject to the attendance of more than two-thirds of the members of the board of directors and the resolution of more than half of the directors present. All or part of the dividends or bonuses shall be distributed in cash and reported to the shareholders in their meeting.

If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be corrected into capital (share capital) or distributed in cash. However, under the Banking Law Act, if legal reserve is less than its paid-in capital, the Bank is allowed to distribute cash earnings only up to 15% of its capital. For the estimation on the distribution basis of employees' compensation and remuneration of directors, refer to employee benefits expense in Note 31.8.

The Bank has made special reserves for the adoption of IFRS in accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

The Bank held the board of shareholders' meeting on June 13, 2025 and June 21, 2024, respectively. The proposals and resolutions for the appropriations of earnings and dividends per share for 2024 and 2023 were as follows:

	Appropriation of Earnings		Dividends Per Share (In NT Dollar)	
	2024	2023	2024	2023
Special reserve (reserve) set aside	\$ -	\$ (5,583,505)		
Legal reserve	4,204,262	-		
Cash dividends - ordinary shares	8,750,886	8,750,886	\$ 1.80	\$ 1.80

The appropriations of earnings and dividends per share for 2025 are subjected to the approval of the board directors' meeting on March 19, 2026 and shareholders' meetings on June 12, 2026.

### 30.4 Special reserve

The Bank made a special reserve due to the transfer of \$1,256,859 thousand of its cumulative translation adjustment reported in equity to retained earnings upon first-time IFRS adoption. There was no change in the balance of the special reserve for the year ended December 31, 2025.

According to Rule No. 10510001510 issued by the FSC on May 25, 2016, public banks shall appropriate to a special reserve 0.5% to 1.0% of net profit. Public banks may reverse the same amount of transfers or resettle the expenses starting from 2017. However, in accordance with Rule No. 10802714560 issued by the FSC, starting from 2019, the special reserve method will no longer be used to respond to the development of financial technology and protect the rights and interests of domestic bank employees, and to transfer expenses for employees to pay or resettlement expenses, and employee education and training expenses in response to the needs of financial technology or banking business development shall be returned within the scope of the special surplus reserve balance mentioned above. The Bank made a special reserve in the amount of \$189,228 thousand according to the rule on December 31, 2025.

In accordance with the Securities and Exchange Acts 41-1 and Rule No.1090150022 issued by the FSC on March 31, 2021, upon the first-time adoption for IFRSs for public companies, special reserve shall be made with the following:

- (1) With respect to the negative other equity interest for the period in which it arises, an equivalent amount of special reserve shall be set aside from the profit after tax for the period, plus other eligible items that are included in the undistributed earnings of the period. If there remains any insufficiency, it shall be set aside from the undistributed earnings of the previous period.
- (2) With respect to the negative other equity interest accumulated from prior periods, an equivalent amount of special reserve shall be set aside from the undistributed earnings as at the prior period end. Where the undistributed earnings from the prior period are insufficient, the deficit can be made from the undistributed earnings of the current period which are contributed by the profit after tax of the current period plus any other eligible items. If subsequently there is any reversal of the negative other equity interest, the amount of the reversal may be reversed from special reserve and booked for earnings distribution. Until December 31, 2024 the Bank had reversed the special reverse of \$5,583,505 thousand according to the resolution of the shareholders' regular meeting on June 21, 2024.

### 30.5 Other equity

Other equity in the Bank includes exchange differences arising from the translation of financial statements of foreign operations, unrealized gain or loss on financial assets measured at fair value through other comprehensive income, and the impact of credit risk on financial liabilities designated at fair value. Relevant changes and impacts are detailed in the standalone statement of changes in equity.

### 30.6 Treasury shares

On December 31, 2025 and 2024, Shancom Reconstruction Inc. and China Travel Service (Taiwan) held 11,370 thousand shares and 27 thousand shares of the Bank, respectively.

Under the Company Act, the Bank is not allowed to buy back more than 5% of its issued shares. In addition, the total cost of treasury shares may not exceed the sum of the retained earnings and realized capital surplus. The Bank is not allowed to exercise shareholders' rights on these shares before they are resold. The shares held by its subsidiaries are treated as treasury shares, except for participating in the Bank's cash addition and voting rights, the rest is the same as the general shareholder's rights.

## 31. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

### 31.1 Interest income, net

	For the Year Ended December 31	
	2025	2024
Interest income		
Discounts and loans	\$ 25,803,527	\$ 27,450,858
Securities investments	9,815,636	10,414,705
Due from banks	2,073,768	2,270,106
Credit card interests	95,565	89,258
Others	350,361	194,559
	<u>38,138,857</u>	<u>40,419,486</u>
Interest expense		
Deposits	18,624,833	19,677,824
Bank debentures	903,644	879,938
Due to banks	473,754	457,459
Structured instruments	387,172	292,312
Securities sold under repurchase agreements	91,744	43,302
Leased liability	10,572	8,401
Others	17,409	30,613
	<u>20,509,128</u>	<u>21,389,849</u>
Interest income, net	<u>\$ 17,629,729</u>	<u>\$ 19,029,637</u>

### 31.2 Service fee income, net

	For the Year Ended December 31	
	2025	2024
Service fee income		
Insurance commission fees	\$ 2,088,745	\$ 1,575,602
Trust and custody services	1,231,281	1,361,795
Guarantees related fees	517,749	556,682
Credit card related fees	448,034	475,788
Loan service fees	419,026	332,862
Exchange related fees	151,015	160,045
Inward/outward business	85,110	100,598
Others (Note)	621,373	585,113
	<u>5,562,333</u>	<u>5,148,485</u>
Service charge		
Credit card service charge	\$ 372,691	\$ 377,376
Nominee and brokerage service charge	115,976	112,837
Finance service charge	60,950	71,293
Custody service charge	32,414	30,434
Others	153,998	193,874
	<u>736,029</u>	<u>785,814</u>
Service fee income, net	<u>\$ 4,826,304</u>	<u>\$ 4,362,671</u>

Note: Individual items did not exceed five percent of the total amount for the same item.

### 31.3 Gain (loss) on financial assets and liabilities at FVTPL

	For the Year Ended December 31, 2025		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 5,851,162	\$ 325,254	\$ 6,176,416
Held-for-trading financial liabilities	(5,814,399)	177,835	(5,636,564)
Financial liabilities designated at FVTPL	168	(44,959)	(44,791)
	<u>\$ 36,931</u>	<u>\$ 458,130</u>	<u>\$ 495,061</u>
	For the Year Ended December 31, 2024		
	Realized Gain (Loss)	Unrealized Gain (Loss)	Total
Financial assets mandatorily classified as at FVTPL	\$ 15,190,211	\$ (1,812,306)	\$ 13,377,905
Held-for-trading financial liabilities	(17,401,275)	804,396	(16,596,879)
Financial liabilities designated at FVTPL	-	262,303	262,303
	<u>\$ (2,211,064)</u>	<u>\$ (745,607)</u>	<u>\$ (2,956,671)</u>

#### 31.4 Realized gain or loss on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Dividend income	\$ 2,679,268	\$ 2,411,202
Disposal of debt instruments	158,820	339,803
	<u>\$ 2,838,088</u>	<u>\$ 2,751,005</u>

#### 31.5 Share of profit of subsidiaries accounted for using the equity method

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Shancom Reconstruction AG	\$ 2,801,925	\$ 1,287,132
Paofoong Insurance Company Ltd.	43,293	37,173
AMK Microfinance Institution Plc. (AMK)	(509,425)	63,273
Wresqueue Limitada	8,259	15,114
SCSB Asset Management Ltd.	42,992	32,844
SCSB Marketing Ltd.	1,694	2,182
China Travel Service (Taiwan)	(29,824)	(36,531)
	<u>\$ 2,358,914</u>	<u>\$ 1,401,187</u>

#### 31.6 Other non-interest income, net

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Leased revenue	\$ 69,733	\$ 69,381
Gain (loss) on disposal of property and equipment	(98,081)	119,953
Provision for reconciliation compensation reserves	-	(140,771)
Others	28,488	41,967
	<u>\$ 140</u>	<u>\$ 90,530</u>

#### 31.7 Employment benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term employment benefits	\$ 4,808,974	\$ 4,735,287
Retirement benefits	400,964	211,482
Other benefit plan	504,099	504,038
	<u>\$ 5,714,037</u>	<u>\$ 5,450,807</u>

#### 31.8 Employees' compensation and remuneration of directors

The employees' compensation and remuneration of directors were at the rates of no less than 0.1% and no higher than 0.6%, respectively, of net profit before income tax, employees' compensation and directors' remuneration.

The employees' compensation and remuneration of directors for 2024 and 2023 as approved in the board meetings on March 21, 2025 and March 29, 2024, respectively, were as follows:

	For the Year Ended December 31			
	2024		2023	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 76,000	\$ -	\$ 76,000	\$ -
Remuneration of directors	\$ 40,420	\$ -	\$ 46,000	\$ -

The employees' compensation and the remuneration of directors for the year ended December 31, 2025 were as follows:

	For the Year Ended December 31	
	2025	
Employees' compensation	\$	80,000
Remuneration of directors	\$	45,500

The employees' compensation and remuneration of directors in 2025 are subject to the resolution of the board of directors on March 19, 2026.

If the amount of actual employees' compensation and directors' remuneration changes after the release date of financial report, it will be treated according to the changes in accounting estimation and will be adjusted in the next year.

In accordance with the resolution of the board of directors, the remuneration of directors for the year ended December 31, 2024 amounted to \$40,420 thousand, which is \$5,580 thousand lower than the amount recognized in the 2024 financial statements. The difference has been adjusted and recognized under the remuneration of directors in 2025.

Information on the employees' compensation and remuneration of directors resolved by the Bank's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

### 31.9 Depreciation and amortization

	For the Year Months Ended December 31	
	2025	2024
Depreciation expense		
Properties	\$ 382,774	\$ 290,156
Right-of-use assets	324,809	326,523
	<u>707,583</u>	<u>616,679</u>
Amortization expense		
Intangible assets	223,864	220,382
Other assets	4,062	42,439
	<u>227,926</u>	<u>262,821</u>
	<u>\$ 935,509</u>	<u>\$ 879,500</u>

### 31.10 Other general and administrative

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Taxation	\$ 1,765,823	\$ 1,959,861
Postal fees	259,177	260,368
Insurance	217,826	224,596
Maintenance and repairmen fees	208,765	197,348
Others	884,473	859,540
	<u>\$ 3,336,064</u>	<u>\$ 3,501,713</u>

## 32. INCOME TAX

### 32.1 Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>Current tax</b>		
In respect of the current year	\$ 1,771,021	\$ 2,144,529
In respect of prior periods	89,142	( 72,777)
Undistributed retained earnings	52,953	580,841
	<u>1,913,116</u>	<u>2,652,593</u>
<b>Deferred tax</b>		
In respect of the current year	( 271,051)	542,957
In respect of prior periods	-	( 1,663,937)
	<u>( 271,051)</u>	<u>( 1,120,980)</u>
<b>Income tax expense recognized in profit or loss</b>	<u>\$ 1,642,065</u>	<u>\$ 1,531,613</u>

The reconciliation of accounting profit and income tax expenses is as follows :

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Profit before tax from continuing operations	\$ 16,469,719	\$ 15,010,096
Income tax expense calculated at the statutory rate	\$ 3,367,138	\$ 2,962,889
Add (deduct) tax effect of :		
Tax-exempt cash dividend	( 493,061)	( 439,522)
Permanent difference - investment income	( 387,573)	( 7,038)
Tax-exempt gain on security transactions	25,459	( 10,183)
Tax-exempt income from offshore banking unit (OBU)	( 745,995)	( 25,343)
Others	( 265,998)	206,683
	<u>1,499,970</u>	<u>2,687,486</u>
Tax on unappropriated earnings	52,953	580,841
Adjustments for prior years' current tax	89,142	( 72,777)
Adjustments for prior years' deferred tax	-	( 1,663,937)
Income tax expense recognized in profit or loss	<u>\$ 1,642,065</u>	<u>\$ 1,531,613</u>

### 32.2 Income tax expense recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<b>Deferred income tax</b>		
Recognized in other comprehensive income		
Translation adjustments for foreign operations	\$ 831,831	\$ (1,245,033)
Unrealized gain or loss on financial assets measured at FVTOCI	(701,430)	81,671
Defined benefit plans remeasurement	<u>10,905</u>	<u>942</u>
Income tax expense recognized in other comprehensive income	<u>\$ 141,306</u>	<u>\$ (1,162,420)</u>

### 32.3 Current tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current tax liabilities		
Income tax payable	<u>\$ 204,842</u>	<u>\$ 382,599</u>

## 32.4 Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

### For the Year Ended December 31, 2025

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<b>Temporary differences</b>				
Doubtful debts	\$ 394,463	\$ 73,249	\$ -	\$ 467,712
Impairment loss on financial assets at FVTOCI	12,445	1,688	-	14,133
Unrealized loss on financial instruments	766,775	199,900	(645,578)	321,097
Unrealized foreign exchange loss	-	15,182	-	15,182
Employee benefits plan	98,670	(19,689)	10,905	89,886
Others	71,534	(1,624)	-	69,910
	<u>\$ 1,343,887</u>	<u>\$ 268,706</u>	<u>\$ (634,673)</u>	<u>\$ 977,920</u>
<b>Deferred Tax Liabilities</b>				
<b>Temporary differences</b>				
Investment gain of foreign subsidiaries recognized under equity method	\$ (9,622,489)	\$ (86,087)	\$ 831,831	\$ (8,876,745)
Unrealized exchange gains and losses	(84,094)	84,094	-	-
Unrealized gain or loss on financial instrument	(4,338)	4,338	(55,852)	(55,852)
Others	(712)	-	-	(712)
	<u>\$ (9,711,633)</u>	<u>\$ 2,345</u>	<u>\$ 775,979</u>	<u>\$ (8,933,309)</u>

### For the Year Ended December 31, 2024

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<b>Temporary differences</b>				
Doubtful debts	\$ 939,429	\$ (544,966)	\$ -	\$ 394,463
Impairment loss on financial assets at FVTOCI	20,897	(8,452)	-	12,445
Unrealized loss on financial instruments	852,664	(167,560)	81,671	766,775
Unrealized foreign exchange loss	193,703	(193,703)	-	-
Employee benefits plan	123,350	(25,622)	942	98,670
Others	71,532	2	-	71,534
	<u>\$ 2,201,575</u>	<u>\$ (940,301)</u>	<u>\$ 82,613</u>	<u>\$ 1,343,887</u>
<b>Deferred Tax Liabilities</b>				
<b>Temporary differences</b>				
Investment gain of foreign subsidiaries recognized under equity method	\$ (10,527,169)	\$ 2,149,713	\$ (1,245,033)	\$ (9,622,489)
Unrealized exchange gains and losses	-	(84,094)	-	(84,094)
Unrealized gain or loss on financial instrument	-	(4,338)	-	(4,338)
Others	(712)	-	-	(712)
	<u>\$ (10,527,881)</u>	<u>\$ 2,061,281</u>	<u>\$ (1,245,033)</u>	<u>\$ (9,711,633)</u>

## 32.5 Income tax assessments

The Bank's income tax returns through 2020 had been assessed by the tax authorities.

### 33. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2025	2024
Basic earnings per share	\$ 3.06	\$ 2.78
Diluted earnings per share	\$ 3.06	\$ 2.78

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

#### Net Profit for the Period

	For the Year Ended December 31	
	2025	2024
Earnings used in the computation of basic and diluted earnings per share	\$ 14,827,654	\$ 13,478,483

#### Weighted Average Number of Ordinary Shares Outstanding (in Thousands of Shares)

	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares in computation of basic earnings per share	4,850,206	4,850,206
Effect of potentially dilutive ordinary shares:		
Employees' compensation	2,239	2,183
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,852,445	4,852,389

In the computation of diluted earnings per share, it assumed the entire amount of the compensation would be settled in potential shares. If the Bank offered to settle compensation paid to employees in cash or shares, the potential shares are included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

### 34. RELATED-PARTY TRANSACTIONS

The relationship, significant transactions and account balances of the Bank and its related parties (except those disclosed in other notes) are summarized as follows:

#### 34.1 The Bank's related parties

Related Party	Relationship with the Bank
China Travel Service (Taiwan)	Substantive related party
SCSB Asset Management Ltd.	Substantive related party
SCSB Marketing Ltd.	Substantive related party
Shancom Reconstruction AG	Substantive related party
Wresqueue Limitada	Substantive related party
CTS Travel International Ltd.	Substantive related party
SCSB Leasing (China) Co., Ltd.	Substantive related party
Krinein Company (Krinein)	Substantive related party
Empresa Inversiones Generales, S.A. (Empresa)	Substantive related party
AMK Microfinance Institution Plc. (AMK)	Substantive related party
Shanghai Commercial Bank, HK (SCB)	Substantive related party
The SCSB Cultural & Educational Foundation	Substantive related party
The SCSB Charity Foundation	Substantive related party

Silks Place Taroko	Substantive related party
Hung Ta Investment Corporation	Substantive related party
Taiwan Finance Corporation	Substantive related party
Financial Information Service Co., LTD.	Substantive related party
IBF Securities Co., Ltd.	Substantive related party
Other related parties	The relatives of the Bank's directors, related management and substantive related party

### 34.2 Significant transactions between parties

#### 34.2.1 Due from foreign banks

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Shanghai Commercial Bank (HK)	\$ 220,353	\$ 191,692

The interest income arising from the above transactions were \$12 thousand and \$3 thousand for the year ended December 31, 2025 and 2024, respectively.

#### 34.2.2 Due to banks

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Shanghai Commercial Bank (HK)	\$ 115,160	\$ 99,013

#### 34.2.3 Guarantees

	<u>Maximum Balance</u>	<u>Ending Balance</u>	<u>Reserve for Possible Losses on Guarantees</u>	<u>Interest Rate (%)</u>	<u>Collateral</u>
<u>December 31, 2025</u>					
China Travel Service (Taiwan)	\$ 9,000	\$ 9,000	\$ -	1.00	Real estate
<u>December 31, 2024</u>					
China Travel Service (Taiwan)	\$ 9,000	\$ 9,000	\$ -	1.00	Real estate

#### 34.2.4 Deposits

	<u>December 31, 2025</u>			<u>For the Year Ended December 31, 2025</u>
	<u>Maximum Balance</u>	<u>Ending Balance</u>	<u>Interest Rate (%)</u>	<u>Interest Expense</u>
IBF Securities Co., Ltd.	\$ 7,485,909	6,495,058	0.64-1.60	\$ 42,198
Financial Information Service Co., Ltd.	2,289,415	860,590	0.00-1.70	17,876
Directors and related management	1,261,328	321,028	0.01-4.30	7,825
The SCSB Cultural & Educational Foundation	350,554	335,079	0.00-1.72	4,953
SCSB Asset Management Ltd	239,699	17,803	0.01-1.64	161
Employees	282,186	102,284	0.00-10.98	3,569
Shancom Reconstruction AG	365,930	73,377	0.55-4.10	2,902
Others	1,147,141	607,842	0.00-4.00	4,582
	<u>\$ 13,422,162</u>	<u>\$ 8,813,061</u>		<u>\$ 84,066</u>

	December 31, 2024			For the Year Ended December 31, 2024
	Maximum Balance	Ending Balance	Interest Rate (%)	Interest Expense
IBF Securities Co., Ltd.	\$ 5,823,437	4,883,622	0.64-1.45	\$ 36,493
SCSB Asset Management Ltd.	1,187,513	45,889	0.20-1.64	890
Financial Information Service Co., Ltd.	978,980	978,980	0.55-1.45	12,895
Directors and related management	988,258	298,235	0.00-5.50	931
Shancom Reconstruction AG	83,668	73,553	0.03-4.00	2,993
The SCSB Cultural & Educational Foundation	347,772	319,496	0.01-1.72	4,872
Employees	333,636	121,826	0.00-10.94	4,384
Others	1,033,395	340,539	0.00-5.15	3,471
	<u>\$ 10,776,659</u>	<u>\$ 7,062,140</u>		<u>\$ 71,391</u>

#### 34.2.5 Interest receivable (accounted for as receivables)

	December 31, 2025	December 31, 2024
AMK	\$ 1,451	\$ 1,114
Directors and related management	118	105
	<u>\$ 1,569</u>	<u>\$ 1,219</u>

#### 34.2.6 Interest payable (accounted for as payables)

	December 31, 2025	December 31, 2024
Financial Information Service Co., Ltd.	\$ 965	\$ 2,440
IBF Securities Co., Ltd	1,948	1,607
Shancom Reconstruction AG	246	247
Others	1,279	1,317
	<u>\$ 4,438</u>	<u>\$ 5,611</u>

#### 34.2.7 Guarantee deposits received (accounted for as other liabilities)

	December 31, 2025	December 31, 2024
The SCSB Cultural & Educational Foundation	\$ 421	\$ 318
SCSB Asset Management Ltd.	264	264
China Travel Service (Taiwan)	189	189
SCSB Marketing Ltd.	20	20
	<u>\$ 894</u>	<u>\$ 791</u>

#### 34.2.8 Rental income (accounted for as other non-interest revenue, net)

	For the Year Ended December 31	
	2025	2024
The SCSB Cultural & Educational Foundation	\$ 1,362	\$ 1,282
China Travel Service (Taiwan)	720	720
SCSB Asset Management Ltd.	1,007	666
SCSB Marketing Ltd.	83	83
	<u>\$ 3,172</u>	<u>\$ 2,751</u>

For the rental contracts with related parties, the rental is determined in proportion to similar rentals in the area, based on a reference of the rentals in the neighborhood, and is received on a monthly

basis.

### 34.2.9 Administrative and operating expense (accounted for as other general administrative expenses)

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
SCSB Marketing Ltd.	\$ 96,279	\$ 101,853
China Travel Service (Taiwan)	2,458	3,738
	<u>\$ 98,737</u>	<u>\$ 105,591</u>

### 34.2.10 Loans

December 31, 2025									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Year Ended December 31, 2024 Interest Income
				Normal Loans	Non-performing Loans				
Loans for personal house mortgages	Directors and related management (4)	\$ 34,065	\$ 33,089	\$ 33,089	-	Real estate	2.18-2.48	None	\$ 530
Others	Directors and related management (6)	113,115	112,448	112,448	-	Real estate	2.18-2.52	None	2,683
	Directors and related management (5)	1,028	533	533	-	None	2.23-2.54	None	19
	AMK	<u>2,175,720</u>	<u>2,073,060</u>	<u>2,073,060</u>	-	None (Note)	0.00-5.82	None	<u>109,814</u>
		<u>\$2,323,928</u>	<u>\$2,219,130</u>	<u>\$2,219,130</u>					<u>\$113,046</u>

December 31, 2024									
Category	Name	Maximum Balance	Ending Balance	Performance		Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	For the Year Ended December 31, 2023 Interest Income
				Normal Loans	Non-performing Loans				
Loans for personal house mortgages	Directors and related management (3)	\$ 27,576	\$ 21,445	\$ 21,445	-	Real estate	2.06-2.48	None	\$ 528
Others	Directors and related management (7)	119,221	108,997	108,997	-	Real estate	2.06-2.53	None	2,522
	Directors and related management (4)	2,094	1,012	1,012	-	None	2.11-2.55	None	35
	AMK	<u>2,300,340</u>	<u>2,295,300</u>	<u>2,295,300</u>	-	None (Note)	5.82-7.91	None	<u>222,175</u>
		<u>\$2,449,231</u>	<u>\$2,426,754</u>	<u>\$2,426,754</u>					<u>\$225,260</u>

Note: The loan had obtained the approval from FSC, which was applied to Jin-Guan-Yin Letter No.10300258130.

Employee deposits and loans have interest rates that are better than ordinary rates but within regulated limits, while other related party transactions have similar terms as non-related party transactions.

Under the provisions of Articles 32 and 33 of the Banking Act, the Bank shall not make unsecured loans to related party, except for consumer loans under certain limits and government loans. Secured loans to a related party should be fully guaranteed, and the relevant terms should not be superior to other similar credit clients.

### 34.2.11 Donate

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
The SCSB Cultural & Educational Foundation	\$ 13,000	\$ 15,000

### 34.3 Compensation of directors, supervisors and management personnel

The compensation of key management personnel for the year ended December 31, 2025 and 2024 was as follows:

	For the Year Ended December 31	
	2025	2024
Salaries and other short-term employee benefits	\$ 121,583	\$ 121,659
Bonuses and compensation of employees	97,773	99,848
Remuneration of directors	91,560	81,393
Post-employment benefits	22,601	22,568
	<u>\$ 333,517</u>	<u>\$ 325,468</u>

### 35. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), the assets listed below had been provided as collateral for day-term overdrafts with the pledged amount adjustable at any time.

	December 31, 2025	December 31, 2024	Guaranty Purpose
Investments in debt instruments measured at amortized cost	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	Day-term overdraft with the pledge

On December 31, 2025 and 2024, the assets listed below were provided as refundable deposits for operating guarantees.

	December 31, 2025	December 31, 2024	Guaranty Purpose
Financial assets at FVTOCI	<u>\$ 477,798</u>	<u>\$ 448,643</u>	Operating guarantee

### 36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

36.1 In addition to those disclosed in other notes, significant commitments and contingencies of the Bank as of December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Assets under trust	\$ 228,228,470	\$ 239,202,432
Guarantee notes payable	115,866,600	99,753,100
Government bonds in brokerage accounts	35,064,400	31,660,000
Receivables under custody	19,298,968	22,159,656
Securities in custody	12,967,872	23,060,710
Short-term bills in brokerage accounts	2,237,810	1,468,140

#### 36.2 Material litigation

In November 2024, certain debtors filed a damages lawsuit with the Supreme Court of the State of New York, alleging that the Bank failed to fulfill contract and fiduciary duty, resulting in total claimed damages of no less than US\$356,000,000. The Bank currently assesses that it will not have a significant impact on its finances and business. Relevant information about the above litigation is available on the Market Observation Post System website of the Taiwan Stock Exchange.

### 37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

## 38. FINANCIAL INSTRUMENTS

### 38.1 Fair value information - financial instruments not measured at fair value

#### 38.1.1 Financial assets and liabilities with significant differences between carrying amounts and fair values.

Except as detailed in the following table, the Bank's management considers that the carrying amounts of financial instruments not measured at fair values are approximates of their fair values or the fair values could not otherwise be reliably measured:

	December 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Investments in debt instruments measured at amortized cost	\$ 153,830,215	\$ 153,837,364	\$ 214,376,343	\$ 214,225,320
<b>Financial liabilities</b>				
Bank debentures	54,370,000	54,373,667	48,220,000	48,236,306

#### 38.1.2 Fair value level

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Investments in debt instruments measured at amortized cost	\$ 153,837,364	\$ 10,042,719	\$ 143,794,645	\$ -
<b>Financial liabilities</b>				
Bank debentures	54,373,667	-	54,373,667	-

  

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Investments in debt instruments measured at amortized cost	\$ 214,225,320	\$ 11,409,888	\$ 202,815,432	\$ -
<b>Financial liabilities</b>				
Bank debentures	48,236,306	-	48,236,306	-

#### 38.1.3 The evaluation method and assumptions used in measuring fair value

The fair value of financial assets and liabilities are determined as follows:

- The fair value of financial assets with standard clauses and terms is quoted market price.
- The fair value of financial instruments other than the above is determined by the discounted cash flow analysis or other generally accepted pricing models.

### 38.2 Fair value information - financial instrument measured at fair value under repetitive basis

#### 38.2.1 Fair value level

Information of the financial instruments measured at fair value categorized by level is as follows:

Financial Instruments Measured at Fair Value	December 31, 2025			
	Total	Level 1	Level 2	Level 3
<b>Non-derivative financial instruments</b>				
<b>Assets</b>				
Financial assets at FVTOCI				
Equity instruments	\$ 24,727,652	\$ 22,753,095	\$ -	\$ 1,974,557
Debt instruments	221,658,965	146,778,887	74,880,078	-
	<u>\$ 246,386,617</u>	<u>\$ 169,531,982</u>	<u>\$ 74,880,078</u>	<u>\$ 1,974,557</u>
<b>Liabilities</b>				
Financial liabilities measured at FVTPL	\$ 1,823,796	\$ -	\$ 1,823,796	\$ -
<b>Derivative financial instruments</b>				
<b>Assets</b>				
Financial assets measured at FVTPL	\$ 1,787,849	\$ 516,904	\$ 1,025,406	\$ 245,539
<b>Liabilities</b>				
Financial liabilities measured at FVTPL	\$ 2,288,470	\$ 8,480	\$ 2,034,451	\$ 245,539
<b>Financial Instruments Measured at Fair Value</b>				
	<b>December 31, 2024</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Non-derivative financial instruments</b>				
<b>Assets</b>				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Bonds	\$ 695,881	\$ 695,881	\$ -	\$ -
Financial assets at FVTOCI				
Equity instruments	31,007,163	29,053,069	-	1,954,094
Debt instruments	219,408,640	137,575,426	81,833,214	-
	<u>\$ 251,111,684</u>	<u>\$ 167,324,376</u>	<u>\$ 81,833,214</u>	<u>\$ 1,954,094</u>
<b>Liabilities</b>				
Financial liabilities measured at FVTPL	\$ 2,438,063	\$ -	\$ 2,438,063	\$ -
<b>Derivative financial instruments</b>				
<b>Assets</b>				
Financial assets measured at FVTPL	\$ 1,886,808	\$ 559,992	\$ 1,326,816	\$ -
<b>Liabilities</b>				
Financial liabilities measured at FVTPL	\$ 1,290,500	\$ 294	\$ 1,290,206	\$ -

There were no transfers of financial instruments between Level 1 and Level 2 fair value measurement for the year ended December 31, 2025 and 2024.

### 38.2.2 Reconciliation of Level 3 fair value measurement

#### For the Year ended December 31, 2025

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets measured at FVTPL	\$ -	\$ 245,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,539
Financial assets measured at FVTOCI	1,954,094	-	38,035	-	-	( 1,442)	( 10,817)	( 5,313)	1,974,557
Liabilities									
Financial assets measured at FVTPL	-	245,539	-	-	-	-	-	-	245,539

#### For the Year ended December 31, 2024

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets measured at FVTOCI	\$ 1,781,763	\$ -	\$ 167,685	\$ -	\$ 876,150	(\$ 5,677)	(\$ 885,330)	\$ 19,503	\$ 1,954,094

### 38.2.3 Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Bonds	Valuation was based on observable market prices or assessed by cash-flow method through observable elements.
Derivatives	Valuation was based on widely-adapted pricing techniques. The inputs were assessed by observable elements in the market.
Others	Valuation was based on observable market prices or assessed by cash-flow method through observable elements.

### 38.2.4 Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of financial assets classified as Level 3 included but was not limited to bond investments measured at FVTPL, and investments in equity securities measured at FVTOCI.

Most financial instruments with fair value measurements categorized as Level 3 only possess single, unobservable inputs. Non-active market debt instruments possess unobservable inputs. The non-active market equity instruments are independent and, thus, are irrelevant to each other. The table of quantified information of significant unobservable inputs is as follows:

	Fair Value June 30, 2025	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTOCI Shares	\$ 1,974,557	1. Market approach	1. Market liquidity reduction	10%-19%	1. The higher of the liquidity reduction, and the lower of the fair value .
		2. Net asset value method	2. Market liquidity reduction	10%-19%	2. The higher of the liquidity reduction, and the lower of the fair value .
Financial assets measured at FVTPL Financial derivatives	245,539	External bank quote	Not applicable	Not applicable	Not applicable
Financial liabilities measured at FVTPL Financial derivatives	245,539	External bank quote	Not applicable	Not applicable	Not applicable

	Fair Value December 31, 2024	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTOCI Shares	\$ 1,954,094	1. Market approach	1. Market liquidity reduction	10%-19%	1. The higher of the liquidity reduction, and the lower of the fair value .
		2. Net asset value method	2. Market liquidity reduction	10%-19%	2. The higher of the liquidity reduction, and the lower of the fair value .

### 38.2.5 Sensitivity analysis of alternative assumptions of Level 3 fair value measurement

The Bank reasonably measured the fair values of its financial instruments; however, using different valuation models, evaluation methods and underlying assumptions may lead to different results. For financial instruments classified as Level 3 fair value measurements, if the parameters were to go up 1%, the influence on other comprehensive income would be as follows:

#### December 31, 2025

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<b>Assets</b>				
Financial assets measured at FVTPL	\$ 2,455	\$ (2,455)	\$ -	\$ -
Financial assets measured at FVTOCI	-	-	19,746	(19,746)

#### December 31, 2024

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<b>Assets</b>				
Financial assets measured at FVTOCI	\$ -	\$ -	\$ 19,541	\$ (19,541)

### 38.3 Financial risk management

#### 38.3.1 Risk management

The Bank's objective in risk management is to establish a risk control mechanism weighing the entire risk of the Bank, restrictions from laws and regulations, to diversify, transfer and avoid risk, and to pursue the maximum benefits of the Bank's customers, shareholders, and employees. The Bank's major risks include credit risk, market risk (interest rate, exchange rate and equity securities), operational risk, liquidity risk and so on.

The Bank established written risk management policies and procedures that are considered and approved by the board of directors to identify, measure, monitor, and control the credit risk, market risk, and liquidity risk.

The Bank's risk management department performs the Bank's risk management activities pursuant to the policies approved by the board of directors. Risk management department works with other business departments in order to identify, evaluate, and avoid any financial risks. The board of directors formulates the written policies for risk management; the policy included specific exposures such as currency risk, interest rate risk, credit risk, operational risk, derivative and non-derivative financial instruments. In addition, the department of internal audit is responsible for independent review of risk management and control environment.

#### 38.3.2 Credit risk

Credit risk is the risk of counterparties' failure to fulfill their contractual obligations causing the Bank's financial losses. Both in-balance-sheet and off-balance-sheet items are exposed to credit risks. For the Bank's credit exposures, in-balance-sheet items mainly consisted of discounts and loans, credit card business, due from and call loans to banks, debt investments, and derivative instruments. Off-balance sheet items mainly consisted of financial guarantee, acceptances, letters of credit, loan commitments, and other services which also generate credit exposure.

To ensure that the credit risk is controlled within a tolerable range, the Bank established an internal standard for credit risk. In that standard, all transactions are analyzed whether in the banking book or in the trading book, and either in-balance-sheet or off-balance-sheet, to identify the inherent and potential risks. The Bank examines and confirms credit risk in accordance with the rules before launching new products and business. Furthermore, the Bank also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

The Bank's foreign operation units adopt policies and standards same with above to assess their asset quality and provision for contingent loss, and also include policies that comply with the regulations of the local financial supervisory commission.

##### (1) Procedures of credit risk management

Each major business applies procedures and methods for credit risk management as follows:

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

##### a. The credit risk has increased significantly after original recognition

The Bank assesses the change in the risk of default over the expected duration of each type of credit asset on each reporting date in order to determine whether the credit risk has increased significantly since original recognition. For this assessment, the Bank's considerations (including forward-looking information) show that the credit risk has increased significantly since original recognition and can be corroborated. The main

considerations include:

- i. Changes in internal and external credit ratings (e.g. external TCRI ratings are above the high risk level).
  - ii. Information of overdue status (e.g. if the payment is overdue for more than 30 days).
  - iii. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.
  - iv. Significant changes in actual or expected results of the debtor's operations.
  - v. The credit risk of other financial instruments of the same debtor has increased significantly.
- b. The definition of default and credit impairment on financial assets

The Bank's definition of default on financial assets is the same as the judgment of credit impairment on financial assets. If one or more of the following conditions are met, the Bank determines that the financial assets have defaulted and have credit impairment:

- i. Changes in internal and external credit ratings (e.g. external TCRI ratings are above the high risk level).
- ii. Information of overdue status (e.g. if the payment is overdue for more than 90 days).
- iii. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.
- iv. The debtor has died or been dissolved.
- v. Contracts of other debt instruments of the debtor have defaulted.
- vi. The active market of the financial assets disappeared due to financial difficulties.
- vii. The debtor's creditor gives the borrower a concession that would not have been considered due to economic or contractual reasons related to the debtor's financial difficulties.
- vii. There is a purchase or initiation of financial assets at a significant discount reflecting that credit losses have occurred.

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

- c. Measurement of expected credit loss

For the objective of assessing expected credit loss, credit assets are classified according to the credit risk characteristics (such as the purpose of the borrowing, the nature of the industry, the type of collateral and the state of the borrowing) into two categories:

corporate finance and personal finance. Further to this, the credit risk characteristics are divided according to each category.

The 12-month expected credit loss amounts of the Bank's financial instruments whose credit risk has not significantly increased since original recognition are used to measure the allowance loss of the financial instruments; for financial instruments whose credit risk has increased significantly or which have had credit impairment since original recognition, such financial instruments are measured at the amount of full-lifetime expected credit losses.

The estimation method and significant assumptions used to assess expected credit losses have not changed significantly since December 31, 2024.

d. Forward-looking information considerations

When measuring the expected credit losses, the Bank uses forward-looking economic factors that affect credit risk and takes such forward-looking information regarding expected credit losses into consideration. Based on professional economic judgment, the Bank uses the statistical analysis results of GDP growth rate to provide forecast information of economic factors on a quarterly basis and re-evaluates such data on each financial reporting date.

B. Due from and call loans to bank

The Bank assesses the credit position of counterparties and consults a credit rating agency for credit rating information and sets limits to the credit facilities.

C. Debt investments and derivative financial instruments

For the credit risk management of debt investments, the Bank identifies credit risk by using information from external institutions about credit ratings, quality of debts, region, and the risk of counterparties.

Most of the Bank's counterparties in derivative transactions are assessed at higher than investment grade, and the Bank controls the investments according to counterparties' facilities (including call loans); counterparties that do not have credit ratings or are not assessed at investment grade are reviewed case by case. Counterparties which are non-financial or non-banking clients are assessed according to the general procedures for the approval of credit facilities and control of credit exposure situations of the counterparties.

(2) Policies of credit risk hedging or mitigation

A. Collateral

The Bank applies series of policies to decrease credit risks in its lending business. Among those policies is to request collateral from creditors. To secure the creditor's rights, the Bank has established procedures for pledges, valuations, management, and disposals of collateral. The contracts between the Bank and the borrowers clearly state the protocols, including but not limited to the security of credit, procedures for collateral and for offsets. Collateral for business other than loan borrowings vary by the nature of the related financial instruments. Only asset-backed securities and other similar financial instruments are secured by a pool of financial assets.

B. Limitation of credit risk and credit concentration management

The credit policies of the Bank regulate the credit limitations, as applied to a single counterparty or Bank, to avoid excessive credit concentration. The Bank further implements concentration policies, which monitor and manage the credit limitation and concentration in one single counterparty, different enterprises, related parties, industries, and countries. The policies are based on individual criteria in different categories including but not limited to industries, enterprises, and share-pledge related loans.

### C. Other mechanisms for credit risk management

To further decrease credit risks, the contracts also proclaim that the Bank may decrease the balances, shorten the maturity period, demand immediate payback, or use borrowers' assets in the Bank to offset their liabilities.

In most circumstances, the Bank applies gross settlement with counterparties. However, to further decrease credit risks, the Bank applies net settlement or even terminates transactions with certain counterparties when default may occur.

The table below analyzes the collateral held as security and other credit enhancements, and their financial effects in respect of the financial assets recognized in the Bank's balance sheet:

#### December 31, 2025

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 113,071	\$ -	\$ -	\$ -	\$ -
Discounts and loans	5,015,395	1,323,468	-	665,088	1,988,556

#### December 31, 2024

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	\$ 67,136	\$ -	\$ -	\$ -	\$ -
Discounts and loans	2,961,079	1,599,446	-	804,697	2,404,143

### (3) Credit risk exposures

The maximum exposure of the Bank's assets in the balance sheet is equivalent to the book value, while the pledged assets and other credit instruments are not considered. The off-balance sheet items related to the maximum credit exposure (without considering collateral or other credit enhancements and irrevocable maximum exposure) are as follows:

	December 31, 2025	December 31, 2024
Guarantees	\$ 65,402,687	\$ 74,977,426
Issued and non-cancelable loan commitments	13,927,470	15,655,774
Issued but unused letters of credit	4,753,853	6,324,997
Non-cancelable credit card commitments	551,833	586,880

The Bank assessed that it could continually control and minimize credit risk exposure of off-balance sheet items because it adopts stricter procedures and regularly audits credit accounts.

The total carrying amounts of the financial assets with the largest credit risk exposure are as follows:

	December 31, 2025			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 327,628,071	\$ 1,181,736	\$ 528,937	\$ 329,338,744
-Microcredit	3,221,505	2,686	29,565	3,253,756
-Others	36,391,851	191,388	92,610	36,675,849
Corporate banking				-
-Secured	291,965,367	2,057,195	4,100,632	298,123,194
-Unsecured	240,676,251	968,527	263,651	241,908,429
Total	\$ 899,883,045	\$ 4,401,532	\$ 5,015,395	\$ 909,299,972
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 3,112,291	\$ 85,362	\$ 65,691	\$ 3,263,344
Others	7,848,155	73,185	47,380	7,968,720
Total	\$ 10,960,446	\$ 158,547	\$ 113,071	\$ 11,232,064
Debt instruments measured at FVTOCI	\$ 223,261,814	\$ 206,552	\$ 54,911	\$ 223,523,277
Investments in debt instruments measured at amortized cost	\$ 153,832,852	\$ -	\$ -	\$ 153,832,852

	December 31, 2024			
	12-Month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Discounts and loans				
Consumer banking				
-Mortgage	\$ 312,696,338	\$ 1,330,173	\$ 667,686	\$ 314,694,197
-Microcredit	3,390,735	18,379	30,847	3,439,961
-Others	36,054,729	116,184	124,000	36,294,913
Corporate banking				
-Secured	291,731,375	4,719,332	1,828,225	298,278,932
-Unsecured	241,437,096	4,231,033	310,321	245,978,450
Total	\$ 885,310,273	\$ 10,415,101	\$ 2,961,079	\$ 898,686,453
Accounts receivable (including non-performing credit card receivables)				
Credit cards	\$ 3,085,606	\$ 97,066	\$ 63,446	\$ 3,246,118
Others	7,744,896	65,380	3,690	7,813,966
Total	\$ 10,830,502	\$ 162,446	\$ 67,136	\$ 11,060,084
Debt instruments measured at FVTOCI	\$ 224,473,902	\$ 406,272	\$ -	\$ 224,880,174
Investments in debt instruments measured at amortized cost	\$ 214,380,433	\$ -	\$ -	\$ 214,380,433

(4) Information on concentration of credit risk

Concentration of credit risk exists if transaction counterparties are significantly concentrated on same individuals or Banks engaged in activities with similar economic characteristics, which may lead their ability to fulfill contractual obligations being affected by similar changes in economic or other conditions.

Concentration of credit risk can be on assets, liabilities or off-balance sheet items and can arise in the course of the enforcement and implementation of transactions (regardless of products or service) or in the combination of exposures across categories, including credit, due from and call loans to banks, marketable securities, receivables and derivatives, etc. The Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to same customers; total transaction of same customers in discounts and loans and the balance of non-accrual loans are not material. The Bank's most significant concentrations of credit risk of discounts and loans and non-accrual loans by business, region, and collateral were summarized as follows:

#### A. Industry

Sector	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Private sector	\$ 441,543,466	49	\$ 449,640,051	50
Consumer	410,310,054	45	393,757,069	44
Financial institution	54,091,149	6	50,388,186	5
Others	3,355,303	-	4,901,147	1
	<u>\$ 909,299,972</u>	<u>100</u>	<u>\$ 898,686,453</u>	<u>100</u>

#### B. Region

Region	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Taiwan	\$ 818,623,676	90	\$ 787,573,036	88
Asia Pacific except Taiwan	67,789,449	7	80,352,571	9
Others	22,886,847	3	30,760,846	3
	<u>\$ 909,299,972</u>	<u>100</u>	<u>\$ 898,686,453</u>	<u>100</u>

#### C. Collateral

Collaterals Assumed	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Unsecured	\$ 245,166,045	27	\$ 249,422,963	28
Secured				
Properties	575,075,156	63	560,252,883	62
Guarantee	50,424,978	6	56,796,911	6
Financial collateral	25,680,725	3	20,588,175	2
Personal properties	2,069,309	-	2,883,481	1
Other collateral	10,883,759	1	8,742,040	1
	<u>\$ 909,299,972</u>	<u>100</u>	<u>\$ 898,686,453</u>	<u>100</u>

#### (5) Information on credit risk quality

Part of the financial assets held by the Bank, including cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets measured at fair value through profit or loss, investments in bills and bonds with resale agreements, guarantee deposits paid, security businesses, clearing and settlement funds, etc. are assessed with very low credit risk because the counterparties have good credit ratings.

#### 38.3.3 Market risk

##### (1) The sources and definition of market risk

Market risk is the risk resulting from changes in fair value and future cash flows of on- and

off-balance-sheet financial instruments caused by changes in market prices, interest rates, foreign exchange rate, including equity securities price and commodity price. Changes in above risk elements can cause risks to shift the net profit of the Bank or its investment structures.

The Bank's financial instruments are exposed to price, interest rate and foreign exchange rate risks. Major market price risk positions of equity securities include domestic listed shares and funds. Major interest risks include bonds and interest rate derivative instruments such as fixed and floating interest rate swap and bond options whereas the major foreign exchange risks include foreign currency positions held by the Bank.

## (2) Market risk management policies

The Bank monitors its market risk positions and tolerable loss according to the risk management objectives and limits approved by the board of directors.

The Bank also builds a market risk information system, which enables the Bank to effectively monitor the management of facilities, assessment of gains and losses, analysis of sensitivity factors of the Bank's financial instrument positions, etc. The results of the monitoring, assessment and analysis are reported in risk control meetings and serve as references for the decision making of management.

The Bank splits market risk exposure into trading and held for fixed income portfolios which are controlled by both the Bank's operation and risk management sections. Routine control reports are reviewed by the Bank's board of directors and relevant committees.

## (3) Market risk management process

### A. Recognition and measurement

The Bank's operation and risk management sections both identify market risk factors of exposure positions, which are used to measure market risks. Market risk factors include interest rates, foreign exchange rates and market price of equity securities, and exposures, gains and losses and sensitivity (DV01, Delta, Beta) etc. Measurement of investment portfolio is affected by interest rate risk, foreign exchange risk and price of equity securities.

### B. Monitoring and reporting

The Bank's risk management department regularly reviews market risk management objective, positions and control of gains and losses, sensitivity analysis and pressure test and reports to the board of directors. Therefore, the board of directors could well understand market risk control. The Bank has established explicit notification process, the limit and stop-loss regulation for various transactions. Stop-loss order must be taken when the limit is reached, otherwise the trading department's reasons and plans must be approved by the management, and the department should report to relevant committee regularly.

## (4) Interest rate risk management policies

### A. Definition of interest rate risk

Interest rate risk represents risks of variation of fair value of trading position and loss in earnings resulting from interest rate variation. Major relevant products include interest rate-related financial securities and derivatives instrument.

### B. Purpose of interest risk management

Interest rate risk management enhances the Bank's ability to measure, control and avoid negative influence of interest rate variation on earnings and economic values of balance sheet items. In addition, it enhances capital efficiency and strengthens operation.

C. Procedures of interest risk management

The Bank carefully chooses investment target through conducting research about issuer's credit, financial status, country risks and interest rate trend. The Bank also establishes trading amount limit and stop-loss limit including limit for trading department, trading personnel and trading commodity, etc. according to trading book operation policies and market status which are approved by top management and the board of directors.

The Bank identifies re-pricing risk of interest rate and yield curve risk and measures possible effects on the Bank's earnings and economic values of changes in interest rate. On a monthly basis, the Bank reports the analysis and monitoring of limit on interest rate risk position and various interest rate management objectives to the Strategy Management Committee and the board of directors.

Report to the Strategy Management Committee is required when certain risk management objective has exceeded limit in order to resolve response action.

D. Measurement methods

The Bank measures risks of price reset periods gap from difference in maturity date and price reset date of assets, liabilities, and off-balance sheet items. The Bank also established interest rate sensitivity monitoring index for major periods in order to maintain long-term profitability and business growth. Such interest rate indexes and results of pressure test are reviewed by management personnel periodically. In addition, the Bank regularly measures the impact of interest risk on its investment portfolio using DV01 and assesses the effects of interest rate changes on its earnings and economic value using IRRBB.

(5) Foreign exchange rate risk management

A. Definition of foreign exchange risk

Foreign exchange risk means losses resulting from transferring currencies at different times. The Bank's foreign exchange rate risk results mainly from spot and forward foreign exchange business. The Bank's foreign exchange rate risk is relatively insignificant due to the fact that customers' positions are basically settled immediately on transaction date.

B. Policies, procedures and measurement method for foreign exchange rate risk management

In order to control foreign exchange rate risk within tolerable range, the Bank has established trading limit, stop-loss limit and maximum loss for trading department and trading personnel and the risk is controlled within the tolerable range.

The Bank undertakes pressure test on a seasonal basis and uses 3%-10% fluctuation in major foreign exchange rate (USD) as the sensitivity threshold and reports test results to the Assets and Liabilities Management Committee.

(6) Equity securities price risk management

A. Definition of equity securities price risk

The market risk of equity securities held by the Bank includes individual and general risk from price fluctuation of both individual equity security and the entire equity security

market.

B. Purpose of equity security price risk management

The main purpose of equity security price risk management is to prevent financial status from deteriorating and to avoid decrease in earnings due to violent fluctuation in equity security prices, and to enhance capital efficiency and strengthen operation.

C. Procedures of equity security price risk management

The Bank stop-loss point is set according to the policy approved by the assets and Liabilities Management Committee and board of directors. Stop-loss action must be taken when limit is reached, otherwise the investment department must submit request to top management personnel for approval.

D. Measurement method

The Bank's control of security price risk is based on limit of positions held, as well as strict profit and loss monitoring.

(7) Market valuation technique

The Bank assesses its exposures to market risk and the anticipated loss under market pressures by using assumptions on several market position changes. Limits of various financial instruments are set by the board of directors and monitored by the Assets and Liabilities Management Committee. The Bank also performs sensitivity analysis based on major risk factors of various financial products in order to monitor the changes in various market risk factors of financial products.

A. Sensitivity analysis

a. Interest rate risk

The Bank has assessed the possible impact on income and equity if global yield curve move between -1 and +1 basis points simultaneously on December 31, 2025 and 2024.

b. Foreign exchange rate risk

The Bank assesses the possible impact on income when exchange rates of NTD against various currencies fluctuate between -1% and +1% while other factors remain unchanged.

c. Equity securities price risk

The Bank has assessed the possible impact on income when equity security prices on December 31, 2025 and 2024 rise or fall by 1% while other factors remain unchanged.

The analysis assumed that the trends of equity instruments are consistent with historical data.

B. Sensitivity analysis is summarized as follows:

December 31, 2025			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 962,960	\$ (3,564 )
	Foreign currency depreciated 1% against NTD	(962,960 )	3,564
Interest rate risk	Interest rate curve edged up 1bp	(68,245 )	2,250
	Interest rate curve edged down 1bp	68,245	(2,250 )
Equity price risk	Equity price increased 1%	159,182	-
	Equity price decreased 1%	(159,182 )	-

December 31, 2024			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	\$ 891,529	\$ 15,838
	Foreign currency depreciated 1% against NTD	(891,529 )	(15,838 )
Interest rate risk	Interest rate curve edged up 1bp	(62,965 )	(59 )
	Interest rate curve edged down 1bp	62,965	59
Equity price risk	Equity price increased 1%	207,596	-
	Equity price decreased 1%	(207,596 )	-

### 38.3.4 Liquidity risk

#### (1) The sources and definition of liquidity risk

Liquidity risk is the possibility that the Bank is unable to liquidate assets or obtain financing to fulfill matured financial liabilities which may result in financial loss. Liquidity risk may be present when, for example, deposits are withdrawn in advance of the original date of settlement, the market becomes worse and borrowing from other banks becomes difficult, the clients' credit deteriorates leading to the occurrence of defaults, liquidation of financial instruments becomes difficult, early redemption of interest-sensitive instruments happens, etc. The aforementioned factors may reduce cash balance to be used in the areas of loans, trading, and investment. In some extreme circumstances, the lack of liquidity may lead to the decrease in the overall assets and liabilities, and the need to liquidate the Bank's assets and the possibility of being unable to fulfill loan commitments. Liquidity risks include inherent risks that may be affected by some specific industry events or overall market condition. These events include but are not limited to credit, merger and acquisitions, systemic breakdown and natural disasters.

#### (2) The management policies are as follows:

The Bank's management procedures are monitored by the independent department of risk management and the procedures are as follows:

- A. Regular financing and monitoring of cash flows to ensure the fulfillment of the requirements in the future.
- B. Maintaining appropriate position of high liquidity assets which are easily realizable.
- C. Monitoring of liquidity ratios of the balance sheet accounts according to the internal management purposes and external monitoring rules.
- D. Managing the maturity date of debt instruments.

The procedures for monitoring and reporting liquidity risk are applied and measured based on the estimated cash flows (the time gap is based on how the Bank manages the liquidity risk) of 1 day, 10 days, and 1 month. Estimates of future cash flows are based on the maturity analysis of financial assets and liabilities. The risk management department also monitors the use of loan commitment, discount facilities, guarantee letters, and other types of contingent liabilities, and furthermore reports the related information to the risk management committee and the board of directors regularly.

The Bank holds certain position of highly liquid interest-bearing assets to fulfill its obligation and for future needs. To manage the liquidity risk, the Bank holds the following assets: Cash and cash equivalents, due from the Central Bank and banks, and financial assets measured at fair value through profit or loss, etc.

### (3) Maturity analysis

The Bank analyzed cash outflows of non-derivative financial liabilities according to the remaining terms from date of the balance sheet to maturity date of the contract. The disclosure of cash outflows of non-derivative financial liabilities is based on the cash flows of contracts so that the items could not correspond with all items in the balance sheet.

December 31, 2025	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to the central bank and banks	\$ 9,539,942	\$ 614,411	\$ 491,905	\$ 525,665	\$ -	\$ 11,171,923
Financial liabilities measured at FVTPL	-	-	-	-	1,823,305	1,823,305
Securities sold under repurchase agreements	1,193,914	5,588,297	105,094	305,000	-	7,192,305
Payables	24,837,761	682,763	697,017	677,557	942,910	27,838,008
Deposits and remittances	670,290,499	203,546,946	121,390,296	255,988,509	12,624,919	1,263,841,169
Bank debentures	-	-	-	2,000,000	52,370,000	54,370,000
Other financial liabilities	10,010,723	52,270	156,924	203,366	1,373,319	11,796,602
Lease liabilities	-	5,871	2,778	7,500	699,965	716,114

December 31, 2024	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Due to the central bank and banks	\$ 17,263,137	\$ 2,864,606	\$ 487,502	\$ 525,665	\$ -	\$ 21,140,910
Financial liabilities measured at FVTPL	-	-	-	-	2,431,170	2,431,170
Securities sold under repurchase agreements	4,421,134	287,865	74,154	-	-	4,783,153
Payables	23,292,437	808,305	640,500	683,500	833,086	26,257,828
Deposits and remittances	646,439,514	208,648,249	151,074,282	268,179,808	12,245,727	1,286,587,580
Bank debentures	-	-	-	1,000,000	47,220,000	48,220,000
Other financial liabilities	7,389,270	67,298	71,727	136,355	961,446	8,626,096
Lease liabilities	-	515	33,939	30,770	704,631	769,855

The Bank evaluated the contractual maturity date to comprehend all derivative financial instruments on the balance sheet. Because the maturity analysis of derivative financial liabilities is based on the contractual cash flows, the amounts would not correspond with related items on the balance sheet. Maturity analysis of derivative financial liabilities is as follows:

#### A. Derivative financial liabilities in net settlement

December 31, 2025	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	\$ 550,142	\$ 118,013	\$ 7,313	\$ 7,013	\$ -	\$ 682,481
Interest rate derivatives	-	717	2,035	4,523	674,286	681,561

December 31, 2024	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	\$ 32,332	\$ 12,595	\$ 7,044	\$ 54,773	\$ -	\$ 106,744
Interest rate derivatives	232	136	973	425	463,080	464,846

#### B. Derivative financial liabilities in total settlement

December 31, 2025	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	\$ 15,422,914	\$ 10,373,084	\$ 8,501,208	\$ 2,991,096	\$ 143,000	\$ 37,431,302
Cash outflow	15,665,114	10,679,730	8,897,529	3,133,854	152,401	38,528,628

December 31, 2024	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	\$ 24,040,793	\$ 20,809,621	\$ 8,864,149	\$ 4,632,444	\$ -	\$ 58,347,007
Cash outflow	23,567,245	19,975,102	9,158,404	4,863,252	-	57,564,003

The analysis of cash outflows of off-balance sheet items is illustrated according to the remaining terms from date of the balance sheets to maturity date of the contract. For financial guarantee contracts, the largest amount is categorized under the nearest time-zone of being asked to fulfill the guarantees. The disclosure of cash outflows of off-balance-sheet items is based on the cash flows of contracts so that part items could not correspond with all items in the balance sheet.

December 31, 2025	0-30 days	31-90 days	91-180 days	181days-1year	Over 1 year	Total
Other guarantees	\$ 17,905,832	\$ 9,396,199	\$ 6,454,632	\$ 14,457,063	\$ 17,188,961	\$ 65,402,687
Non-cancelable loan commitments	27,365	161,132	449,938	555,202	12,733,833	13,927,470
Issued but unused letters of credit	1,704,458	2,523,956	453,234	46,081	26,124	4,753,853
Non-cancelable credit card commitments	82,720	165,440	248,159	55,514	-	551,833

December 31, 2024	0-30 days	31-90 days	91-180 days	181days-1year	Over 1 year	Total
Other guarantees	\$ 25,883,878	\$ 11,733,199	\$ 7,262,938	\$ 12,423,100	\$ 17,674,311	\$ 74,977,426
Non-cancelable loan commitments	-	-	467,339	841,361	14,347,074	15,655,774
Issued but unused letters of credit	1,949,095	3,743,786	234,379	186,395	211,342	6,324,997
Non-cancelable credit card commitments	87,973	175,947	263,920	59,040	-	586,880

#### 38.4 Transfer of financial assets

In the daily transactions of the Bank, most of the transferred financial assets not eligible for full derecognition are repurchase notes and bonds. The cash flows of the transactions have been transferred to outsiders and the liabilities for repurchasing the transferred financial assets in a fixed amount have been recognized; the Bank may repurchase the transferred financial assets in the future. The Bank is not eligible to conduct, sell, or pledge the transferred financial assets during the effective period prior to derecognition. However, the Bank is still exposed to the interest risks and credit risks. As a result, the transferred financial assets are not derecognized. The following tables show the transferred financial assets that are not qualified for derecognition and related financial liabilities.

#### December 31, 2025

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
<b>Financial assets measured at FVTOCI</b>					
Securities sold under repurchase agreements	\$ 7,416,095	\$ 7,192,305	\$ 7,416,095	\$ 7,192,305	\$ (223,790)

#### December 31, 2024

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
<b>Financial assets measured at FVTOCI</b>					
Securities sold under repurchase agreements	\$ 4,778,000	\$ 4,783,153	\$ 4,778,000	\$ 4,783,153	\$ 5,153

### 39. CAPITAL MANAGEMENT

All the Bank's risks were included in the scope of assessment of capital adequacy according to "Regulations Governing the Capital Adequacy". The business objectives and project budget are approved by the board of directors, and furthermore the Bank considered the development strategy, capital adequacy, debt ratio, and dividend policy in its assessments. The contents are included in stress test, estimate of capital adequacy ratio to ensure achieving the objective of capital adequacy and strengthening of the capital structure.

The Banking Act and related measures stipulate that in order to improve the financial foundation of a bank, the ratio of the Bank's own capital to the risky assets shall not be less than 10.50%, where the actual ratio

is lower than the prescribed standard, the authorities may impose limit on its capital surplus distribution.

The Bank conformed to the regulation on capital management as of December 31, 2025 and 2024.

The following table lists the equity capital, risk-weighted assets, and risk exposure:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Analysis items		
Eligible capital		
Common equity	\$ 126,022,158	\$ 119,172,112
Other Tier I capital	8,070,000	8,070,000
Tier II capital	<u>20,859,231</u>	<u>23,684,358</u>
Eligible capital	<u>\$ 154,951,389</u>	<u>\$ 150,926,470</u>
Risk-weighted assets		
Credit risk		
Standardized approach	\$ 872,345,103	\$ 881,755,411
Credit valuation adjustment (CVA)	2,836,839	2,578,976
Internal rating based approach	N/A	N/A
Synthetic securitization	-	585,188
Operational risk		
Basic indicator approach	-	52,039,952
Standardized approach/ alternative standardized approach	40,271,193	N/A
Advanced measurement approach	N/A	N/A
Market risk		
Standardized approach	-	68,428,041
Simplified Standardized approach	4,872,971	N/A
Internal models approach	<u>N/A</u>	<u>N/A</u>
Total risk-weighted assets	<u>\$ 920,326,106</u>	<u>\$ 1,005,387,568</u>
Capital adequacy ratio	16.84%	15.01%
Ratio of common equity to risk-weighted assets	13.69%	11.85%
Ratio of Tier I capital to risk-weighted assets	14.57%	12.66%
Leverage ratio	8.38%	7.75%

Note 1: Eligible capital and risk-weighted assets are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and “Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks”.

Note 2: Formulas used were as follows:

- (1) Eligible capital = Ordinary equity + Other Tier I capital + Tier II capital.
- (2) Total risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk × 12.5.
- (3) Capital adequacy ratio = Eligible capital ÷ Total risk-weighted assets.
- (4) Ratio of ordinary equity to risk-weighted assets = Ordinary equity ÷ Total risk-weighted assets.
- (5) Ratio of Tier I capital to risk-weighted assets = (Ordinary equity + Other Tier I capital) ÷ Total risk-weighted assets.
- (6) Leverage ratio = Net value of tier I capital ÷ Net value of exposure measurement

#### 40. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

40.1 Assets quality: As stated in Table 1

40.2 Concentration of credit risk

Top 10 credit extensions information of the Bank were as follows:

Ranking (Note 1)	December 31, 2025		
	The Bank		
	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity
1	A Group (retail sale of electric and communications equipment)	11,042,820	5.39%
2	B Group (general management agency)	7,152,599	3.49%
3	C Group (computer manufacturing)	6,848,379	3.34%
4	D Group (general management agency)	6,479,883	3.16%
5	E Group (whole sale of computers and peripherals, and software)	6,173,566	3.01%
6	F Group (financial leasing)	4,507,070	2.20%
7	G Group (real estate development)	4,225,000	2.06%
8	H Group (electric power supply)	4,141,077	2.02%
9	I Group (real estate development)	3,949,101	1.93%
10	J Group (computer manufacturing)	3,928,250	1.92%

Ranking (Note 1)	December 31, 2024		
	The Bank		
	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity
1	A Group (retail sale of electric and communications equipment)	10,609,309	5.36%
2	B Group (general management agency)	8,145,220	4.11%
3	D Group (general management agency)	7,507,925	3.79%
4	C Group (computer manufacturing)	6,674,387	3.37%
5	K Group (real estate development)	5,899,702	2.98%
6	H Group (electric power supply)	5,272,437	2.66%
7	F Group (financial leasing)	4,507,372	2.28%
8	L Group (wiring and cable system manufacturing)	4,280,715	2.16%
9	J Group (computer manufacturing)	4,190,660	2.12%
10	G Group (real estate development)	3,895,000	1.97%

Note 1: The top 10 credit extensions ranking is made by total credit balance, which excluded government-owned or state-run enterprises. If the borrower is an affiliate of the Bank enterprise, the credit balance of the borrower is then aggregated to the Bank enterprise's credit balance. The borrower is marked by specific codes as well as its major industry. The major industry of a borrower is determined by its maximum exposures by industries. The classification of industry should be in line with the Standard Industrial Classification System of Taiwan published by the Directorate General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: “Bank Enterprise” conforms to the definition of Article 6 in “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.”

Note 3: Credit balance includes each item of loan (including import bill negotiated, export bill negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans and non-performing loans), exchange bills negotiated, accounts receivable - without recourse factoring, acceptances receivable and grantees issued.

#### 40.3 Interest rate sensitivity information

##### Interest Rate Sensitivity (NTD)

December 31, 2025					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 948,479,025	\$ 45,047,277	\$ 11,907,919	\$ 54,477,877	\$ 1,059,912,098
Interest rate sensitive liabilities	209,635,958	475,450,515	239,708,358	64,929,743	989,742,574
Interest rate sensitivity gap	738,825,067	(430,403,238)	(227,800,439)	(10,451,866)	70,169,524
Net equity					204,918,623
Ratio of interest rate sensitive assets to liabilities					107.09%
Ratio of interest rate sensitivity gap to net equity					34.24%

December 31, 2024					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 950,038,912	\$ 44,785,769	\$ 7,543,042	\$ 67,167,090	\$ 1,069,534,813
Interest rate sensitive liabilities	207,488,958	497,525,190	247,455,775	55,601,032	1,008,070,955
Interest rate sensitivity gap	742,549,954	(452,739,421)	(239,912,733)	11,566,058	61,463,858
Net equity					197,928,663
Ratio of interest rate sensitive assets to liabilities					106.10%
Ratio of interest rate sensitivity gap to net equity					31.05%

Note 1: The tables above refer only to the financial assets/liabilities denominated in NT dollars held by the whole bank, excluded contingent assets and liabilities.

Note 2: Interest rate-sensitive assets/liabilities refer to financial assets/liabilities which returns are driven by interest rate fluctuations.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities. (The interest rate-sensitive assets and liabilities are in the NT dollars).

### Interest Rate Sensitivity (USD)

December 31, 2025					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 8,427,300	\$ 52,768	\$ -	\$ -	\$ 8,480,068
Interest rate sensitive liabilities	4,171,508	3,423,654	632,691	192,061	8,419,914
Interest rate sensitivity gap	4,255,792	(3,370,886)	(632,691)	(192,061)	60,154
Net equity					6,523,993
Ratio of interest rate sensitive assets to liabilities					100.71%
Ratio of interest rate sensitivity gap to net equity					0.92%

December 31, 2024					
Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate sensitive assets	\$ 8,366,694	\$ 87,857	\$ -	\$ -	\$ 8,454,551
Interest rate sensitive liabilities	3,932,382	3,444,223	708,203	152,882	8,237,690
Interest rate sensitivity gap	4,434,312	(3,356,366)	(708,203)	(152,882)	216,861
Net equity					6,063,251
Ratio of interest rate sensitive assets to liabilities					102.63%
Ratio of interest rate sensitivity gap to net equity					3.58%

Note 1: The tables above refer only to the financial assets/liabilities denominated in US dollars held by the whole bank, excluded contingent assets and liabilities.

Note 2: Interest rate-sensitive assets/liabilities refer to financial assets/liabilities which returns are driven by interest rate fluctuations.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities. (The interest rate-sensitive assets and liabilities are in the US dollars).

#### 40.4 Profitability

Unit: %

Items	December 31, 2025	December 31, 2024
Return on total assets	Before income tax	1.03
	After income tax	0.92
Return on equity	Before income tax	8.18
	After income tax	7.36
Profit margin	52.47	49.11

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = Income before (after) income tax ÷ Average equity.

Note 3: Profit margin = Income after income tax ÷ Total net revenue.

Note 4: Income before (after) income tax represents income YTD.

#### 40.5 Maturity analysis of assets and liabilities

##### (1) In Thousands of New Taiwan Dollars

	Total	December 31, 2025					
		For remaining period to maturity date					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 1,140,284,376	\$ 149,814,706	\$ 99,139,317	\$ 62,437,886	\$ 82,242,288	\$ 130,039,893	\$ 616,610,286
Major cash outflow on maturity	1,457,942,198	30,250,136	73,943,660	173,010,765	166,033,397	362,514,354	652,189,886
Gap	(317,657,822)	119,564,570	25,195,657	(110,572,879)	(83,791,109)	(232,474,461)	(35,579,600)

	Total	December 31, 2024					
		For remaining period to maturity date					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 1,158,308,026	\$ 194,906,722	\$ 75,872,963	\$ 64,806,151	\$ 78,605,971	\$ 116,816,862	\$ 627,299,357
Major cash outflow on maturity	1,471,648,619	34,001,103	51,864,437	190,920,187	198,082,293	369,928,617	626,851,982
Gap	(313,340,593)	160,905,619	24,008,526	(126,114,036)	(119,476,322)	(253,111,755)	447,375

Note: This table includes only financial assets/liabilities denominated in NT dollars held by the head office and domestic branches.

(2) In Thousands of US dollars

	Total	December 31, 2025				
		For remaining period to maturity date				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 12,952,295	\$ 2,023,300	\$ 1,287,205	\$ 892,656	\$ 627,033	\$ 8,122,101
Major cash outflow on maturity	12,902,471	2,603,995	3,424,400	2,021,541	3,164,670	1,687,865
Gap	49,824	(580,695 )	(2,137,195 )	(1,128,885 )	(2,537,637 )	6,434,236

	Total	December 31, 2024				
		For remaining period to maturity date				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	\$ 12,554,136	\$ 1,683,776	\$ 1,029,325	\$ 837,965	\$ 652,254	\$ 8,350,816
Major cash outflow on maturity	13,002,410	3,085,667	3,085,941	2,085,109	3,212,888	1,532,805
Gap	(448,274 )	(1,401,891 )	(2,056,616 )	(1,247,144 )	(2,560,634 )	6,818,011

Note: This table includes only financial assets/liabilities denominated in US dollars held by the head office, domestic branches and OBU.

#### 41. THE CONTENTS AND AMOUNTS OF TRUST ACTIVITIES BY PROCESSING TRUST ENTERPRISE ACT

The trust account balance sheets, income statements and the details of trust assets are as follows:

##### Balance Sheet of Trust Account

Trust Assets	December 31, 2025		December 31, 2024		Trust Liabilities	December 31, 2025		December 31, 2024	
Bank deposit	\$	10,903,743	\$	9,398,671	Accounts payable	\$	294	\$	153
Short-term investments		112,772,961		113,616,213	Depository of security payable		54,635,983		64,659,295
Net asset value of collective investment trust fund		798,200		6,547,258	Trust capital		173,443,620		174,496,334
Accounts receivable		10,401		8,478	Accumulated (loss) gain and equity		148,573		46,650
Land		33,429,635		32,279,034					
Buildings and improvement, net		89,267		121,789					
Construction in progress		15,524,265		12,509,453					
Securities in custody		54,635,983		64,659,295					
Other assets		64,015		62,241					
Total trust assets	\$	228,228,470	\$	239,202,432	Total trust liabilities	\$	228,228,470	\$	239,202,432

##### Trust Asset Lists

Item	December 31, 2025	December 31, 2024
Cash in banks	\$ 10,903,743	\$ 9,398,671
Short-term investment		
Funds	64,066,535	66,488,927
Bonds	39,353,775	37,425,076
Common stock	4,080,812	4,443,794
Structured instruments	5,091,267	5,087,736
Preferred stock	180,572	170,680
Net asset value of collective trust accounts	798,200	6,547,258
Receivables	10,401	8,478
Land	33,429,635	32,279,034
Buildings and improvement, net	89,267	121,789
Construction in progress	15,524,265	12,509,453
Depository of securities	54,635,983	64,659,295
Other assets - principal deferred expense	64,015	62,241
Total	\$ 228,228,470	\$ 239,202,432

## Income Statements of Trust Account

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Trust income		
Cash dividends on common stock	\$ 68,979	\$ 70,183
Interest income	81,859	74,043
Donation income	1,105	299
Realized investment gains	10,599	33,086
Unrealized investment gains	124,606	317,003
Other revenue	35,308	25,560
	322,416	520,894
Trust expenses		
Tax expenditures	1,430	16,765
Management expenses	7,933	8,863
Service expenses	1,158	1,250
Realized investment losses	11,590	47
Unrealized investment losses	111,123	376,086
Donation expenses	796	585
Other expenses	3,088	2,918
	137,118	406,514
Income (loss) before income tax	185,298	114,380
Income tax expense	-	(39)
Net (loss) income	\$ 185,298	\$ 114,341

## 42. EXCHANGE RATE INFORMATION OF FOREIGN FINANCIAL ASSETS AND LIABILITIES

The information regarding significant financial assets/liabilities denominated in foreign currencies held by the Bank was as follows:

	December 31, 2025			December 31, 2024		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<b>Financial assets</b>						
Cash and cash equivalents						
JPY	\$ 11,681,472	0.2005	\$ 2,342,135	\$ 21,229,026	0.2099	\$ 4,455,973
USD	59,707	31.4100	1,875,397	94,685	32.7900	3,104,721
CNY	330,335	4.4930	1,484,195	442,332	4.4790	1,981,205
Due from the Central Bank and call loans to banks						
USD	1,403,554	31.4100	44,085,631	777,084	32.7900	25,480,584
HKD	485,000	4.0355	1,957,218	133,000	4.2235	561,726
VND	1,310,000,000	0.0012	1,564,664	1,220,000,000	0.0013	1,568,066
Receivables						
USD	92,756	31.4100	2,913,466	47,318	32.7900	1,551,557
AUD	13,540	20.9950	284,272	34	20.3800	693
JPY	1,326,836	0.2005	266,031	3,231,376	0.2099	697,157
Discounts and loans						
USD	3,309,189	31.4100	103,941,626	3,554,727	32.7900	116,559,498
CNY	3,875,703	4.4930	17,413,534	2,763,883	4.4790	12,379,432
EUR	81,204	36.8500	2,992,367	105,255	34.1300	3,592,369
Financial assets at FVTOCI						
USD	3,471,976	31.4100	109,054,766	3,719,363	32.7900	121,957,913
AUD	1,262,616	20.9950	26,508,623	580,549	20.3800	11,831,589
EUR	189,810	36.8500	6,994,499	-	34.1300	-
Financial assets measured at amortized cost						
USD	196,034	31.4100	6,157,428	208,452	32.7900	6,835,141
AUD	100,000	20.9950	2,099,500	180,000	20.3800	3,668,400
SGD	71,571	24.4250	1,748,122	39,803	24.1200	960,048
Financial assets at FVTPL						
USD	32,780	31.4100	1,029,620	28,703	32.7900	941,171
JPY	1,321,256	0.2005	264,912	1,356,585	0.2099	284,747
EUR	989	36.8500	36,445	112	34.1300	3,816
Equity investments under the equity method						
USD	3,186,038	31.4100	100,073,454	3,010,678	32.7900	98,720,132
HKD	120,908	4.0355	487,926	110,218	4.2235	465,504
<b>Financial liabilities</b>						
Payables						
USD	98,906	31.4100	3,106,637	82,220	32.7900	2,695,994
JPY	1,735,880	0.2005	348,044	924,017	0.2099	193,951
CNY	26,485	4.4930	118,997	10,409	4.4790	46,622
Deposits from the central bank and other banks						
AUD	207,000	20.9950	4,345,965	-	20.3800	-
VND	1,595,000,000	0.0012	1,905,068	2,084,000,000	0.0013	2,678,565
USD	57,460	31.4100	1,804,819	350,052	32.7900	11,478,205
Deposits and remittances						
USD	8,101,357	31.4100	254,463,623	7,721,088	32.7900	253,174,476
JPY	91,650,508	0.2005	18,375,927	140,024,171	0.2099	29,391,073
CNY	3,812,626	4.4930	17,130,129	3,825,535	4.4790	17,134,571
Financial liabilities at FVTPL						
USD	103,495	31.4100	3,250,778	93,675	32.7900	3,071,603
AUD	26,699	20.9950	560,546	56	20.3800	1,148
EUR	1,435	36.8500	52,880	112	34.1300	3,823

### 43. ADDITIONAL DISCLOSURES

Information of significant transaction items 45.1 and other business investment 45.2 is as follows:

- 43.1.1 Financing provided: Table 2.
  - 43.1.2 Endorsement/guarantee provided: The Bank - not applicable; investees - not applicable or none.
  - 43.1.3 Marketable securities held: Table 3.
  - 43.1.4 Investee investment acquired and disposed of, at costs or prices of at least NT\$300 million or 10% of the issued capital: None.
  - 43.1.5 Acquisition of individual real estate at costs of at least \$300 million or 10% of the issued capital: Table 4.
  - 43.1.6 Disposal of individual real estate at prices of at least \$300 million or 10% of the issued capital: None.
  - 43.1.7 Allowance for service fees to related-parties amounting to more than \$5 million: None.
  - 43.1.8 Receivables from related parties amounting to at least \$300 million or 10% of the issued capital: None.
  - 43.1.9 Sale of non-performing loans: Table 5.
  - 43.1.10 Application for approval of securitization product types and information according to Financial Asset Securitization Clause of the Real State Securitization Act: None.
  - 43.1.11 Other significant transactions which may have effects on decision making of financial statement users: None.
  - 43.1.12 Names, locations, and other information of investees on which the Bank exercises significant influence: Table 6.
  - 43.1.13 Derivative financial transactions: Note 9 on which the Bank exercises significant influence has no such transaction.
  - 43.1.14 Securities acquired and disposed of, as costs or prices of at least NT\$300 million or 10% of the issued capital: None.
- 43.3 Investments in mainland China are as follows:
- 43.3.1 Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China: Table 7.
  - 43.3.2 Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: None.
- 43.4 Information of major shareholders:  
list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

#### **44. SEGMENT INFORMATION**

According to the Article 23 of “Regulations Governing the Preparation of Financial Reports by Public Banks”, the Bank does not prepare the segment information of IFRS 8.

## THE SHANGHAI COMMERCIAL &amp; SAVINGS BANK, LTD.

OVERDUE LOANS AND RECEIVABLES  
DECEMBER 31, 2025 AND 2024  
(In Thousands of New Taiwan Dollars, %)

Date		December 31, 2025					December 31, 2024					
Business		Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)	
Corporate banking	Secured	\$ 3,914,921	\$ 298,123,194	1.31	\$ 3,987,771	101.86	\$ 1,266,590	\$ 298,278,932	0.42	\$ 3,404,233	268.77	
	Unsecured	145,052	241,908,429	0.06	2,434,666	1,678.48	182,754	245,978,450	0.07	2,520,594	1,379.23	
Consumer banking	Mortgage (Note 4)	528,937	329,338,744	0.16	4,994,255	944.21	667,686	314,694,197	0.21	4,939,240	739.75	
	Cash cards	-	-	-	-	-	-	-	-	-	-	
	Microcredit (Note 5)	8,310	3,253,756	0.26	33,430	402.29	14,735	3,439,961	0.43	39,302	266.73	
	Others (Note 6)	Secured	92,611	36,675,849	0.25	376,707	406.76	124,000	36,294,913	0.34	404,209	325.98
		Unsecured	-	-	-	-	-	-	-	-	-	-
Total		4,689,831	909,299,972	0.52	11,826,829	252.18	2,255,765	898,686,453	0.25	11,307,578	501.27	
		Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	
Credit cards		8,471	3,325,641	0.25	53,220	628.26	9,313	3,320,790	0.28	50,304	540.15	
Accounts receivable factored without recourse (Note 7)		-	266,318	-	3,249	-	-	228,353	-	2,284	-	

Note 1: Non-performing loans represent the amounts of non-performing loans reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrued Loans." Non-performing credit card receivables represent the amounts of non-performing receivables reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of non-performing loans: Non-performing loans ÷ Outstanding loan balance.  
Ratio of non-performing credit card receivables: Non-performing credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses on loans ÷ Non-performing loans.  
Coverage ratio of credit card receivables: Allowance for possible losses on credit card receivables ÷ Non-performing credit card receivables.

Note 4: Housing mortgage is fully secured by property, which is purchased (owned) by the borrower, the spouse or the minor children of the borrower and the rights on mortgage are pledged to the financial institution, for the purpose of purchasing or decorating property.

Note 5: Small scale credit loans, as categorized in accordance with the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), are unsecured loans with small amounts exclusive of credit cards and cash cards.

Note 6: Other loans of consumer banking refer to secured or unsecured loans exclusive of housing mortgage, cash card, small scale credit loans and credit card.

Note 7: As required by the Banking Bureau's letter dated July 19, 2005 (Ref. No. 0945000494), factoring without recourse is disclosed as non-performing receivables in three months after the factors or insurance companies reject indemnification.

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

**OVERDUE LOANS AND RECEIVABLES  
DECEMBER 31, 2025 AND 2024  
(In Thousands of New Taiwan Dollars)**

	December 31, 2025		December 31, 2024	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiations and loan agreements (Note 1)	\$ -	\$ -	\$ -	\$ -
As a result of consumer debt clearance (Note 2)	-	32,987	-	32,588

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt consultation and loan agreements is based on the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**

**LOANS AND OTHER INFORMATION  
DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

No (Note1)	Lender	Borrower	Corresponding Account	Related Parties	The Highest Period Balance	Ending Balance	Actual Amount	Interest Rate Range	Capital Loan (Note 2)	Business Dealing Amount	Reasons of Short-term Financing	Allowance	Collateral		Individual Fund Loan and Limit (Note 3)	Total Loan Limit (Note 3)
													Name	Value		
1	SCSB Leasing (China) Co., Ltd.	Shanghai New Feihong Enterprise Co., Ltd.	Entrusted loan receivables	N/A	\$ 80,874	\$ 134,790	\$ -	6%~11%	1	\$ -	-	\$ -	Real estate	\$ 270,928	\$ 387,719	\$ 969,298

Note 1: The numbers refer to the following:

- (1) Issuer is 0.
- (2) Investees are numbered sequentially starting from 1.

Note 2: The nature of capital loans corresponds to the following values:

- (1) 1 for business dealing.
- (2) 2 for reasons of short-term financing facility.

Note 3: The amounts and calculation of the loan limit are as follows:

1. Individual fund loans and limits

- (1) For an enterprise or organization that has no business relationship with the lender but has short-term financing facility, the loan amount to the single enterprise or organization shall not exceed 40% of the net value as presented in the latest financial statements of the lender as audited by the accountant.
- (2) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility, the loan amount to the single enterprise or organization shall not exceed 20% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

2. Capital loans and total loan limits

- (1) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility, the total accumulated loan balance of the single enterprise or organization shall not exceed twice the net value as presented in the latest financial statements of the lender as audited by the accountant.
- (2) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility, the total accumulated loan balance of the single enterprise or organization shall not exceed 40% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

The total accumulated loan balance of the above two parties shall not exceed twice the net value as presented in the latest financial statements of the lender as audited by the accountant.

## THE SHANGHAI COMMERCIAL &amp; SAVINGS BANK, LTD.

**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2025**  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2025				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction AG	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investments in subsidiaries	1	\$ 22,450	100.00	\$ 22,450	
	Krinein Company	Indirect subsidiary	Investments in subsidiaries	2	32,963	100.00	32,963	
	Safehaven Investment Corporation	Indirect subsidiary	Investments in subsidiaries	1	58,299	100.00	58,299	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	11,370	461,607	0.23	461,607	
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investments in subsidiaries	4	44,354	100.00	44,354	
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	181,483	45.00	181,483	
	CTS Travel International Ltd.	Indirect subsidiary	Investments in subsidiaries	600	7,025	100.00	7,025	
	Joy Tour Service Co., Ltd.	-	Financial assets measured at FVTOCI	100	1,000	11.00	1,000	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	27	1,129	-	1,129	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investments in subsidiaries	N/A	973,520	100.00	973,520	
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	1,920	15,845,827	9.60	15,845,827	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	9,600	79,229,137	48.00	79,229,137	

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD**

**ACQUISITION OF ASSETS AT COSTS REACHEING \$300 MILLION OR 10% OF THE ISSUED CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Amounts in Thousands of New Taiwan Dollars)**

Buyer	Property	Event Date (Note 1)	Transaction Amount	Payment Status	Counterparty	Relationship	Purpose of Disposal				Price Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Shanghai Commercial & Savings Bank, Ltd.	No. 2, Sec. 1, Minguan E. Rd., Zhongshan Dist., Taipei City Minguan building	2025/1/14	\$3,433,225	Paid in full	Futsu Construction Co., Ltd., Envision Engineering Consultants Co., Ltd., Horizon Design & Construction Co., Ltd., etc.	Non-related party	-	-	-	-	1. Refer to the appraisal report by professional real estate appraiser 2. Price negotiation by both parties 3. Approved by Board of directors	For use by the Bank's business department and head office units	None

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD**

**SALE OF NON-PERFORMING LOANS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Amounts in Thousands of Hong Kong Dollars)**

<b>Transaction Date</b>	<b>Seller</b>	<b>Trading Partners</b>	<b>Debt Components</b>	<b>Book Value</b>	<b>Selling Price (Note)</b>	<b>Disposal(loss)</b>	<b>With agree conditions</b>	<b>The relationship between the transaction object and the Bank</b>
2025/1/30	The Shanghai Commerical & SavingsBank	A Co., Ltd	Loan Claims	-	-	-	In accordance with the terms of the debt assignment agreement	Non-related party

Note: The principal amounts of the debt as of January 30, 2025 were US\$8,010. For related information, please refer to the Taiwan Stock Exchange Market Observation Station website.

## THE SHANGHAI COMMERCIAL &amp; SAVINGS BANK, LTD.

**RELATED INFORMATION OF INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2025**  
(Amounts in Thousands of New Taiwan Dollars) (Share in Thousands)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
<b>Financial business</b>										
SCSB Asset Management Ltd.	Taiwan	Purchase and management of creditor's rights of financial institutions	100.00	\$ 1,745,299	\$ 42,992	160,000	-	160,000	100.00	
Paofong Insurance Company Ltd.	Hong Kong	Insurance	40.00	487,926	43,293	500	-	500	100.00	
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	95,074,965	2,812,043	11,520	-	11,520	57.60	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	973,520	4,073	N/A	-	N/A	100.00	
AMK Microfinance Institution Plc.	Cambodia	Microfinance institution	99.99	5,221,564	( 509,425)	10,946	-	10,946	99.99	
<b>Non-financial business</b>										
China Travel Service (Taiwan)	Taiwan	Travel services	99.99	370,636	( 29,824)	38,943	-	38,943	99.99	
SCSB Marketing Ltd.	Taiwan	Marketing	100.00	9,552	1,694	500	-	500	100.00	
Kuo Hai Real Estate Management	Taiwan	Building material distribution	30.00	-	-	3,000	-	3,000	30.00	
Shancom Reconstruction AG	Switzerland	Securities investment	100.00	94,443,237	2,801,925	15	-	15	100.00	
Wresqueue Limitada	Liberia	Securities investment	100.00	410,290	8,259	176	-	176	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	22,450	( 28)	1	-	1	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	32,963	1,048	2	-	2	100.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	58,299	2,250	1	-	1	100.00	
Prosperity Realty Inc.	USA	Real estate services	100.00	44,354	( 1,048)	4	-	4	100.00	
Silks Place Taroko	Taiwan	Travel services	45.00	181,483	( 26,510)	20,372	-	20,372	45.00	
CTS Travel International Ltd.	Taiwan	Travel services	100.00	7,025	3	600	-	600	100.00	

Note 1: Investees are categorized into financial business and non-financial business.

Note 2: The Bank, board chairman, supervisors, managing directors, and the shares of investee companies invested in by related parties which comply with corporation law are considered.

**THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.**  
**INVESTMENT IN MAINLAND CHINA**  
**DECEMBER 31, 2025**  
**(Amounts in Thousands of New Taiwan Dollars and US Dollars)**

1. Investee company name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying amount as of December 31, 2024 and inward remittance of earnings:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment as of December 31, 2025	Investment Flows		Accumulated Outflow of Investment as of December 31, 2024	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2025 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	\$ 942,300 US\$ 30,000	Note 1 (3)	\$ 942,300 US\$ 30,000	\$ - US\$ -	\$ - US\$ -	\$ 942,300 US\$ 30,000	100%	\$ 4,073 US\$ 131	\$ 973,520 US\$ 30,994	\$ - -
Bank of Shanghai	Banking business approved by local government	63,841,037 US\$ 2,032,507	Note 4	3,541,258 US\$ 112,743	- US\$ -	- US\$ -	3,541,258 US\$ 112,743	3%	- US\$ -	19,362,730 US\$ 616,451	- -
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Banking business approved by local government	3,142,256 US\$ 100,358	Note 4	2,006,879 US\$ 63,893	- US\$ -	- US\$ -	2,006,879 US\$ 63,893	100%	( 324,175 ) (US\$ 10,399 )	2,979,319 US\$ 94,853	- -
Shanghai Commercial Bank Ltd. - Shanghai Branch	Banking business approved by local government	3,418,356 US\$ 108,830	Note 4	2,032,761 US\$ 64,717	- US\$ -	- US\$ -	2,032,761 US\$ 64,717	100%	( 632,443 ) (US\$ 20,289 )	3,519,276 US\$ 112,043	- -
The Shanghai Commercial & Savings Bank, Ltd. - Wuxi Branch	Banking business approved by local government	2,723,467 US\$ 86,707	Note 1 (1)	2,723,467 US\$ 86,707	- US\$ -	- US\$ -	2,723,467 US\$ 86,707	100%	54,981 US\$ 1,764	2,923,247 US\$ 93,067	- -

2. Upper limit on investments in mainland China:

Accumulated Investment in Mainland China as of December 31, 2025 (Note 3)		Investment Amounts Authorized by Investment Commission, MOEA (Note 3)		Upper Limit on Investment Authorized by Investment Commission MOEA
\$ 11,246,665	US\$ 358,060	\$ 12,003,133	US\$ 382,144	\$ 165,198,584

Note 1: Methods of investment in mainland China are listed below:

- (1) Directly invest.
- (2) Invest indirectly via a third company.
- (3) Others.

Note 2: Financial report audited by the accounting firm associated with the parent company in Taiwan.

Note 3: Calculated using the exchange rate on December 31, 2025.

Note 4: To invest via sub-subsidiary of the Bank, Shanghai Commercial Bank (HK).