

**TAIWAN BUSINESS BANK, LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2025 and 2024**

**ADDRESS: NO. 30, Ta-Cheng Street, Taipei, Taiwan, R.O.C.  
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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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## **Representation Letter**

The entities that are required to be included in the combined financial statements of TAIWAN BUSINESS BANK, LTD. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TAIWAN BUSINESS BANK, LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TAIWAN BUSINESS BANK, LTD.

Chairman: Lee, Chia-Hsiang

Date: February 26, 2026



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KPMG

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## Independent Auditors' Report

To the Board of Directors of Taiwan Business Bank, Ltd.:

### Opinion

We have audited the consolidated financial statements of Taiwan Business Bank, Ltd. and subsidiaries (“the Bank and subsidiaries”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and subsidiaries as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks, and with the Regulation Governing the Preparation of Financial Reports by Securities firms.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jing-Kuan-Yin-Zi No.1082731571 and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### The assessment of loans impairment

Please refer to Note 4(f) "Financial Instruments" for related accounting policy, Note 5 for accounting assumptions and estimates, and Note 6(f) "Discount and loans,net" and Note 6 (ap) "Financial Risk Information" for details of loans impairment, respectively.

#### Description of key audit matter:

The management of the Bank and subsidiaries assess the impairment of loans by determining if there is any observable evidence indicating impairment, and dividing them into collective assessment and individual assessment based on the materiality levels to measure by different impairment method. For the individual assessment with objective evidence of impairment, the measurement is based on expected future cash flow. For the collective assessment with objective evidence of impairment, the Bank and its subsidiaries need to calculate the recovery rate of each group to measure the impairment amount. For the collectively assessed loans without objective evidence of impairment, the impairment is calculated by establishing an impairment model using the pass loss experience on assets with similar credit risk characteristic to form basic estimation. Besides the methods mentioned above, the management of the Bank and its subsidiaries should inspect whether the amount of impairment is in compliance with the minimum level made by the authority. Both the evaluation of impairment evidences and its methods, as well as the uses of assumptions, such as the expected recovery rates and default rates, which are applied to determine the future cash flow, involved significant judgements and estimations. Therefore, the assessment on the impairment of loans has been identified as a key audit matter in our audit.

#### How the matter was addressed in our audit:

Our principal audit procedures included: understanding the methodology and related control procedure about how the management assesses and measures the impairment amount of loans. For individual assessment, we used sampling test to evaluate the use of the original effective interest rate, the appropriateness of the estimation of future recoverable amounts and value of collateral. For collective assessment, we assessed the impairment model adopted by the management and reviewed the appropriateness of the calculation of the impairment parameters and verified the completeness of the loans portfolio via sampling. The impaired amounts recognized by the management were in compliance with the related regulations issued by authority. Meanwhile, we assessed whether allowance for the loans meets the requirements.

#### **Other Matter**

Taiwan Business Bank, Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Bank and subsidiaries 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 and subsidiaries 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 and subsidiaries financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries 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 and subsidiaries 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 consolidated 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 and subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Bank and subsidiaries 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 consolidated 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.

The engagement partners on the audit resulting in this independent auditors' report are Lee, Feng-Hui and Tsai, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)  
February 26, 2026

#### **Notes to Readers**

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

		<b>December 31, 2025</b>		<b>December 31, 2024</b>				<b>December 31, 2025</b>		<b>December 31, 2024</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Liabilities and Equity</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
11000	Cash and cash equivalents (Notes 6(a) and 7)	\$ 26,812,834	1	35,663,893	2	<b>Liabilities</b>					
11500	Due from the Central Bank and call loans to banks (Notes 6(b) and 7)	161,818,383	6	167,755,748	7	21000	Deposits from the Central Bank and banks (Notes 6(n) and 7)	\$ 197,280,651	9	240,697,672	10
12000	Financial assets at fair value through profit or loss (Note 6(c))	105,911,739	4	82,805,785	3	21500	Due to the Central Bank and banks (Note 6(o))	1,551,519	-	1,443,506	-
12100	Financial assets at fair value through other comprehensive income (Notes 6(g) and (q))	195,081,160	8	185,020,961	8	22000	Financial liabilities at fair value through profit or loss (Notes 6(p) and (t))	9,877,601	-	10,213,236	-
12200	Investment in debt instruments at amortized cost (Note 6(h))	279,234,758	11	230,242,408	9	22500	Notes and bonds issued under repurchase agreement (Note 6(q))	5,359,765	-	2,011,108	-
12500	Securities purchased under resell agreements (Note 6(d))	31,484,029	1	10,252,365	-	23000	Payables (Note 6(r))	19,268,837	1	20,092,502	1
13000	Receivables, net (Note 6(e))	12,551,346	1	13,180,282	1	23200	Current tax liabilities	472,777	-	865,240	-
13200	Current tax assets	364,124	-	356,852	-	23500	Deposits and remittances (Notes 6(s) and 7)	2,064,224,484	82	1,903,841,852	81
13500	Discounts and loans, net (Notes 6(f) and 7)	1,669,667,843	67	1,619,036,334	68	24000	Bank notes payable (Note 6(t))	53,910,000	2	53,460,000	2
15500	Other financial assets (Note 6(j))	5,961	-	6,837	-	25500	Other financial liabilities (Note 6(u))	2,472,641	-	2,528,132	-
18500	Property and equipment, net (Note 6(k))	13,735,777	1	13,883,808	1	25600	Provisions (Notes 6(v) and (aa))	2,519,764	-	2,384,421	-
18600	Right-of-use assets, net (Note 6(l))	1,060,862	-	1,267,030	-	26000	Lease liabilities (Note 6(w))	1,098,882	-	1,307,295	-
19000	Intangible assets, net	1,396,730	-	1,203,010	-	29300	Deferred tax liabilities (Note 6(z))	896,118	-	933,342	-
19300	Deferred tax assets (Note 6(z))	1,907,393	-	1,900,656	-	29500	Other liabilities (Note 6(x))	3,167,040	-	3,543,962	-
19500	Other assets, net (Note 6(m))	7,979,846	-	12,180,081	1		<b>Total liabilities</b>	<u>2,362,100,079</u>	<u>94</u>	<u>2,243,322,268</u>	<u>94</u>
							<b>Equity attributable to owners of parent</b>				
						31101	Common stock (Note 6(y))	97,180,618	4	91,679,828	4
						31500	Capital Surplus (Note 6(y))	816,129	-	816,129	-
							Retained earnings:				
						32001	Legal reserve (Note 6(y))	27,728,853	1	23,647,983	1
						32003	Special reserve (Note 6(y))	185,128	-	185,128	-
						32005	Unappropriated retained earnings (Note 6(y))	15,629,224	1	14,767,272	1
						32500	Other equity interest (Note 6(y))	5,372,754	-	337,442	-
							<b>Total equity</b>	<u>146,912,706</u>	<u>6</u>	<u>131,433,782</u>	<u>6</u>
<b>Total assets</b>		<u>\$ 2,509,012,785</u>	<u>100</u>	<u>2,374,756,050</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 2,509,012,785</u>	<u>100</u>	<u>2,374,756,050</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

	For the years ended December 31,				Percent Change %	
	2025		2024			
	Amount	%	Amount	%		
41000	Interest income (Notes 6(ad) and 7)	\$ 57,109,807	163	55,437,141	163	3
51000	Less: Interest expenses (Notes 6(ad) and 7)	<u>(36,503,882)</u>	<u>(104)</u>	<u>(36,321,371)</u>	<u>(106)</u>	1
	Net interest revenue	20,605,925	59	19,115,770	57	8
	<b>Net revenue other than interest</b>					
49100	Net service fee revenue (Notes 6(ae) and 13)	6,692,138	19	6,556,576	19	2
49200	Gain on financial assets or liabilities measured at fair value through profit or loss (Note 6(af))	5,452,842	16	6,283,534	18	(13)
49310	Realized gain on financial assets at fair value through other comprehensive income (Note 6(ag))	1,453,275	4	1,155,084	3	26
49450	Gain arising from derecognition of financial assets measured at amortized cost (Note 6(h))	125	-	145	-	(14)
49600	Foreign exchange gain	305,009	1	332,892	1	(8)
49700	Impairment (loss) reversal of impairment loss on assets (Note 6(ah))	(15,945)	-	22,436	-	171
49800	Net other revenue other than interest income (Note 6(ai))	98,342	-	124,823	-	(21)
49831	Net securities brokering revenue	<u>496,328</u>	<u>1</u>	<u>523,327</u>	<u>2</u>	(5)
	Net revenue	<u>35,088,039</u>	<u>100</u>	<u>34,114,587</u>	<u>100</u>	3
58200	Bad debts expense, commitment and guarantee liability provision (Note 6(aj))	<u>(2,324,422)</u>	<u>(7)</u>	<u>(3,441,648)</u>	<u>(10)</u>	(32)
	<b>Operating expenses</b>					
58500	Employee benefits expenses (Note 6(ak))	(10,403,063)	(30)	(9,877,374)	(29)	5
59000	Depreciation and amortization expense (Note 6(al))	(1,402,316)	(4)	(1,369,689)	(4)	2
59500	Other general and administrative expense (Note 6(am))	<u>(5,713,276)</u>	<u>(16)</u>	<u>(5,363,212)</u>	<u>(16)</u>	7
	Total operating expense	<u>(17,518,655)</u>	<u>(50)</u>	<u>(16,610,275)</u>	<u>(49)</u>	5
61001	Income from continuing operation before tax	15,244,962	43	14,062,664	41	8
61003	Less: Income tax expenses (Note 6(z))	<u>3,013,143</u>	<u>9</u>	<u>2,825,963</u>	<u>8</u>	7
	Net income	<u>12,231,819</u>	<u>34</u>	<u>11,236,701</u>	<u>33</u>	9
65000	<b>Other comprehensive income:</b>					
65200	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
65201	Remeasurements of defined benefit plans (Note 6(z))	20,268	-	166,594	-	(88)
65204	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	1,353,579	4	2,101,354	6	(36)
65220	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(z))	4,054	-	33,319	-	(88)
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>1,369,793</u>	<u>4</u>	<u>2,234,629</u>	<u>6</u>	(39)
65300	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
65301	Exchange difference on translation	(367,354)	(1)	1,036,520	3	(135)
65308	Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	4,017,585	11	(1,334,815)	(4)	401
65320	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(z))	(60,678)	-	217,286	1	128
	Components of other comprehensive income that will be reclassified to profit or loss	<u>3,710,909</u>	<u>10</u>	<u>(515,581)</u>	<u>(2)</u>	(820)
65000	Other comprehensive income	<u>5,080,702</u>	<u>14</u>	<u>1,719,048</u>	<u>4</u>	196
	<b>Total comprehensive income</b>	<u>\$ 17,312,521</u>	<u>48</u>	<u>12,955,749</u>	<u>37</u>	34
	<b>Earnings per share (in NT dollar) (Note 6(ab))</b>					
	Basic earnings per share (in NT dollar)	<u>\$ 1.26</u>		<u>1.16</u>		
	Diluted earnings per share (in NT dollar)	<u>\$ 1.25</u>		<u>1.15</u>		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent								
	Share capital		Retained earnings				Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
<b>Balance at January 1, 2024</b>	\$ 82,224,061	815,900	20,028,865	3,954,803	12,114,062	36,097,730	(629,158)	1,613,752	120,122,285
Net income for the year ended December 31, 2024	-	-	-	-	11,236,701	11,236,701	-	-	11,236,701
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	133,275	133,275	829,216	756,557	1,719,048
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	11,369,976	11,369,976	829,216	756,557	12,955,749
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	3,619,118	-	(3,619,118)	-	-	-	-
Reversal of special reserve	-	-	-	(3,769,675)	3,769,675	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,644,481)	(1,644,481)	-	-	(1,644,481)
Stock dividends of ordinary share	9,455,767	-	-	-	(9,455,767)	(9,455,767)	-	-	-
Other changes in capital surplus:									
Donation from shareholders	-	229	-	-	-	-	-	-	229
Disposal of investment in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,232,925	2,232,925	-	(2,232,925)	-
Balance at December 31, 2024	91,679,828	816,129	23,647,983	185,128	14,767,272	38,600,383	200,058	137,384	131,433,782
Net income for the year ended December 31, 2025	-	-	-	-	12,231,819	12,231,819	-	-	12,231,819
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	16,214	16,214	(293,884)	5,358,372	5,080,702
Total comprehensive income for the year ended December 31, 2025	-	-	-	-	12,248,033	12,248,033	(293,884)	5,358,372	17,312,521
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	4,080,870	-	(4,080,870)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,833,597)	(1,833,597)	-	-	(1,833,597)
Stock dividends of ordinary share	5,500,790	-	-	-	(5,500,790)	(5,500,790)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	29,176	29,176	-	(29,176)	-
<b>Balance at December 31, 2025</b>	<b>\$ 97,180,618</b>	<b>816,129</b>	<b>27,728,853</b>	<b>185,128</b>	<b>15,629,224</b>	<b>43,543,205</b>	<b>(93,826)</b>	<b>5,466,580</b>	<b>146,912,706</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net income before tax	\$ 15,244,962	14,062,664
<b>Adjustments:</b>		
<b>Income and expenses items:</b>		
Depreciation expense	929,864	998,358
Amortization expense	472,452	371,331
Provision for bad debt expense	2,234,049	3,409,557
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	966,270	1,082,777
Interest expenses	36,503,882	36,321,371
Net gain arising from derecognition of financial assets measured at amortised cost	(125)	(145)
Interest income	(57,109,807)	(55,437,141)
Net change in provisions for guarantee liabilities	104,016	62,365
Net change in other provisions	(12,971)	(28,893)
Loss on disposal of property and equipment	6,416	2,916
Impairment loss on financial assets	15,945	(22,436)
Other items	5,220	(14)
<b>Total adjustments to reconcile profit (loss)</b>	<b>(15,884,789)</b>	<b>(13,239,954)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in due from the central bank and call loans to banks	5,937,173	(47,817,337)
Increase in financial assets at fair value through profit or loss	(23,448,469)	(9,786,997)
Increase in securities purchased under resell agreements	(21,231,664)	(3,141,880)
Decrease (increase) in receivables	599,774	(714,219)
Increase in discounts and loans	(52,775,363)	(131,144,156)
(Increase) decrease in other financial assets	(804)	4,773
Decrease (increase) in other assets	3,619,461	(2,934,696)
<b>Total changes in operating assets</b>	<b>(87,299,892)</b>	<b>(195,534,512)</b>
<b>Changes in operating liabilities:</b>		
(Decrease) increase in deposits from the central bank and banks	(43,417,021)	77,535,116
(Decrease) increase in financial liabilities at fair value through profit or loss	(959,390)	83,559
Increase in notes and bonds issued under repurchase agreement	3,348,657	224,393
Decrease in payable	(960,426)	(5,639,904)
Increase in deposits and remittances	160,382,632	80,428,618
(Decrease) increase in other financial liabilities	(55,491)	391,730
Increase (decrease) in provisions for employee benefits	65,543	(387,729)
Total changes in operating liabilities	118,404,504	152,635,783
<b>Total changes in operating assets and liabilities</b>	<b>31,104,612</b>	<b>(42,898,729)</b>
<b>Total adjustments</b>	<b>15,219,823</b>	<b>(56,138,683)</b>
Cash inflow (outflow) generated from operations	30,464,785	(42,076,019)
Interest received	57,085,756	54,840,073
Interest paid	(36,351,309)	(34,913,792)
Income taxes paid	(3,407,792)	(2,128,652)
<b>Net cash flows from (used in) operating activities</b>	<b>47,791,440</b>	<b>(24,278,390)</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(4,683,888)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	5,174,123
Acquisition of financial assets at amortised cost	(205,815,374)	(166,836,782)
Proceeds from repayments of financial assets at amortised cost	156,803,149	189,497,956
Acquisition of property and equipment	(505,438)	(470,352)
Proceeds from disposal of property and equipment	304	115
(Increase) decrease in refundable deposits	213,329	(411,632)
Acquisition of intangible assets	(516,153)	(579,640)
<b>Net cash flows (used in) from investing activities</b>	<b>(54,504,071)</b>	<b>26,373,788</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in due to the central bank and banks	108,013	11,666
Proceeds from issuing bank notes payable	2,000,000	-
Repayments of bank notes payable	(1,550,000)	(390,000)
(Decrease) increase in guarantee deposits received	(318,971)	1,580,289
Payment of lease liabilities	(452,473)	(451,339)
Decrease in other liabilities	(57,951)	82,382
Cash dividends paid	(1,833,597)	(1,644,481)
Other financing activities	-	229
<b>Net cash flows used in financing activities</b>	<b>(2,104,979)</b>	<b>(811,254)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(33,449)</b>	<b>22,868</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,851,059)</b>	<b>1,307,012</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>35,663,893</b>	<b>34,356,881</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 26,812,834</b>	<b>35,663,893</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

TAIWAN BUSINESS BANK, LTD. (the “Bank”) was formerly a general savings union known as “Taiwan Mutual Financing Bank” or “Tai-Shio Mutual Financing Bank” when it was established in 1915. After several mergers and acquisitions, it was renamed as Taiwan Business Bank, Ltd. in order to finance and provide banking assistance to small and medium-size businesses on July 1, 1976. The Bank’s major lines of business are the following:

- (a) As prescribed by the Banking Law, provides professional services tailored to the needs of small and medium-size businesses;
- (b) Trust and securities brokerage businesses as approved by the relevant authority;
- (c) International banking business; and
- (d) Other relevant businesses as authorized by the relevant authority in-charge.

As of December 31, 2025, the Bank not only sets up the business dept., international dept., securities dept. and trust dept. under head office but also has 124 domestic branches, 1 offshore banking unit, 8 overseas branches, 1 oversea representative office and 16 securities brokerage locations.

The Bank became listed on the Taiwan Stock Exchange on January 3, 1998.

Under the “Statute for Privatization of State Enterprises” and upon the approval of Taiwan Province Government, the shares of the Bank owned by the provincial government were sold to the public. In line with privatization of the three other major Taiwan province government owned run commercial banks, the Bank had completed its own privatization on January 22, 1998.

As of December 31, 2025 and 2024, the Bank and subsidiaries have 5,870 and 5,740 employees, respectively.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issuance by the Board of Directors on February 26, 2026.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Bank and subsidiaries have initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Bank and subsidiaries assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Bank, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> </ul>	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	<ul style="list-style-type: none"> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul> <p>IAS 21 “The Effects of Changes in Foreign Exchange Rates” currently does not provide specific guidance for translating a company’s financial statements from a non-hyperinflationary functional currency into a hyperinflationary presentation currency. To reduce diversity in practice, the amendments clarify:</p> <ul style="list-style-type: none"> <li>● a company with a non-hyperinflationary functional currency uses the closing rate at the latest reporting date when translating all the financial statement amounts (including comparatives) into its presentation currency; and</li> <li>● a company uses the closing rate at the latest reporting date when translating all amounts (except comparatives) of a foreign operation with a non-hyperinflationary functional currency and applies the general price index to restate the comparatives.</li> </ul>	January 1, 2027

The Bank and subsidiaries is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Bank and subsidiaries completes its evaluation.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Bank and subsidiaries does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

**(4) Summary of material accounting policies:**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks (hereinafter referred to as "the Regulations"), and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to IFRS endorsed by the FSC).

**(b) Basis of preparation**

**(i) Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Hedging financial instruments are measured at fair value; and
- 4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(k).

**(ii) Consolidation of financial statement**

The consolidation financial statements include the headquarter and all the domestic branches, foreign branches and subsidiaries. The internal transactions within the headquarter, the domestic branches and the foreign branches are offset when preparing the consolidated financial statement.

**(iii) Functional and presentation currency**

The functional currency of each entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Bank’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

	Established location	Main business scope	Shareholding (Holding %)	
			December 31, 2025	December 31, 2024
TBB International Leasing Co., Ltd.	Taiwan	Leasing business	100	100
Taiwan Business Bank International Leasing Co., Ltd.	China	Leasing business	100	100
TBB (Cambodia) Microfinance Institution Plc	Cambodia	Financial company	100	100
TBB Venture Capital Co., Ltd.	Taiwan	Investing business	100	100
TBB Consulting Co., Ltd.	Taiwan	Consulting business	100	100

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies on the end of each subsequent reporting period (hereinafter referred to as the reporting date) are retranslated to the functional currency at the exchange rate of Bank of Taiwan at 10 AM. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising on retranslation are recognized in profit or loss, except for the equity instruments measured at fair value through other comprehensive income which are recognized in other comprehensive income arising on the retranslation.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Bank and subsidiaries disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the the Bank and subsidiaries disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalent comprise cash on hand, petty cash, foreign currency on hand and cash in banks, but excludes those items which are designated for specific purposes or restricted by contracts and law.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Bank and subsidiaries becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Bank and subsidiaries changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the next reporting period following the change in the business model.

1) Investment in debt instruments measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank and subsidiaries may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Bank and subsidiaries right to receive payment is established.

3) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Bank and subsidiaries may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Discount and loans, net

Discount and loans are recorded as initial fair value including direct transaction cost, and the subsequent measurement recognizes interest income via effective interest rate method if there is not much difference then it can adopt straight line method and is booked as per amortized cost deducted by impairment loss. Interest accrual on discount and loans are suspended if either of the following occurs:

- Payment of principal or interest is very likely not to be redeemed as per contracts.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- Non-performing loans are categorized as overdue loans in six months after the settlement period ends.

5) Impairment of financial assets

The Bank and subsidiaries recognizes loss allowances for expected credit losses on financial assets measured at amortized cost, debt investments measured at FVOCI and loan commitments and financial guarantee contracts. Equity instrument investment does not need to recognize expected credit losses.

The Bank and subsidiaries measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, receivables, loan commitments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instruments is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank and subsidiaries is exposed to credit risk.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECL, the Bank and subsidiaries considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Bank and subsidiaries historical experience, informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Bank and subsidiaries expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Bank and subsidiaries assesses whether financial assets carried at amortized cost, debt securities at FVOCI, loan commitments and contracts of financial guarantee are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the borrowers on terms that the borrowers would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- to purchase or initiate financial assets at a substantial discount that reflects the credit losses that have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

In addition to estimate the allowance for bad debts and guarantee liability provisions as above, according to “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans ” , and considering the situation of their finance and the default of principal and interest payment, the credit assets are classified as below:

- 1% of the first class credit assets deducted by the amount of credit assets from the government.
- 2% of the second class credit assets.
- 10% of the third class credit assets.
- 50% of the fourth class credit assets.
- 100% of the fifth class credit assets.

The allowance for bad debts and guarantee liability provisions were assessed by the previously stated method shall not be less than the amount regulated by “ Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans.

Unrecoverable overdue loans and bad debts of the Bank and subsidiaries, which are not able to be recovered after the overdue collection process, are written-off after deducting the recoverable portion. Upon approval by the board of directors and notification to supervisors, the excess amount of written off loans over such allowance or reserve is reflected as a current loss.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Financial liabilities

Financial liability measured at fair value through profit or loss, if one of the following conditions is met

1) Financial liabilities held for trading

A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, is classified as instrument held for trading as well.

2) Financial liabilities designated at fair value through profit or loss

Financial liabilities falling under this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes are measured at fair value and recognized in profit or loss. While for financial liabilities designated at fair value through profit or loss, the changes in fair value generated from credit risk should be recognized under other comprehensive income, except for avoiding accounting mismatch that should be recognized in profit or loss.

(iii) Reclassification of financial instruments

The Bank and subsidiaries only reclassified all affected financial assets in accordance with the regulations when changing the business model of managing financial assets. These changes are expected to be extremely infrequent. In addition, the Bank and subsidiaries must not reclassify any financial assets and liabilities of equity instruments.

If the Bank and subsidiaries reclassify financial assets in accordance with the aforesaid circumstances, the reclassification shall be postponed from the reclassification date, and any previously recognized gains, losses (including impairment losses or reversal of impairment loss) or interest shall not be restated.

(iv) Derecognition of financial assets and liabilities

The Bank and subsidiaries derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank and subsidiaries neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank and subsidiaries enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Bank and subsidiaries derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank and subsidiaries also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(v) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Bank and subsidiaries currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Impairment loss on non-financial assets

The Bank and subsidiaries reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment on the balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Bank and subsidiaries.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Land is not depreciated.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

1) Buildings	35~50 years
2) Equipment	3~8 years

The Bank and subsidiaries reviews and adjusts the residual value and the useful lives of assets at the end of each annual reporting date and adjusts it appropriately.

(i) Leases

At inception of a contract, the Bank and subsidiaries assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Bank and subsidiaries recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Bank and subsidiaries incremental borrowing rate. Generally, the Bank and subsidiaries uses its incremental borrowing rate as the discount rate.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Bank and subsidiaries estimates of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Bank and subsidiaries accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Bank and subsidiaries has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank and subsidiaries recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Bank and subsidiaries acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Bank and subsidiaries makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Bank and subsidiaries considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(j) Provisions

A provision is recognized if, as a result of a past event, the Bank and subsidiaries has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as financial cost.

(k) Employee benefits

(i) Short term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Retirement benefit

The pension provision of the Bank and subsidiaries includes defined contribution plan and defined benefit plan. For the personnel of foreign offices, the Bank and subsidiaries provides pension fund per the regulations of the local authorities.

Defined contribution plan refers to the plan that the Bank and subsidiaries annually provides certain amount of money to funds to fulfill the obligation. The Bank and subsidiaries provides pension based on compulsory obligation, contracts or voluntary will to public or private managed pension funds. If certain pension fund fails to pay the employees the benefit which they deserve for the service they provided, the Bank and subsidiaries does not hold legal or constructive obligation to pay additional provision. The Bank and subsidiaries recognizes the pension fund provided as current pension cost on accrual basis.

The Bank and subsidiaries net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank and subsidiaries obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Bank and subsidiaries, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Bank and subsidiaries. An economic benefit is available to the Bank and subsidiaries if it is realizable during the life of the plan, or on settlement of the plan liabilities.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

If the benefits of a plan are improved, the pension cost incurred from the portion of the increase benefit relating to past service by employees, is recognized immediately in profit or loss.

The remeasurements of defined benefit liability (asset) include:

- 1) Actuarial gains and losses;
- 2) Return on plan assets, excluding net interest on the net defined benefit liability (asset); and
- 3) The effect of the asset ceiling, excluding net interest on the net defined benefit liability (asset).

The remeasurements of defined benefit liability (asset) are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any changes in the fair value of plan assets, any changes in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, for the reporting period, the rate will be adjusted by material market volatility, material curtailment, reimbursement and settlement or other material one-time events.

(iii) Deposits with favorable rate

The Bank and subsidiaries provides deposits with favorable rate to employees, which include current employee fix amount deposits with favorable rate and retired employee fix amount deposits with favorable rate. The rate difference between the favorable rate and the market rate belongs to the category of employee benefit.

According to article 28 of “Regulations Governing the Preparation of Financial Report by Public Banks”, the additional interests result from the difference between deposit with favorable rate and the deposits with market interest rate shall be calculated by actuary per the regulations related to defined benefit plan in IAS 19 . The parameters of actuarial assumptions shall follow the regulations of the competent authority.

In accordance with the regulation of “Discussion of the employee benefit actuarial assumption related matter for adopting IAS 19 with respect to the additional interest of employee deposits with favorable rate” issued by the Banking Bureau, the difference between the actual payment and the estimated retirement benefit obligation is deemed as changes in accounting estimate and is recognized in profit or loss.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Termination benefits

Termination benefits are recognized as an obligation when the Bank and subsidiaries is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Bank and subsidiaries recognizes liabilities when a formal irrevocable termination project is undertaken or when benefit is provided for encouraging voluntary resignation. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(l) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

(m) Revenue recognition

Interest is recognized according to interest method. Interest accrual is suspended from the date when the loan is reclassified to non-performing loan and only when the Bank and subsidiaries receives cash, the revenue is recognized.

The revenue of handling fee is recognized when cash collected or when the process of the profit are mostly completed. In addition, for the individual loan which does not belong to labor service and the handling fee is over 1% of the principal, the interest rate shall be adjusted from the original agreed interest rate to the effective interest rate. For the individual loan which does not belong to the service and the handling fee is less than 1% of the principal, the recognition of the revenue should be deferred and be recognized as revenue during the loan period.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(n) Earnings per share (EPS)

The Bank and subsidiaries discloses the basic and diluted earnings per share attributable to ordinary shareholders of the bank. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the bank divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Bank divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as stock that issued for employee bonuses.

(o) Segment information

An operating segment is a component of the Bank and subsidiaries that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank and subsidiaries). Operating results of the operating segment are regularly reviewed by the Bank and subsidiaries chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing the financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Bank's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period is as follow.

Impairment losses on loans

The impairment of loans of the Bank and subsidiaries were evaluated by identifying the credit risk of those financial assets have significantly increased or not at the reporting date if the credit risk has not significant incurred, the 12-month expected credit loss should be adopted to evaluate, or the lifetime credit loss evaluation should be adopted.

To evaluate the expected credit losses for 12-month and lifetime, the Bank and subsidiaries considers the unfavorable changes of payment status or the economic conditions of the countries or areas related to the default loans. When analyzing expected cash flows, the estimates by the management are based on the pass losses experience from assets with similar credit risk characteristics. In order to reduce losses from the difference between estimated and actual amount, the Bank and subsidiaries has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the select inputs.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Petty cash and revolving funds	\$ 10,597,480	16,244,131
Foreign currencies on hand	964,184	1,028,938
Checks for clearing	2,314,696	2,406,858
Due from other banks	<u>12,936,474</u>	<u>15,983,966</u>
Total	<b><u>\$ 26,812,834</u></b>	<b><u>35,663,893</u></b>

(b) Due from the Central Bank and call loans to banks

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Due from the Central Bank	\$ 95,738,259	117,075,985
Deposits transferred to Central Bank	53,935	49,318
Call loans to banks	66,026,189	50,630,445
Trust fund indemnity reserve deposited	140,000	120,000
Securities serving as trust fund indemnity reserve deposited	<u>(140,000)</u>	<u>(120,000)</u>
Total	<b><u>\$ 161,818,383</u></b>	<b><u>167,755,748</u></b>

As of December 31, 2025 and 2024, in accordance with the Banking Law and the Central Bank Law, the required reserve deposited by the Bank and subsidiaries with the Central Bank amounted to \$95,056,534 and \$116,625,097 of which \$63,924,930 and \$58,351,432 respectively, were restricted and such restriction may only be lifted when the required reserve is adjusted to a lower amount.

As of December 31, 2025 and 2024, the Bank's subsidiaries and overseas branches, in compliance with the Central Bank's reserve requirement set by local authorities, deposited \$347,783 and \$129,995 and in reserve, of which \$102,726 and \$63,880 were restricted.

Effective December 2000, in accordance with the amended "Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions", the Bank provides the required additional reserve on foreign currency deposits. As of December 31, 2025 and 2024, the required reserve with the Central Bank amounted to \$333,942 and \$320,893 respectively, and its use was unrestricted.

As of December 31, 2025 and 2024, deposits transferred to the Central Bank collected from the armed forces, prisons, and other treasury deposits were restricted.

Effective January 20, 2001, in accordance with the requirement of the Department of Foreign Exchange, the Central Bank of the Republic of China, the Bank and subsidiaries comply with Clause 34 of the Trust Law to treat the discretionary trust of investments in overseas marketable securities as a default loss reserve. As of December 31, 2025 and 2024, the Bank deposited marketable securities of \$140,000 and \$120,000 as trust fund reserves.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Financial assets at fair value through profit or loss

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Financial assets at fair value through profit or loss, mandatorily measured at fair value:		
Derivative instruments not used for hedging		
Foreign exchange forward contracts	\$ 4,996	10,004
Currency swap contracts	2,445,757	2,882,743
Foreign currency options-buy	8,646	11,352
Stock index futures	24,455	27,320
Interest rate swap	98,882	-
Non-derivative financial assets		
Commercial paper	101,434,908	78,181,124
Listed stocks	777,832	794,532
Unlisted stocks	704,491	493,166
Beneficiary certificates	209,836	205,544
Financial debentures	<u>201,936</u>	<u>200,000</u>
Total	<u>\$ 105,911,739</u>	<u>82,805,785</u>

Derivative financial instruments are used for hedging foreign exchange risk and interest rate risk arising from operating, financing and investing activities. The Bank and subsidiaries held derivative financial instruments which did not apply to hedge accounting are as follows (reported as financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading)

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Currency swaps contract	\$ 226,391,217	212,126,990
Interest rate swaps contract	21,582,032	12,985,786
Option contract - buy	1,837,348	1,229,438
Option contract - sell	1,837,348	1,229,438
Forward foreign exchange contract	610,432	1,472,936

(d) Securities purchased under resell agreements

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Securities under resell agreements	\$ <u>31,484,029</u>	<u>10,252,365</u>
Face amount	\$ <u>31,556,300</u>	<u>10,287,300</u>
Resell period	<u>2026.01.02~2026.01.29</u>	<u>2025.01.06~2025.01.17</u>
Range of resell interest rate	<u>1.44%~1.46%</u>	<u>1.64%-1.65%</u>
Resell price	\$ <u>31,512,994</u>	<u>10,259,976</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (e) Receivables, net

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Interest receivable	\$ 6,063,711	6,061,292
Acceptances receivable	1,016,111	1,245,377
Accrued income	94,518	384,262
Accounts receivable	1,062,981	1,211,887
Spot exchange receivable-foreign currencies	50,756	27,414
Credit cards accounts receivable	1,316,849	1,283,650
Receivable price of securities purchased for customers	328,267	499,128
Settlement price	78,645	-
Installment receivables and leases	2,258,707	2,268,953
Notes receivables	112	-
Other receivables	438,373	331,349
Sub-total	12,709,030	13,313,312
Less: Allowance for bad debts	(157,684)	(133,030)
Total	<b><u>\$ 12,551,346</u></b>	<b><u>13,180,282</u></b>

The outstanding contract amount of financial assets that have been written off and still have recourse as of December 31, 2025 and 2024 were \$87,618,504 and \$85,862,421 respectively.

The change in allowance for bad debts was as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 133,030	121,512
Provision	31,112	15,535
Write-off	(6,988)	(6,558)
Provision	61	-
Foreign exchange	469	2,541
Ending balance	<b><u>\$ 157,684</u></b>	<b><u>133,030</u></b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (f) Discounts and loans, net

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Import/export bills negotiated	\$ 159,417	220,924
Bills and notes discounted	637,815	634,680
Overdrafts	-	19,228
Secured overdrafts	761,078	835,678
Short-term loans	152,429,778	180,131,363
Short-term secured loans	253,053,630	233,140,541
Margin loans receivable	3,510,471	4,072,823
Medium-term loans	230,091,911	219,030,813
Medium-term secured loans	317,487,989	329,201,296
Long-term loans	49,928,534	41,693,266
Long-term secured loans	682,111,743	630,763,210
Overdue loans	<u>1,744,062</u>	<u>1,440,665</u>
Sub-total	1,691,916,428	1,641,184,487
Less: Adjustment of discount and premium	(251,538)	(273,170)
Less: Allowance for bad debts	<u>(21,997,047)</u>	<u>(21,874,983)</u>
Total	<b><u>\$ 1,669,667,843</u></b>	<b><u>1,619,036,334</u></b>

The change in allowance for bad debts was as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 21,874,983	19,602,842
Provision	2,221,026	3,423,798
Transfer out	(20,007)	(19,043)
Write-off	(5,400,044)	(3,791,865)
Write-off recovered	3,356,622	2,621,876
Foreign exchange	<u>(35,533)</u>	<u>37,375</u>
Ending balance	<b><u>\$ 21,997,047</u></b>	<b><u>21,874,983</u></b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Financial asset at fair value through other comprehensive income

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Investment in debt instruments measured at fair value through other comprehensive income:		
Government bonds	\$ 56,314,140	55,187,459
Corporate bonds	90,973,188	75,901,236
Financial debentures	28,191,472	35,671,677
Negotiable certificates of deposit	629,887	652,513
Subtotal	176,108,687	167,412,885
Investment in equity instruments measured at fair value through other comprehensive income:		
Listed stocks	8,994,821	10,012,278
Unlisted stocks	9,877,352	7,476,886
Real Estate Investment Trust	100,300	118,912
Subtotal	18,972,473	17,608,076
<b>Total</b>	<b>\$ 195,081,160</b>	<b>185,020,961</b>

(i) Investment in debt instruments measured at fair value through other comprehensive income

The Bank and subsidiaries assessed that the above bond investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. The bond investments have been classified as the financial asset measured at fair value through other comprehensive income. Some of the investment in debt instruments measured at fair value through other comprehensive income are used as resell condition. Please refer to Note 6 (q) for more details.

(ii) Investment in equity instruments measured at fair value through other comprehensive income

The Bank and subsidiaries designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments intending to hold for long-term for strategic purpose.

The Bank and subsidiaries designated the investments shown above as equity instrument as at fair value through other comprehensive income; therefore, the Bank and subsidiaries recognized \$1,447,421 and \$1,154,808, respectively as dividend revenue for the years ended December 31, 2025 and 2024.

In which, the disposal of equity instruments were recognized \$814,071 and \$658,162 as dividend revenue for the years ended December 31, 2025 and 2024.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Bank and subsidiaries sold the investments which were measured as at fair value through other comprehensive income due to assets allocation. The fair value of disposed investments are \$20,842,933 and \$19,699,141, and gains on disposal are \$29,176 and \$2,232,925 for the years ended December 31, 2025 and 2024. Therefore, accumulated gains on disposal were transferred from other equity to retained earnings.

(iii) Please refer to Note 6(ao) for the credit risk (including the impairment in debt instruments) and market risk information.

(iv) Reserve for provisional seizure by the court:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Court provisional seizure	<u>\$ 84,800</u>	<u>226,900</u>

(v) The changes in the allowance for credit losses attributed to the FVOCI were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 87,728	100,349
Reversal	(4,340)	(13,821)
Foreign exchange	(807)	1,200
Ending balance	<u>\$ 82,581</u>	<u>87,728</u>

(h) Investment in debt instruments at amortized cost

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Certificates of deposit with the Central Bank	\$ 207,570,000	154,215,000
Government bonds	20,402,405	25,405,650
Corporate bonds	30,985,563	31,241,169
Financial debentures	20,303,080	19,384,065
Negotiable certificates of deposit	<u>66,035</u>	<u>68,849</u>
Subtotal	279,327,083	230,314,733
Less: Accumulated impairment	<u>(92,325)</u>	<u>(72,325)</u>
Total	<u>\$ 279,234,758</u>	<u>230,242,408</u>

The Bank and subsidiaries assessed that these financial assets were held to collect the contractual cash flows, which consisted solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) Please refer to Note 6(ao) for credit risk.
- (ii) The pledged assets provided by the above investment in debt instruments at amortized cost were shown as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Reserve for provisional seizure by the court, international card payment reserve, trust claim reserve and operating guaranty funds	\$ 1,306,000	850,600
Overseas branches required reserve of overdraft guarantee	66,035	68,849
Daylight overdraft guarantee	2,000,000	2,000,000
Guarantee for borrowing US dollars	29,000,000	29,000,000
Guarantee for borrowing JPY dollars	200,000	200,000
Total	<b>\$ 32,572,035</b>	<b>32,119,449</b>

- (iii) The changes in the allowance for credit losses attributed to investment in debt instruments at amortized cost were as follows:

	<b>For the year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 72,325	80,620
Provision (reversal)	20,285	(8,615)
Foreign exchange	(285)	320
Ending balance	<b>\$ 92,325</b>	<b>72,325</b>

- (iv) Disposal gain (loss) on disposal investment in assets at amortized cost :

	<b>For the year ended December 31, 2025</b>	
	<b>The carrying amount at the date of derecognition</b>	<b>Gain (Loss) on disposal</b>
Corporate bonds	\$ 12,101	125
	<b>For the year ended December 31, 2024</b>	
	<b>The carrying amount at the date of derecognition</b>	<b>Gain (Loss) on disposal</b>
Corporate bonds	\$ 13,903	145

For the year ended 2025 and 2024, it is due to the advanced redemption of the issuer.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Investments accounted for using equity method

(i) Associates

The Bank and subsidiaries had significant influence on Media Talk Consultants Co., Ltd. by investing \$2,000 on December 22, 2021 and holding 20% equity on it. In addition, since Media Fund 1, which was planned to be raised, was not as well funded as expected and the accumulated losses of Media Talk Consultants Co., Ltd. had exceeded 70% of the paid-in capital at the end of 2022, it has ceased its operation with effect from May 1, 2023, after prudent assessment.

(ii) Guarantee

The Bank and subsidiaries did not provide any investments accounted for using the equity method as collateral for its loans.

(j) Other financial assets, net

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Overdue receivable	\$ 14,882	15,380
Less: Allowance for bad debts, overdue receivable	(8,921)	(8,543)
Total	<b><u>\$ 5,961</u></b>	<b><u>6,837</u></b>

The change in allowance for bad debts was as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 8,543	11,490
Reversal	(18,327)	(22,426)
Transfer in	20,007	19,043
Write-off	(21,092)	(19,214)
Written-off recovered	19,790	19,650
Ending balance	<b><u>\$ 8,921</u></b>	<b><u>8,543</u></b>

(k) Property and equipment, net

<b>December 31, 2025</b>	<b>Cost</b>	<b>Revaluation increment</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment</b>	<b>Total</b>
Land	\$ 6,746,952	2,984,621	-	14,031	9,717,542
Buildings	8,327,972	31,184	5,393,804	14,754	2,950,598
Machinery and equipment	2,841,923	-	2,225,901	-	616,022
Transportation equipment	257,663	-	217,352	-	40,311
Miscellaneous equipment	730,689	-	568,589	-	162,100
Leasehold improvements	180,072	-	124,421	-	55,651
Construction in progress	6,510	-	-	-	6,510
Prepayment for equipment	187,043	-	-	-	187,043
Total	<b><u>\$ 19,278,824</u></b>	<b><u>3,015,805</u></b>	<b><u>8,530,067</u></b>	<b><u>28,785</u></b>	<b><u>13,735,777</u></b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>December 31, 2024</u>	<u>Cost</u>	<u>Revaluation increment</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Total</u>
Land	\$ 6,746,952	2,984,621	-	14,031	9,717,542
Buildings	8,241,481	31,184	5,185,589	14,754	3,072,322
Machinery and equipment	3,018,119	-	2,385,703	-	632,416
Transportation equipment	271,903	-	235,262	-	36,641
Miscellaneous equipment	708,017	-	574,736	-	133,281
Leasehold improvements	204,009	-	133,380	-	70,629
Construction in progress	1,812	-	-	-	1,812
Prepayment for equipment	219,165	-	-	-	219,165
Total	<u>\$ 19,411,458</u>	<u>3,015,805</u>	<u>8,514,670</u>	<u>28,785</u>	<u>13,883,808</u>

Change of cost

	<u>January 1, 2025</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2025</u>
Land	\$ 9,731,573	-	-	-	9,731,573
Buildings	8,272,665	86,491	-	-	8,359,156
Machinery and equipment	3,018,119	197,689	371,820	(2,065)	2,841,923
Transportation equipment	271,903	15,408	29,290	(358)	257,663
Miscellaneous equipment	708,017	65,191	41,144	(1,375)	730,689
Leasehold improvements	204,009	16,520	38,071	(2,386)	180,072
Construction in progress	1,812	26,813	22,115	-	6,510
Prepayment for equipment	219,165	139,111	170,285	(948)	187,043
Total	<u>\$ 22,427,263</u>	<u>547,223</u>	<u>672,725</u>	<u>(7,132)</u>	<u>22,294,629</u>

	<u>January 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2024</u>
Land	\$ 9,731,573	-	-	-	9,731,573
Buildings	8,174,873	97,792	-	-	8,272,665
Machinery and equipment	2,809,955	287,301	82,734	3,597	3,018,119
Transportation equipment	264,916	19,446	13,114	655	271,903
Miscellaneous equipment	671,418	63,682	29,507	2,424	708,017
Leasehold improvements	203,138	19,987	20,878	1,762	204,009
Construction in progress	61,737	1,812	61,737	-	1,812
Prepayment for equipment	220,805	119,047	120,968	281	219,165
Total	<u>\$ 22,138,415</u>	<u>609,067</u>	<u>328,938</u>	<u>8,719</u>	<u>22,427,263</u>

Change of depreciation

	<u>January 1, 2025</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2025</u>
Buildings	\$ 5,185,589	208,215	-	-	5,393,804
Machinery and equipment	2,385,703	207,436	365,625	(1,613)	2,225,901
Transportation equipment	235,262	11,400	29,126	(184)	217,352
Miscellaneous equipment	574,736	35,865	40,838	(1,174)	568,589
Leasehold improvements	133,380	31,321	38,016	(2,264)	124,421
Total	<u>\$ 8,514,670</u>	<u>494,237</u>	<u>473,605</u>	<u>(5,235)</u>	<u>8,530,067</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>January 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2024</u>
Buildings	\$ 4,979,561	206,028	-	-	5,185,589
Machinery and equipment	2,170,544	292,140	80,103	3,122	2,385,703
Transportation equipment	227,359	20,549	13,036	390	235,262
Miscellaneous equipment	565,428	36,867	29,186	1,627	574,736
Leasehold improvements	119,859	33,072	20,877	1,326	133,380
Total	<u>\$ 8,062,751</u>	<u>588,656</u>	<u>143,202</u>	<u>6,465</u>	<u>8,514,670</u>

Accumulated impairment

	<u>January 1, 2025</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2025</u>
Land	\$ 14,031	-	-	-	14,031
Buildings	14,754	-	-	-	14,754
Total	<u>\$ 28,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,785</u>

	<u>January 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2024</u>
Land	\$ 14,031	-	-	-	14,031
Buildings	14,754	-	-	-	14,754
Total	<u>\$ 28,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,785</u>

When the Bank and subsidiaries first adopted IFRSs, it elected to apply the revaluation amount calculated per the regulation of GAAP of R.O.C as the original cost on the transition date.

As of December 31, 2025 and 2024, the appreciation from revaluation of properties all amounted to \$3,015,805. Reserve for land incremental tax all amounted to \$878,623 (Recognized under deferred tax liabilities).

As of December 31, 2025 and 2024, land which was occupied amounted to \$348 and \$5,496 separately. Except for a portion of the land that had been negotiated with the occupant to collect the rent; the Bank intends to participate in land auction, urban renewal or by other appropriate means in due course.

(l) Right-of-use assets

The Bank and subsidiaries leases many assets including buildings, machinery and transportation equipment. Information about leases on costs, depreciation and impairment for which the Bank and subsidiaries as a lessee is presented below:

<u>December 31, 2025</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Total</u>
Buildings	\$ 2,164,054	1,145,310	-	1,018,744
Transportation equipment	100,643	64,044	-	36,599
Miscellaneous equipment	12,735	7,216	-	5,519
Total	<u>\$ 2,277,432</u>	<u>1,216,570</u>	<u>-</u>	<u>1,060,862</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>December 31, 2024</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Total</u>
Buildings	\$ 2,122,455	901,041	-	1,221,414
Transportation equipment	92,796	53,951	-	38,845
Miscellaneous equipment	13,271	6,500	-	6,771
Total	<u>\$ 2,228,522</u>	<u>961,492</u>	<u>-</u>	<u>1,267,030</u>

Change of cost

	<u>January 1, 2025</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2025</u>
Buildings	\$ 2,122,455	216,808	168,310	(6,899)	2,164,054
Transportation equipment	92,796	25,940	17,957	(136)	100,643
Miscellaneous equipment	13,271	1,990	2,526	-	12,735
Total	<u>\$ 2,228,522</u>	<u>244,738</u>	<u>188,793</u>	<u>(7,035)</u>	<u>2,277,432</u>

	<u>January 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2024</u>
Buildings	\$ 2,026,012	384,381	300,976	13,038	2,122,455
Machinery and equipment	26,178	-	26,178	-	-
Transportation equipment	80,397	22,067	9,967	299	92,796
Miscellaneous equipment	11,484	3,544	1,757	-	13,271
Total	<u>\$ 2,144,071</u>	<u>409,992</u>	<u>338,878</u>	<u>13,337</u>	<u>2,228,522</u>

Change of depreciation

	<u>January 1, 2025</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2025</u>
Buildings	\$ 901,041	405,511	161,176	(66)	1,145,310
Transportation equipment	53,951	27,154	14,679	(2,382)	64,044
Miscellaneous equipment	6,500	2,962	2,246	-	7,216
Total	<u>\$ 961,492</u>	<u>435,627</u>	<u>178,101</u>	<u>(2,448)</u>	<u>1,216,570</u>

	<u>January 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Foreign Exchange</u>	<u>December 31, 2024</u>
Buildings	\$ 791,158	406,124	298,475	2,234	901,041
Machinery and equipment	26,174	4	26,178	-	-
Transportation equipment	37,072	26,722	9,967	124	53,951
Miscellaneous equipment	5,218	3,029	1,747	-	6,500
Total	<u>\$ 859,622</u>	<u>435,879</u>	<u>336,367</u>	<u>2,358</u>	<u>961,492</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (m) Other assets, net

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Office supplies	\$ 30,025	29,855
Prepayments	4,150,598	5,143,289
Operating guarantee deposits and settlement fund	40,867	32,866
Guarantee deposits paid	2,606,100	2,819,429
Deferred assets	236	237
Temporary payments and suspense accounts	944,102	3,877,085
Proceeds of settlement and margin trading	4,466	100,889
Other assets	<u>203,452</u>	<u>176,431</u>
Total	<u><b>\$ 7,979,846</b></u>	<u><b>12,180,081</b></u>

## (n) Deposits from the Central Bank and banks

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Deposits from the Central Bank	\$ 209,301	171,214
Due from the Central Bank	15,408,050	16,064,650
Deposits from banks	265,937	328,917
Call loans from banks	51,378,330	36,436,700
Overdrafts on banks	919,698	596,856
Deposits transferred from Chunghwa Post Co., Ltd.	<u>129,099,335</u>	<u>187,099,335</u>
Total	<u><b>\$ 197,280,651</b></u>	<u><b>240,697,672</b></u>

## (o) Due to the Central Bank and banks

	<b>December 31, 2025</b>			<b>Original Amount</b>	<b>NTD Amount</b>
	<b>Currency</b>	<b>Interest Rate</b>	<b>Maturity Date</b>		
Agricultural Bank of Taiwan	TWD	2.100%	2026.01.30	365,000	\$ 365,000
Mega International Commercial Bank	TWD	1.950%	2026.01.12-2026.05.25	300,000	300,000
First Commercial Bank	TWD	1.875%	2026.02.21-2026.05.28	80,000	80,000
Taiwan Cooperative Bank	TWD	1.875%	2026.01.02-2026.09.24	270,000	270,000
Sunny Commercial Bank (OBU)	USD	4.780%-5.080%	2026.07.18	14,200	446,519
Fubon Bank (Shanghai)	CNY	3.400%	2026.09.18	20,000	90,000
Total					<u><b>\$ 1,551,519</b></u>
Unused credit lines					<u><b>\$ 2,189,116</b></u>

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2024			Original	NTD
	Currency	Interest Rate	Maturity Date	Amount	Amount
Agricultural Bank of Taiwan	TWD	1.75%-1.95%	2025.09.27	400,000	\$ 400,000
Mega International Commercial Bank	TWD	1.75%-1.95%	2025.06.16	240,000	240,000
First Commercial Bank	TWD	1.875%	2025.03.09~2025.05.15	200,000	200,000
Sunny Commerical Bank (OBU)	USD	5.50%-5.80%	2025.07.08	16,100	527,839
First Commercial Bank (Shanghai)	CNY	3.75%	2025.05.23	4,375	19,618
Bank SinoPac (Shanghai)	CNY	3.65%	2025.03.15	9,500	42,598
Taiwan Cooperative Bank (Suzhou)	CNY	3.75%	2025.05.16	3,000	13,452
Total					<u>\$ 1,443,506</u>
Unused credit lines					<u>\$ 2,187,905</u>

(p) Financial liabilities at fair value through profit or loss

	December 31, 2025	December 31, 2024
Financial liabilities designated at fair value through profit or loss:		
Financial debentures	\$ 9,525,881	9,927,272
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Foreign exchange forward contracts	7,612	18,220
Currency swap contracts	262,064	256,384
Foreign currency option-sell	8,652	11,360
Interest rate contract	<u>73,392</u>	<u>-</u>
Total	<u>\$ 9,877,601</u>	<u>10,213,236</u>

Please refer to Note 6(t) for the information of financial liabilities designated at fair value through profit and loss.

Please refer to Note 6(c) for the nominal amount of unsettled financial derivatives instrument contracts of December 31, 2025 and 2024.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (q) Notes and bonds issued under repurchase agreement

Assets	December 31, 2025			
	Par value	Selling Price (Recognized in securities sold under repurchase agreements)	Designated repurchase amount	Designated repurchase date
Financial assets at fair value through other comprehensive income	\$ 5,618,509	5,359,765	5,401,838	2026/1/5-2026/6/10

  

Assets	December 31, 2024			
	Par value	Selling Price (Recognized in securities sold under repurchase agreements)	Designated repurchase amount	Designated repurchase date
Financial assets at fair value through other comprehensive income	\$ 2,121,000	2,011,108	2,022,769	2025/1/2-2025/7/10

## (r) Payables

	December 31, 2025	December 31, 2024
Accrued interest	\$ 8,792,893	8,656,132
Accounts payable	2,332,054	2,619,710
Acceptances	1,023,428	1,261,717
Accrued expenses	4,708,628	4,233,683
Collection payable	966,913	1,699,210
Deposits received from securities borrowers	42,066	57,578
Guaranteed price deposits received from securities borrowers	51,256	74,701
Spot exchange payable, foreign currencies	43,204	27,110
Other payables	906,663	965,374
Prices payable of securities sold for customers	390,587	198,804
Settlement payable	-	291,302
Other	11,145	7,181
Total	<u>\$ 19,268,837</u>	<u>20,092,502</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (s) Deposits and remittances

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Savings deposits	\$ 819,745,752	794,086,046
Time deposits	680,587,745	604,049,106
Demand deposits	530,752,070	473,683,397
Checking account deposits	32,308,919	31,275,032
Remittances	829,998	748,271
<b>Total</b>	<b>\$ 2,064,224,484</b>	<b>1,903,841,852</b>

## (t) Bank notes payable

<b>Bonds</b>	<b>Issue date</b>	<b>Maturity date</b>	<b>Terms of Transactions</b>	<b>Bond Issued</b>	<b>Bond Issued</b>	
					<b>Type</b>	<b>Amount</b>
					<b>December 31, 2025</b>	<b>December 31, 2024</b>
2015-2B	08/31/2015	08/31/2025	The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	\$ -	300,000
2017-1B	03/28/2017	03/28/2025	The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	-	250,000
2017-1C	03/28/2017	03/28/2027	The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	3,360,000	3,360,000
2017-2	05/23/2017	05/23/2027	The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	1,300,000	1,300,000
2018-2	08/20/2018	08/20/2028	The debentures bear an annual interest rate of 1.45%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	5,450,000	5,450,000
2019-1A	03/21/2019	03/21/2026	The debentures bear an annual interest rate of 1.20%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	1,000,000	1,000,000
2019-1B	03/21/2019	03/21/2029	The debentures bear an annual interest rate of 1.30%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	4,800,000	4,800,000
2020-1	03/25/2020	03/25/2030	The debentures bear an annual interest rate of 0.80%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	"	10,000,000	10,000,000
2020-2	08/13/2020	None	The debentures bear an annual interest rate of 1.62%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date.	Perpetual non-accumulated subordinated financial debentures	10,000,000	10,000,000
2021-1	11/17/2021	None	The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date.	"	8,000,000	8,000,000
2023-1	06/20/2023	06/20/2030	The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	8,000,000	8,000,000

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Bonds	Terms of Transactions			Type	Bond Issued	
	Issue date	Maturity date	Interest Rate & repayment		Amount	
					December 31, 2025	December 31, 2024
2023-2	09/27/2023	09/27/2025	The debentures bear an annual interest rate of 1.47%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured senior financial debentures	\$ -	1,000,000
2025-1	10/23/2025	10/23/2035	The debentures bear an annual interest rate of 2.20%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	1,000,000	-
2025-2	11/29/2025	11/29/2028	The debentures bear an annual interest rate of 1.70%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured senior financial debentures	1,000,000	-
					<u>\$ 53,910,000</u>	<u>53,460,000</u>

The Bank and subsidiaries issued \$120,000 and \$180,000 dollar-denominated debentures with call option that can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. In order to avoid interest risk, the Bank and subsidiaries buys interest rate swap contracts that are classified as financial assets at fair value through profit or loss. To eliminate the measurement or recognition inconsistency between IRSs and debentures, the Bank and subsidiaries classified the debentures into financial liabilities at fair value through profit or loss. In addition, the Bank and subsidiaries considers that the designated economic relationship is evaluated by the SLMM model method, if the amount of changes in the fair value of the corporate bonds attributable to changes in credit risk is listed in other comprehensive gains and losses, it will trigger or aggravate the accounting ratio of gains and losses. Therefore, the amount is reported in the profit and loss. The debentures are as follows:

Bonds	Terms of Transactions			Type	Bond Issued		
	Issue date	Maturity date	Interest Rate & repayment		Amount		
					December 31, 2025	December 31, 2024	
2017-3	10/27/2017	10/27/2047	The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity.	Unsecured dollar-denominated senior financial debentures	\$ 3,773,400	3,934,200	
2018-3	09/27/2018	09/27/2048	The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity.	"	5,660,100	5,901,300	
					Valuation adjustment	92,381	91,772
					<u>\$ 9,525,881</u>	<u>9,927,272</u>	

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The increase (decrease) in fair value of the financial liabilities that are attributable to changes in credit risk are as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Fair value of corporate bonds	\$ 9,525,881	9,927,272
Fair value increase not attributable to changes in market conditions that give rise to market risk	789,643	695,984
Difference between the carrying value and the amount payable at the end of the contract term	92,381	91,772

(u) Other financial liabilities

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cumulative earnings on appropriated loans fund	<u>\$ 2,472,641</u>	<u>2,528,132</u>

Cumulative earnings on appropriated loan fund is the project contract signed by National Development Fund, Executive Yuan, Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the Bank. The Bank appropriates the fund to the companies which meet the conditions for loans. The fund is classified as principal account, interest yielding account, loaned account and un-loaned account. These accounts are used for transferring accounts and paying the deposit interests for each project contract.

(v) Provisions

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Provision for guarantee liabilities	\$ 450,789	347,009
Provision for loan commitments	50,213	64,682
Indeterminate indemnity provisions	76,908	76,151
Provision for employee benefits	<u>1,941,854</u>	<u>1,896,579</u>
Total	<u>\$ 2,519,764</u>	<u>2,384,421</u>

Change of provision

	<b>January 1, 2025</b>	<b>Increase</b>	<b>Decrease</b>	<b>Use</b>	<b>Foreign exchange</b>	<b>December 31, 2025</b>
Provision for guarantee liabilities	\$ 347,009	104,016	-	-	(236)	450,789
Provision for loan commitments	64,682	-	13,728	-	(741)	50,213
Indeterminate indemnity provisions	76,151	757	-	-	-	76,908
Provision for employee benefits	<u>1,896,579</u>	<u>215,918</u>	<u>135,314</u>	<u>35,329</u>	-	<u>1,941,854</u>
Total	<u>\$ 2,384,421</u>	<u>320,691</u>	<u>149,042</u>	<u>35,329</u>	<u>(977)</u>	<u>2,519,764</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	January 1, 2024	Increase	Decrease	Use	Foreign exchange	December 31, 2024
Provision for guarantee liabilities	\$ 284,412	62,365	-	-	232	347,009
Provision for loan commitments	92,689	-	29,672	-	1,665	64,682
Indeterminate indemnity provisions	75,372	779	-	-	-	76,151
Provision for employee benefits	<u>2,450,902</u>	<u>98,691</u>	<u>603,746</u>	<u>49,268</u>	-	<u>1,896,579</u>
Total	<u>\$ 2,903,375</u>	<u>161,835</u>	<u>633,418</u>	<u>49,268</u>	<u>1,897</u>	<u>2,384,421</u>

Please refer to Note 6(aa) for the information with regard to provision for employee benefits shown above.

(w) Lease liabilities

Lease liabilities as follows:

	December 31, 2025	December 31, 2024
Less than one year	<u>\$ 375,743</u>	<u>431,412</u>
More than one year	<u>\$ 723,139</u>	<u>875,883</u>

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2025	2024
Interest on lease liabilities	<u>\$ 15,812</u>	<u>17,468</u>
Expenses relating to short-term leases	<u>\$ 16,533</u>	<u>18,615</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 20,869</u>	<u>20,049</u>

The amounts recognized in the statement of cash flows were as follows :

	For the years ended December 31, 2025	2024
Total cash outflow for leases	<u>\$ 489,875</u>	<u>490,003</u>

(i) Real estate leases

The Bank and subsidiaries leased buildings for its office space. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Bank and subsidiaries to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined monthly.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other leases

The Bank and subsidiaries leased machinery and transportation equipment with lease terms of one to four years. In some cases, the Bank and subsidiaries has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Bank and subsidiaries has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short term.

(x) Other liabilities

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Advance interest receipts	\$ 4,512	4,193
Unearned revenue	376,227	457,394
Other advance receipts	95,234	71,964
Guarantee deposits received	2,649,108	2,968,079
Others	<u>41,959</u>	<u>42,332</u>
Total	<b><u>\$ 3,167,040</u></b>	<b><u>3,543,962</u></b>

(y) Equity

(i) Common stock

As of December 31, 2025 and 2024, the Bank's authorized capital were all \$130,000,000 and \$100,000,000, and the paid-in capital for common shares of the Bank were \$97,180,618 and \$91,679,828, respectively, with a par value of \$10 per share. The outstanding shares were 9,718,062 and 9,167,983 thousand shares, respectively.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on June 20, 2025, the Bank increased its capital from the retained earnings by \$5,500,790 and issued 550,079 thousand shares. The capital increase has been approved by the Financial Supervisory Commission and came into effect on July 14, 2025. The base date of the capital increase was August 11, 2025. The Bank has completed the alteration of the registered capital amount on September 2, 2025.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on June 21, 2024, the Bank increased its capital from the retained earnings by \$9,455,767 and issued 945,577 thousand shares. The capital increase has been approved by the Financial Supervisory Commission and came into effect on July 15, 2024. The base date of the capital increase was August 16, 2024. The Bank has completed the alteration of the registered capital amount on September 5, 2024.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Capital surplus

Sources and statement of the Bank's capital surplus were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Additional paid-in capital	\$ 815,900	815,900
Donation from shareholders	229	229
Total	<b><u>\$ 816,129</u></b>	<b><u>816,129</u></b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends based on the shareholder's initial number of shares. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Earnings distribution and dividend policy

Under the Bank's Articles of Incorporation, earnings are used initially to pay for income taxes and restore cumulative losses, and 30% of the remaining earnings is set aside as legal reserve. Special reserve is appropriated from or reversed to earnings per other regulations. The accumulated retained earnings from prior periods are added back as part of the distributable dividends, 30 to 100% of the aggregated retained earnings are available to be distributed and will be resolved by the annual stockholders' meeting according to the proposal submitted by the Board of Directors.

In order to continuously expand scale and increase profitability, the Bank based on the future capital budget plan, adopts residual dividend policy and primarily distributes stock dividend to ensure the capital is sufficient. When there is surplus of capital, the remaining capital can be distributed by cash dividend. Cash dividend shall not be lower than 10% of the total dividend distributed. If the cash dividend distributed per share is lower than NTDS\$ 0.1, except for otherwise resolved by the shareholder's meeting, it is not distributed. If there is any situation conforms to that is regulated in article 44 item 1 of the Banking Act of The Republic of China, the Bank is not allowed to distribute earnings by cash or purchase shares outstanding. The maximum cash earning distribution is not allowed to be over 15% of the total paid in capital unless the legal reserve reaches the total paid-in capital.

In compliance with the Company Act, if the Company incurs no loss, under the consent of the shareholder's meeting, the Company is allowed to distribute new shares or cash dividends from legal reserve to the extent that the legal reserve issued is the surplus exceeding 25% of the paid in capital.

Under the Ruling No. 1010012865 issued on April 6, 2012 by the FSC, special reserve is appropriated from retained earnings based on the equivalent amounts of the contra accounts in equity. This special reserve may not be distributed as dividends to stockholders until the balances of these contra accounts in equity are reversed.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Bank resolved the earning distribution for the earnings of 2024 and 2023 in the shareholders' meeting on June 20, 2025 and June 21, 2024, respectively. The dividends distributed were as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Distribution rate (NT dollar)</u>	<u>Amount</u>	<u>Distribution rate (NT dollar)</u>	<u>Amount</u>
Dividends to common shareholders				
Stock dividends	\$ 0.60	5,500,790	1.15	9,455,767
Cash dividends	0.20	<u>1,833,597</u>	0.20	<u>1,644,481</u>
Total		<u>\$ 7,334,387</u>		<u>11,100,248</u>

(iv) Other equity interest

	<u>Unrealized gains from financial assets measured at fair value through other comprehensive income</u>	<u>Exchange differences on translation of foreign financial statements</u>	<u>Total</u>
January 1, 2025	\$ 137,384	200,058	337,442
Share of other comprehensive income of associates and joint ventures accounted for using equity method	105	4,258	4,363
Investment in financial assets measured at fair value through other comprehensive income			
-Unrealized amount	5,364,121	-	5,364,121
-Realized amount	(5,854)	-	(5,854)
Foreign currency translation difference—Exchange difference	-	(298,142)	(298,142)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	(29,176)	-	(29,176)
December 31, 2025	<u>\$ 5,466,580</u>	<u>(93,826)</u>	<u>5,372,754</u>
January 1, 2024	\$ 1,613,752	(629,158)	984,594
Share of other comprehensive income of associates and joint ventures accounted for using equity method	876	28,143	29,019
Investment in financial assets measured at fair value through other comprehensive income			
-Unrealized amount	755,957	-	755,957
-Realized amount	(276)	-	(276)
Foreign currency translation difference—Exchange difference	-	801,073	801,073
Disposal of investments in equity instruments measured at fair value through other comprehensive income	(2,232,925)	-	(2,232,925)
December 31, 2024	<u>\$ 137,384</u>	<u>200,058</u>	<u>337,442</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (z) Income taxes

(i) The income tax expenses were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Current tax expense		
Current period	\$ 2,822,622	2,919,460
Adjustment for prior period	70,414	(69,293)
Additional surtax on undistributed retained earnings	109,401	50,120
The Income basic tax	<u>-</u>	<u>1,003</u>
	<u>3,002,437</u>	<u>2,901,290</u>
Deferred tax expense (income)		
Origination and reversal of temporary differences	5,085	(61,271)
Change in unrecognized temporary differences	<u>5,621</u>	<u>(14,056)</u>
Income tax expenses	<b><u>\$ 3,013,143</u></b>	<b><u>2,825,963</u></b>

(ii) The income tax expenses (income) recognized under other comprehensive income were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	<b><u>\$ 4,054</u></b>	<b><u>33,319</u></b>
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign financial statements	\$ (73,470)	207,304
Losses on debt instruments at fair value through other comprehensive income	12,792	9,982
	<u>(60,678)</u>	<u>217,286</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The reconciliation between the income tax expense (income) and net income before tax of the Bank and subsidiaries for 2025 and 2024 is as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Income tax computed on net income before tax	\$ 3,052,781	2,842,858
Tax-free income	(375,533)	(227,553)
Overseas branch income tax expenses	147,087	239,888
Current-year losses (gains) for which no deferred tax asset was recognized	5,468	(14,056)
Underestimate (overestimate) prior income tax expense	70,414	(69,293)
Surtax on unappropriated retained earnings	109,401	50,120
Income basic tax	-	1,003
Other	3,525	2,996
Income tax expense	<b><u>\$ 3,013,143</u></b>	<b><u>2,825,963</u></b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Deferred tax assets and liabilities

- 1) Changes in recognized deferred tax assets and liabilities of the Bank and subsidiaries were as follows:

	For the year ended December 31, 2025				
	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Others</u>	<u>Ending balance</u>
Temporary difference					
Deferred tax assets resulted from allowance for bad debts exceeding the limit regulated in Tax Law	\$ 1,389,101	(29,393)	-	1,182	1,360,890
Loss on assets impairment	17,952	3,189	-	-	21,141
Reserve for employee benefit liabilities	239,336	21,406	-	-	260,742
Land value increment tax	(878,623)	-	-	-	(878,623)
Exchange differences from the translation of financial statements of foreign operations	(50,016)	-	73,470	-	23,454
Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income	(4,703)	-	(12,792)	-	(17,495)
Actuarial gains and losses	213,345	-	(4,054)	-	209,291
Indeterminate indemnity provisions	15,230	151	-	-	15,381
Other	844	(439)	-	(37)	368
Subtotal	942,466	(5,086)	56,624	1,145	995,149
Losses carried forward	24,848	(7,212)	-	(1,465.00)	16,171
Net deferred tax assets (liabilities)	<u>\$ 967,314</u>	<u>(12,298)</u>	<u>56,624</u>	<u>(320)</u>	<u>1,011,320</u>

The information stated on the balance sheet is as follows:

Deferred tax assets	<u>\$ 1,900,656</u>	<u>1,907,393</u>
Deferred tax liabilities	<u>\$ 933,342</u>	<u>896,118</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	For the year ended December 31, 2024				
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Others	Ending balance
Temporary difference					
Deferred tax assets resulted \$ from allowance for bad debts exceeding the limit regulated in Tax Law	1,233,528	155,978	-	(405)	1,389,101
Loss on assets impairment	22,439	(4,487)	-	-	17,952
Reserve for employee benefit liabilities	330,540	(91,204)	-	-	239,336
Land value increment tax	(878,623)	-	-	-	(878,623)
Exchange differences from the translation of financial statements of foreign operations	157,288	-	(207,304)	-	(50,016)
Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income	5,279	-	(9,982)	-	(4,703)
Actuarial gains and losses	246,664	-	(33,319)	-	213,345
Indeterminate indemnity provisions	15,074	156	-	-	15,230
Other	-	828	-	16	844
Subtotal	1,132,189	61,271	(250,605)	(389)	942,466
Losses carried forward	5,027	19,569	-	252.00	24,848
Net deferred tax assets (liabilities)	<u>\$ 1,137,216</u>	<u>80,840</u>	<u>(250,605)</u>	<u>(137)</u>	<u>967,314</u>

The information stated on the balance sheet is as follows:

Deferred tax assets	\$ 2,015,839	1,900,656
Deferred tax liabilities	\$ 878,623	933,342

2) Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Tax effect of deductible Temporary Differences		153
The carryforward of unused tax losses	\$ 54,978	56,568
	\$ 54,978	56,721

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Bank and subsidiaries can utilize the benefits therefrom.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

As of December 31, 2025, the information of the Bank and subsidiaries unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
2017	\$ 3,922	2027
2018	15,957	2028
2019	9,426	2029
2020	6,927	2030
2021	41,036	2031
2022	80,990	2032
2023	38,092	2033
2024	53,449	2034
2025	25,090	2035
	<u>\$ 274,889</u>	

(iv) Uncertainty over income tax treatments

For tax returns that have not yet been assessed, the Bank and subsidiaries has assessed relevant factors, including relevant IFRIC interpretations and historical experience, and believe that sufficient income tax liabilities have been estimated.

(v) The Bank's income tax have been approved by the tax authorities to the year 2023. However, for the years 2020 and 2022 are still pending approval. Due to differing interpretations between the Bank and the tax authority regarding the 2023 corporate income tax, the Bank disagreed with the examination results and has requested a reexamination.

(vi) The income tax returns of the subsidiaries TBB Venture Capital Co., Ltd., TBB Consulting Co., Ltd., and TBB International Leasing Co., Ltd. have been assessed until 2023 by the Tax Authority.

(vii) Global minimum top-up tax

The Bank and subsidiaries has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Some of the overseas branches have enacted new legislation to implement the global minimum top-up tax, with Australia effective from January 1, 2024, Japan effective from April 1, 2024 and Hong Kong effective from January 1, 2025. Preliminary assessments indicate that various tax jurisdictions can pass the global minimum top-up tax safe harbor test, and it is expected that don't need to be subject to the top-up tax in relation to its operations. However, as of December 31, 2025, the Bank and subsidiaries has not yet obtained sufficient information to determine the quantitative impact and the tax region status brought about by Global minimum top-up tax.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(aa) Provision for employee benefit

As of December 31, 2025 and 2024, the balance of provision for employee benefit of the Bank and subsidiaries was as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Defined benefit plan	\$ 787,839	823,657
Employee deposits with favorable rate	<u>1,154,015</u>	<u>1,072,922</u>
	<b><u>\$ 1,941,854</u></b>	<b><u>1,896,579</u></b>

(i) Defined benefit plan

Reconciliation of defined benefit obligation and plan assets at fair value of the Bank and subsidiaries as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Present value of defined benefit obligation	\$ 5,483,641	5,679,140
Fair value of plan assets	<u>(4,695,802)</u>	<u>(4,855,483)</u>
Net defined benefit liabilities	<b><u>\$ 787,839</u></b>	<b><u>823,657</u></b>

The Bank and subsidiaries makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labour Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Bank of Taiwan labour pension reserve account balance for the Bank and subsidiaries amounted to \$4,695,802 and \$4,855,483 on December 31, 2025 and 2024. For information on the utilisation of the labour pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labour Fund, Ministry of Labor.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank and subsidiaries were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Defined benefit obligation on January 1	\$ 5,679,140	5,920,493
Current service and interest cost	203,855	204,792
Remeasurements of the net defined benefit liability		
— Actuarial loss on experience adjustment	268,332	334,696
— Actuarial loss (gains) on financial assumptions changed	65,523	(71,665)
Benefits paid	(733,209)	(709,176)
Defined benefit obligation at December 31	<b>\$ 5,483,641</b>	<b>5,679,140</b>

3) Movements of defined benefit plan assets

The movements in the fair value of defined benefit plan assets of the Bank and subsidiaries were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Fair value of plan assets on January 1	\$ 4,855,483	4,592,053
Interest income	69,031	56,560
Remeasurements of the net defined benefit liability		
— plan assets revenue (excluded of current interest)	354,123	429,625
Contributions made	150,374	486,421
Benefits paid by the plan	(733,209)	(709,176)
Fair value of plan assets on December 31	<b>\$ 4,695,802</b>	<b>4,855,483</b>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank and subsidiaries were as follows :

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Current service costs	\$ 124,527	133,140
Net interest of the net liability of define benefit obligations	10,297	15,093
	<b>\$ 134,824</b>	<b>148,233</b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

Remeasurements of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2025 and 2024 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Amount on January 1	\$ 1,066,724	1,233,318
Recognized during the period	(20,268)	(166,594)
Amount on December 31	<b><u>\$ 1,046,456</u></b>	<b><u>1,066,724</u></b>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follow :

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Discount rate	1.25 %	1.45 %
Future salary increase rate	1.50 %	1.50 %

The expected allocation payment made by the Bank and subsidiaries to the defined benefit plans for the one-year after the reporting date is \$240,000.

The weighted average lifetime of the defined benefit plans is 6 years.

- 7) Sensitivity analysis

The effects of changes in major actuarial assumptions adopted in defined benefit obligation on December 31, 2025 and 2024 were as follows :

	<b>Influence of defined benefit plan obligation</b>	
	<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>
December 31, 2025		
Discount rate(Change 0.25%)	(1.49)%	1.53 %
Future salary increase rate(Change 0.25%)	1.45 %	(1.42)%
December 31, 2024		
Discount rate(Change 0.25%)	(1.52)%	1.56 %
Future salary increase rate(Change 0.25%)	1.49 %	(1.46)%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plan

The Bank and subsidiaries allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Bank and subsidiaries allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation. Employees based abroad are contributed in accordance with the local government's regulations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance, oversea branches, and local authorities responsible for the Bank's subsidiaries amounted to \$228,210 and \$207,039 for the years ended December 31, 2025 and 2024, respectively.

(iii) Employee deposit with favorable rate

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Present value of defined benefit obligation	\$ 1,154,015	1,072,922
Fair value of plan assets	-	-
Net defined benefit liability	<b><u>\$ 1,154,015</u></b>	<b><u>1,072,922</u></b>

The Bank and subsidiaries conducted the obligation of time deposit with favorable rate for retired and current employees based on the internal regulation "Saving Deposits for Employees".

1) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank and subsidiaries for the years ended December 31, 2025 and 2024, were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Defined benefit obligation on January 1	\$ 1,072,922	1,122,462
Interest cost	40,831	42,678
Remeasurements of the net defined benefit liability		
-current actuarial gains and losses	265,005	128,468
Benefits paid by the plan	(224,743)	(220,686)
Defined benefit obligation on December 31	<b><u>\$ 1,154,015</u></b>	<b><u>1,072,922</u></b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Movements in fair value of the defined benefit plan assets

The movements in the present value of the defined plan assets of the Bank and subsidiaries were as follows:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Fair value of plan assets on January 1	\$ -	-
Contributions made	224,743	220,686
Benefits paid by the plan	<u>(224,743)</u>	<u>(220,686)</u>
Fair value of plan assets on December 31	<u>\$ -</u>	<u>-</u>

3) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank and subsidiaries were as follows :

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Net interest on the net defined benefit liability	<u>\$ 305,836</u>	<u>171,146</u>

4) Actuarial assumption

The material actuarial assumptions used to determine present value of a defined benefit obligation on the reporting date were as follow :

	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Discount rate of employee deposit with favorable rate	4.00 %	4.00 %
Rate of return for capital deposited	2.00 %	2.00 %
Annual diminishing rate of account balance	1.00 %	1.00 %
Possibility that employee deposit with favorable rate be modified	50.00 %	50.00 %

(ab) Earnings per share

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Net income	<u>\$ 12,231,819</u>	<u>11,236,701</u>
Weighted average number of common stock shares outstanding (in thousands) (Note 1)	<u>9,718,062</u>	<u>9,718,062</u>
Basic earnings per share (in dollars)	<u>\$ 1.26</u>	<u>1.16</u>
Dilutive potential common shares (in thousands) (Note 1, 2)	<u>61,097</u>	<u>64,337</u>
Weighted average number of common shares outstanding for diluted earnings per share (in thousands) (Note 1)	<u>9,779,159</u>	<u>9,782,399</u>
Diluted earnings per share (in dollars)	<u>\$ 1.25</u>	<u>1.15</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Note 1: The retroactive adjustment was applied to earnings per share for the periods from January 1 to September 30, 2024.

Note 2: The shares were calculated based on the stock price on the balance sheet date.

(ac) Employees and directors' remuneration

On June 20, 2025, the Bank resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Bank has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Bank. The remainder, if any, 1%-6% shall be allocated as employee remuneration (including a minimum of 20% to those base-level employees) and a maximum of 0.6% as remunerations for directors and supervisors. Prior to the amendment, the Articles of Incorporation stipulated that, if the Bank has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Bank. The remainder, if any, 1%-6% should be allocated as employee remuneration and no more than 0.6% as remunerations for directors and supervisors.

For the years ended December 31, 2025 and 2024, the estimated employee remuneration were \$977,552 and \$901,323, and the estimated directors' remuneration were \$97,755 and \$90,132, the estimates are based on pre-tax net profit for the period, before deducting employees and directors' remuneration, multiplied by the elaboration of the Bank's Articles of Association of employees and the directors remuneration ratio, and recognized as operating cost. If the board's meeting decides to release stock dividends as employees' bonuses, the total number of employees bonus stocks to be issued shall be determined by the common stock closing price of the day before the meeting date.

There is no difference with actual distribution for 2024 remuneration. The information is available at the Market Observation Post System website.

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ad) Net interest revenue

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest income:		
Loans	\$ 15,114,629	15,282,162
Secured loans	30,717,184	28,610,836
Bills negotiated	4,254	5,189
Bank overdrafts	31,198	30,119
Discounts	35,866	33,039
Time deposit from Central Bank	2,179,668	2,091,178
Due from the Central Bank	645,748	608,297
Call loans to banks	1,311,399	1,634,369
Bonds	5,741,602	5,895,559
International credit card	35,206	35,029
Overdue loans	222,672	285,003
Bills	338,777	163,351
Due from Banks	232,806	287,532
Others	498,798	475,478
Subtotal	<u>57,109,807</u>	<u>55,437,141</u>
Interest expense:		
Deposits	33,205,102	32,917,977
Deposits from banks	488	6,662
Call loans from banks	2,323,078	2,373,959
Financial debentures	799,811	805,104
Notes and bond issued under repurchase agreement	77,564	62,231
Others	97,839	155,438
Subtotal	<u>36,503,882</u>	<u>36,321,371</u>
Total	<u>\$ 20,605,925</u>	<u>19,115,770</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ae) Net service fee revenue

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Service fee income:		
Remittance service fee	\$ 64,344	66,851
Import bills negotiated service fee	42,868	39,517
Export bills negotiated service fee	8,095	8,617
Letter of credit service fee	6,691	5,874
Certification service fee	2,313	1,743
Acceptance service fee	2,823	2,533
Trust service fee	811,094	725,157
Guarantee service fee	421,457	329,795
Agency service fee	21,074	26,289
Interbank service fee	129,703	121,977
Card service fee	185,458	186,245
Commission revenue of insurance premium	3,192,682	2,906,336
Custodian service fee	218,912	199,457
Foreign currency service fee	80,816	80,021
Commission of futures	2,619	3,030
Loan service fee	1,794,667	2,009,528
Miscellaneous fees	<u>215,512</u>	<u>321,586</u>
Subtotal	<u>7,201,128</u>	<u>7,034,556</u>
Service fee expense:		
Foreign currency service fee	33,006	32,075
Interbank service fee	221,191	207,538
Trust service fee	4,503	3,745
Agency service fee	1,784	1,442
IC card service fee	141,262	127,082
Check clearing service fee	7,230	7,748
Remittance service fee	8,907	7,081
Custodian service fee	62,431	61,312
Call loans service fee	2,839	5,850
Futures option fee	13	3
Miscellaneous fees	<u>25,824</u>	<u>24,104</u>
Subtotal	<u>508,990</u>	<u>477,980</u>
Total	<u>\$ 6,692,138</u>	<u>6,556,576</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(af) Gain (loss) on financial assets or liabilities measured at fair value through profit or loss

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Valuation gains (losses):		
Financial debentures	\$ (530,053)	(680,120)
Listed stocks and emerging stocks	(89,151)	(35,374)
Unlisted stocks	151,129	21,210
Beneficiary certificates	-	1,556
Private fund	(342)	(8,323)
Commercial paper	(62,370)	11,385
Derivative financial instruments	<u>(435,483)</u>	<u>(393,111)</u>
Subtotal	<u>(966,270)</u>	<u>(1,082,777)</u>
Disposal gains (losses):		
Listed stocks and emerging stocks	(12,315)	79,902
Unlisted stocks	-	(4,325)
Beneficiary certificates	-	6,000
Commercial paper	(18,805)	(5,860)
Derivative financial instruments	<u>4,923,265</u>	<u>6,039,921</u>
Subtotal	<u>4,892,145</u>	<u>6,115,638</u>
Dividend revenue	12,514	41,090
Interest income	<u>1,514,453</u>	<u>1,209,583</u>
Total	<u><u>\$ 5,452,842</u></u>	<u><u>6,283,534</u></u>

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

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Gain on disposal of government bonds	\$ 1,159	-
Gain on disposal of corporate bonds	4,695	276
Dividend revenue	<u>1,447,421</u>	<u>1,154,808</u>
Total	<u><u>\$ 1,453,275</u></u>	<u><u>1,155,084</u></u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ah) Impairment (loss) reversal of impairment loss on assets

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Investment in debt instrument measured at fair value through other comprehensive income	\$ 4,340	13,821
Investment in debt instrument measured at amortized cost	(20,285)	8,615
Total	<b>\$ (15,945)</b>	<b>22,436</b>

(ai) Net other revenue other than interest income

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Rental revenue of operating assets	\$ 11,432	10,290
Rental expense of operating assets	(1,898)	(1,867)
Loss on disposal and retirement of property and equipment	(6,416)	(2,916)
Loss of account error	(77)	(153)
Gold deposit book	11,275	4,090
Other operating expense	(76,070)	(52,494)
Other miscellaneous income	160,096	167,873
Total	<b>\$ 98,342</b>	<b>124,823</b>

(aj) Bad debts expenses, commitment and guarantee liability provision

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Discounted and loans	\$ 2,221,026	3,423,798
Call loans to banks	238	(7,350)
Due from banks, debit	85	(602)
Receivables and other financial assets	12,785	(6,891)
Subtotal	2,234,134	3,408,955
Provisions for guarantee liabilities	104,016	62,365
Provisions for loan commitments	(13,728)	(29,672)
Total	<b>\$ 2,324,422</b>	<b>3,441,648</b>

(ak) Employee benefits expenses

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Salary expense	\$ 8,568,758	8,230,050
Labor and health insurance	617,952	580,703
Pension expense	362,259	354,426
Directors' remuneration	104,745	97,787
Other employee benefits	749,349	614,408
Total	<b>\$ 10,403,063</b>	<b>9,877,374</b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (al) Depreciation and amortization expense

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Depreciation		
Property and equipment	\$ 494,237	562,479
Right-of-use assets	435,627	435,879
Amortization		
Computer software	472,361	371,240
Other deferred charges	91	91
Total	<b>\$ 1,402,316</b>	<b>1,369,689</b>

## (am) Other general and administrative expense

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Compensation loss	402	132
Utilities fee	110,026	113,307
Postage and telecommunication fee	\$ 294,812	288,448
Transportation fee	50,169	44,262
Printing and advertisement fee	588,541	473,653
Repair and maintenance fee	339,503	380,385
Insurance fee	411,075	411,766
Professional service fee	342,804	315,337
Materials and supplies	220,449	127,771
Rental expenses	37,402	38,664
Duties and levies	2,492,837	2,327,168
Membership, donation and partaking	636,101	633,569
Storage, packing and processing fee	59,080	50,718
Cash transit fee	66,218	64,056
Others	63,857	93,976
Total	<b>\$ 5,713,276</b>	<b>5,363,212</b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(an) Financial Instruments

(i) Fair value information

1) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial instruments are recorded as fair value when originally recognizing, usually refer to the transaction price in many circumstances. Except some amortized cost financial instruments, the financial instruments are measured in fair value. A quoted market price in an active market provides the most reliable evidence of fair value. If financial instruments are without active market, the Bank and subsidiaries adopted the value technique, refer to Bloomberg, Reuters or the price at which the asset could be bought or sold in a current transaction between willing parties.

2) The definition of fair value hierarchy

a) Level 1

The input of this level is quoted prices in active markets for identical financial instruments. The active market is a market in which transactions for the homogenous assets or liabilities take place with sufficient frequency and volume to provide pricing information. The stock of listed company, the beneficiary certificates and the derivative financial instruments with public quote in active market possessed by the Bank and subsidiaries belong to Level 1.

b) Level 2

The input of this level is other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The investments such as government bonds, corporate bonds, financial debentures, convertible corporate bonds and derivative instruments, including financial debentures which the Bank and subsidiaries issued belong to Level 2.

c) Level 3

The input is unobservable for the asset or liability in market or counterparty prices. (Unobservable inputs is like: Option pricing model using the historical volatility. That is because the historical volatility cannot represent the future volatility expected value of whole market participants.) The input parameter used to measure the fair value of this level is not based on data that can be obtained in the market but using a combination of complex market prices to estimate their values. The assets have been categorized as a Level 3, due to their fair market value cannot be directly calculated. The equity instruments with no active market which the Bank and subsidiaries invested are Level 3.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Based on fair value measurement

a) The fair value hierarchy of information

The financial instruments which are record as fair value measure on an ongoing basis, the fair value hierarchy of information were as follows:

<b>Assets and Liabilities</b>	<b>December 31, 2025</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Instruments measured at fair value on a recurring basis</b>				
<b>Non-derivative financial assets and liabilities:</b>				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss, mandatorily measure at fair value				
Security Investments	\$ 1,482,323	777,832	-	704,491
Bond Investments	201,936	-	201,936	-
Others	101,644,744	-	101,434,908	209,836
Financial assets at fair value through other comprehensive income				
Security Investments	18,872,173	8,994,821	-	9,877,352
Bond Investments	175,478,800	-	175,478,800	-
Others	730,187	100,300	629,887	-
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	9,525,881	-	9,525,881	-
<b>Derivative financial assets and liabilities</b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss	\$ 2,582,736	24,455	2,558,281	-
<b>Liabilities:</b>				
Financial liabilities at fair value through profit or loss	351,720	-	351,720	-

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Assets and Liabilities</b>	<b>December 31, 2024</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Instruments measured at fair value on a recurring basis</b>				
<b>Non-derivative financial assets and liabilities:</b>				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss, mandatorily measure at fair value				
Security Investments	\$ 1,287,698	794,532	-	493,166
Bond Investments	200,000	-	200,000	-
Others	78,386,668	-	78,181,124	205,544
Financial assets at fair value through other comprehensive income				
Security Investments	17,489,164	10,012,278	-	7,476,886
Bond Investments	166,760,372	97,980,180	68,780,192	-
Others	771,425	118,912	652,513	-
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	9,927,272	-	9,927,272	-
<b>Derivative financial assets and liabilities</b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss	\$ 2,931,419	27,320	2,904,099	-
<b>Liabilities:</b>				
Financial liabilities at fair value through profit or loss	285,964	-	285,964	-

b) Valuation techniques used in estimating the fair values of financial instruments

If the financial instruments have quoted price in an active market, the quoted price is regarded as its fair value.

If the financial instruments of quoted price, which are from the Stock Exchange, Brokers, Pricing service agencies or Government institutions, are timely and frequently, and reflects the actual price, then the financial instruments have a quoted price in an active market. If the above conditions are not fulfilled, the market is inactive.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Except for the above financial instruments of quoted price in an active market, there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices considered the identical financial instrument with same characteristics and essential terms of transaction, Discounted-Cash-Flow model and other valuation techniques including the model using market information to be made of the calculation at the balance sheet date (e.g. Taipei Exchange reference yield curve, Reuters quoted the average commercial paper rate, the Taipei Financial industry call loan rate fixing TAIBOR).

The financial asset's fair value is estimated on the basis of the result of a valuation technique, the Bank and subsidiaries adopted that refers to quoted prices provided by financial institutions. Ask (bid) is used to evaluate the selling (buying) position by the Bank and subsidiaries if the quoted price include ask and bid price. If there is not a quoted price for the financial asset, transaction price close to the balance sheet date is the fair value.

Fair value of financial derivatives is the amount of cash to be paid or to be received by the Bank and subsidiaries, assuming that the contract will be terminated on the balance sheet date. The Bank and subsidiaries adopts mark-to-model prices which are usually adopted among the banking industry, such as Discounted-Cash-Flow model and Black-Scholes model. The Bank and subsidiaries adopts the price data from Reuters and Bloomberg to calculate the fair value of the holding position. The aforesaid price data is based upon the middle price and used consistently by the Bank. Furthermore, the fair value of the embedded financial derivatives is calculated based upon the quote from the counterparty, and separately calculated in accordance with the contracts.

- c) Adjustment for fair value
  - i) The restraint of evaluation model and uncertain inputs

The estimates of output-based value using the evaluation model, which may not reflect the Bank's all related factors. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to the extra parameters such as model risk or liquidity risk. Information and price parameters used in the evaluation process after careful assessment, and appropriately adjusted according to the current market situation.

- ii) Credit risk value adjustment

The Bank and subsidiaries credit risk value adjustment of OTC transaction derivative instruments can be divided to Credit value adjustments (CVA) and debit value adjustments (DVA). To reflect the fair value of the counterparty or the default, and the Bank and subsidiaries may not be received or paid full market value of trading possibilities.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Bank and subsidiaries would calculate credit valuation adjustment (CVA) by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying exposure at default (EAD) of the counterparty. On the contrary, debit valuation adjustment (DVA).

The Bank and subsidiaries assesses the probability of default on the assumption of 60%, but at the risk of the nature and circumstances of available data, we may use other loss given default assumptions.

d) Transfers between Level 1 and Level 2

For the years ended December 31, 2025, financial assets measured at fair value with a carrying amount of \$107,090,090 were transferred from Level 1 to Level 2 due to the fact that the fair value is not measured directly by quoted market prices.

e) Changes in financial assets which were classified to Level 3 based on fair value measurement

Changes of financial assets categorized in Level 3:

Name	For the year ended December 31, 2025							Ending balance
	Beginning balance	Valuation profit and loss		Increase		Decrease		
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer into Level 3	Sale Disposition or Settlement	Transfer out from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 698,710	150,788	-	69,195	-	4,366	-	914,327
Investments in equity instruments measured at fair value through other comprehensive income	7,476,886	-	902,834	1,506,558	-	8,926	-	9,877,352

  

Name	For the year ended December 31, 2024							Ending balance
	Beginning balance	Valuation profit and loss		Increase		Decrease		
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer into Level 3	Sale Disposition or Settlement	Transfer out from Level 3 (Note)	
Financial assets at fair value through profit or loss	\$ 630,754	12,886	-	227,413	-	10,000	162,343	698,710
Investments in equity instruments measured at fair value through other comprehensive income	5,825,636	-	1,223,100	428,150	-	-	-	7,476,886

Note: The invested stock is registered in the emerging market. Therefore, the measurement of fair value was transferred out from Level 3.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

f) Profit and loss information of Level 3

Current gain (loss) and other comprehensive income of holding assets are as follow:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Recognized on profit and loss (reported as unrealized gain (loss) from investments instruments measured at fair value through profit and loss)	\$ 150,788	(23,940)
Recognized on other comprehensive income (reported as unrealized gain (loss) from investments instruments measured at fair value through other comprehensive income)	902,834	1,223,100

g) Quantified information of the fair value measurement of significant unobservable inputs (Level 3)

The Bank and subsidiaries financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. Without active market quotation, the Bank and subsidiaries take professional financial information vendors which is widely used by market participants for evaluation or counterparty quotation as reference. The unobservable inputs are as follows:

	December 31, 2025				<b>inter-relationship between significant unobservable inputs and fair value measurement</b>
	fair value	valuation methods	significant unobservable inputs	range	
<b><u>Financial asset at fair value through profit or loss</u></b>					
Private fund	\$ 209,836	assets approach	liquidity discount	0.00%-10.00%	The higher market liquidity discount, the lower fair value.
Unlisted stocks	704,491	market approach	liquidity discount	0.00%-40.09%	The higher market liquidity discount, the lower fair value.
<b><u>Financial assets at fair value through other comprehensive income</u></b>					
Unlisted stocks	9,877,352	market approach assets approach	liquidity discount	0.00%-27.19%	The higher market liquidity discount, the lower fair value.
		income approach	sustainable growth rate	0.00%-1.51%	The higher sustainable growth rate, the higher fair value.
		income approach	cost of equity	10.15%-12.06%	The higher rate of cost of equity, the lower fair value.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

December 31, 2024					
	fair value	valuation methods	significant unobservable inputs	range	inter-relationship between significant unobservable inputs and fair value measurement
<b><u>Financial assets at fair value through profit or loss</u></b>					
Private fund	\$ 205,544	assets approach	liquidity discount	0.00%-10.00%	The higher market liquidity discount, the lower fair value.
Unlisted stocks	493,166	market approach	liquidity discount	0.00%-40.40%	The higher market liquidity discount, the lower fair value.
<b><u>Financial assets at fair value through other comprehensive income</u></b>					
Unlisted stocks	7,476,886	market approach	liquidity discount	0.00%-26.92%	The higher market liquidity discount, the lower fair value.
		assets approach			
		income approach	sustainable growth rate	0.00%-1.53%	The higher sustainable growth rate, the higher fair value.
		income approach	cost of equity	11.14%-12.57%	The higher rate of cost of equity, the lower fair value.

- h) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurement in Level 3.

Valuation techniques used by the Bank and subsidiaries for fair value measurements of financial instruments are appropriate. However, the use of different valuation models or inputs could lead to different outcomes of fair value measurements. The following are the impact on the other comprehensive income if using alternative assumptions and inputs:

- i) Assets approach/ Market approach

The evaluation methods of Level 3 financial instruments of the Bank and subsidiaries are mainly based on the market approach or the assets approach. If the liquidity discount changes by 5% upwards or downwards, the impact on the other comprehensive income is as follows:

		<b>the effects to the net income and other comprehensive income</b>	
		<b>Favorable changes (-5%)</b>	<b>Unfavorable changes (5%)</b>
<b>December 31, 2025</b>			
Financial assets at fair value through profit or loss			
Unlisted stocks and private fund	\$	55,236	(55,236)
Financial assets at fair value through other comprehensive income			
Unlisted stocks		575,268	(575,268)

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		<u>the effects to the net income and other comprehensive income</u>	
		<u>Favorable changes (-5%)</u>	<u>Unfavorable changes (5%)</u>
<b>December 31, 2024</b>			
Financial assets at fair value through profit or loss			
Unlisted stocks and private fund	\$	42,442	(42,442)
Financial assets at fair value through other comprehensive income			
Unlisted stocks		433,274	(433,274)

ii) Income approach

The Bank and subsidiaries adopt the income approach to evaluate Level 3 financial instruments, and the evaluation parameters are divided into sustainable growth rate and cost of equity capital. The effects of the two evaluation parameters on the other comprehensive profit and loss are as follows:

1. sustainable growth rate

		<u>the effects to other comprehensive income</u>	
		<u>Favorable changes (0.3%)</u>	<u>Unfavorable changes (-0.3%)</u>
<b>December 31, 2025</b>			
Financial assets at fair value through other comprehensive income			
Unlisted stocks	\$	5,269	(4,899)
		<u>the effects to other comprehensive income</u>	
		<u>Favorable changes (0.3%)</u>	<u>Unfavorable changes (-0.3%)</u>
<b>December 31, 2024</b>			
Financial assets at fair value through other comprehensive income			
Unlisted stocks	\$	3,699	(3,531)

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2. cost of equity

	<b>the effects to other comprehensive income</b>	
	<b>Favorable changes (-3%)</b>	<b>Unfavorable changes (3%)</b>
<b>December 31, 2025</b>		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 71,663	(34,680)
	<b>the effects to other comprehensive income</b>	
	<b>Favorable changes (-3%)</b>	<b>Unfavorable changes (3%)</b>
<b>December 31, 2024</b>		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	\$ 74,568	(36,659)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- 4) Not based on fair value measurement
- a) Fair value information

The following chart presents the financial instruments not based on fair value measurement of the Bank and subsidiaries. Except those items, others' fair value is reasonably approximate value, the Bank and subsidiaries does not disclosure their fair value.

	<b>December 31, 2025</b>	
	<b>Book value</b>	<b>Fair value</b>
Debt instruments measured at amortized cost-net	\$ 279,234,758	280,481,069
	<b>December 31, 2024</b>	
	<b>Book value</b>	<b>Fair value</b>
Debt instruments measured at amortized cost-net	\$ 230,242,408	230,751,781

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

b) The fair value hierarchy of information

		December 31, 2025		
<u>Assets and Liabilities</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Debt instruments measured at amortized cost \$	280,481,069	-	280,481,069	-

  

		December 31, 2024		
<u>Assets and Liabilities</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Debt instruments measured at amortized cost \$	230,751,781	53,478,375	177,273,406	-

c) Valuation techniques

Methods and assumptions used by the Bank and subsidiaries for fair value evaluation of financial instruments were as follows:

- i) Cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, overdue receivables, exchange bills negotiated guarantee deposits paid, temporary payments and suspense accounts, proceeds of settlement and credit transaction, deposits from Central Bank and other banks, securities sold under repurchase agreements, payables, other financial liabilities, guarantee deposits received and temporary receipts and suspense accounts: since these instruments have short maturities, the book value is adopted as a reasonable basis in estimating the fair value.
- ii) Discounts and loans (including non-performing loans): the interest rate of bank loans, dependent on the benchmark interest rate which plus or minus the input value (i.e. motorized interest rate), said market rates, therefore, the book value of financial assets is equivalent to their fair value. Among the case of fixed interest rate, the estimated fair value of long-term loans using the discounted value of its expected cash flows, but this is minority, so the book value of financial assets is equivalent to their fair value.
- iii) Investment in debt instruments at amortized cost: the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique.
  1. Central Government Securities (NTD): using the comment of “Bonds a fair price for each of times” from Taipei Exchange.
  2. Corporate bonds and bank debentures (NTD): the present value or fair price of Taipei Exchange determined using the future cash flow of yield curve discounting evaluation.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- iv) Deposits and remittance: to determine the fair value, considered Banking industry characteristics, the market interest rates (i.e. market price) is the fair value. And deposits are mostly due within one year, the carrying amounts is the fair value of reasonable basis. The fixed interest rate of long-term deposits should be estimated by the discounted value of its expected cash flows at fair value, and its maturity date no longer than three years, so its estimated fair value of the carrying amount is considered reasonable.
- v) Bank debentures payable: The bank debentures payable, issued by the Bank and subsidiaries, whose stated rate was equal the effective rate, using discounted cash flow projections to estimate the fair value, equivalent to its book value.

(ao) Financial Risk Information

(i) General description

The goal of the financial risk management of the Bank is to effectively diversify, transfer and avoid risks by taking customer service, financial business operating target, overall risk tolerance and external limitation of laws into consideration and provide benefit to customers, shareholders and employees.

The Bank's Financial Risk Management policy is to establish a risk management mechanism in terms of risk identification, risk measurement, risk monitoring, and risk control and to construct the overall risk management system. It is to facilitate the business model with appropriate risk management and to control the rationality between risks and rewards under the premise of legal capital ratio in order to achieve operating targets and increase the value of the Bank for the shareholders. The scope covers the management of credit risk, market risk, operation risk, banking book interest rate risk, capital liquidity risk, and capital adequacy.

(ii) Risk management organization structure

1) Risk Management Committee

The chairperson of the Risk Management Committee is appointed by the president. The chairpersons include general manager, deputy general manager of the non-regulatory compliance in head office and department directors of head office (excluding the director of audit department in the Board). This Committee is set up for the purpose of establishing a sound risk management system, strengthening risk management and the implementation of the Bank's risk management and monitoring. The meeting will be held once a month in principle. The meeting can be held by the chairman of the Committee when it necessary. The duties are as follows:

- a) Conduct Analysis and response project when significant domestic and foreign economic, financial and industrial risk management occur.
- b) Risk management report of various risk exposure and agenda processing.
- c) The processing of examination of the risk management relevant policy of the Bank and limitations, management indices and the response project when the risk exceeds the limitations.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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- d) Supervise the Bank and subsidiaries capital adequacy management.
- e) Conduct or supervise the issues that have to report to Risk Management Committee according to the regulations drawn by the competent authority at home and abroad.
- f) Conduct or supervise other risk management related issues.

Risk Management Department is the assistant unit of the Risk Management Committee. The responsibility of the Risk Management Department is to execute preparing sittings agenda, convening sittings, agenda processing, taking meeting minutes and tracking resolution and regularly report the important resolution and various risk exposure to the board of (executive) directors.

2) Assets and Liabilities Management Committee

The chairperson of the Assets and Liabilities Management Committee is the general manager, and the members are formed by the vice assistant general manager and the department heads of deposit, loan, financial transaction, capital deployment and risk management units. The responsibility of the Assets and Liabilities Management Committee is to monitor and manage the banking book interest rate risk and capital liquidity risk and convenes meetings regularly, to approve the analyzing and measurement methods of the capital liquidity risk and banking book interest rate risk exposure, to examine the capital liquidity risk and banking book interest rate risk management policy as well as the relevant limitations and management indices, to receive interest rate risk and capital liquidity risk exposure reports and adjust the assets and liabilities interest rate duration structure and capital maturity structure.

3) Credit Examination Committee

The convener of the Credit Examination Committee is the assistant general manager supervising Risk Management Center. The Committee in principle convenes weekly to examine the modification and establishment of the regulations (including main points, measures and procedures) for significant loans, foreign exchange and guarantee cases.

4) Overdue Loans Clearing Committee

The convener of the Overdue Loans Clearing Committee is the supervising vice president. The convener holds meetings as needed to discuss measures on reducing non-performing loans and approaches to handle overdue loans.

5) Cyber Security Management Committee

The Cyber Security Management Committee is convened by the supervising vice president who oversees the implementation and coordination of the Bank's cyber security policies. The committee holds meetings as needed to examine matters related to cyber security.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Credit risk

1) Source and definition of credit risk

Credit risk refers to the default risk resulted from the inability to fulfill the contract obligations due to deteriorating financial status of trade counterparties, pessimistic external economic situation or other factors. The primary source of the credit risk of the Bank is the loan business, such as loans of various terms, guarantees and letters of credit, loan commitments, etc., in addition, other sources of credit risk include call loans from banks, securities investments, derivative financial instrument transactions, etc.

2) Credit risk management policy

In order to control the credit risk to a tolerable scope, the Bank continuously conduct below operations:

- a) Fully understand the credit status and ratings of loan customers and trade counterparties as well as the purposes and payments of loans.
- b) Prudently evaluates the credit risk status of loan customers and trade counterparties and consider the adequacy of collaterals and guarantees to assess risk and profit.
- c) Establish credit rating mechanism for loan customers or apply the ratings from outside credit rating institutions as the reference for undertaking credit cases or interest rate determination.
- d) Modify relevant regulations to control the credit risk to a tolerable extent for the Bank.

The credit risk management procedure and measurement methods of the Bank's major business are as follows:

a) Credit Business (Including loan commitments and guarantees)

The categorization and credit quality rating of credit assets are as follows:

i) Categorization of credit assets

The credit assets are classified into 5 categories. Except for normal credit assets which are classified as the first category, others are classified, based on the assurance status and the time overdue, as second category (need attention), third category (possible to recover), fourth category (difficult to retrieve) and the fifth category (unable to retrieve). In order to manage creditor's rights, the Bank established "Regulations Governing the Procedures to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", "Regulations Governing the Reconciliation of Non-performing/Non-accrual Loans" and its operating procedure "Operating procedure Governing the Collection of Non-performing/Non-accrual Loans" and "Code of Conduct to Deal With Non-Performing Loans" to serve as the guidelines for dealing with non-performing credit and overdue loans collection.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

ii) Categorization of credit quality

Based on historical default data, the Bank established internal credit rating model and completed internal rating system to serve as a reference to credit risk control.

In order to develop an appropriate credit rating model for the Bank to evaluate the credit risk for corporate banking customers and private banking customers, it applied statistical methods, professional expert judgments and relevant customer information to fulfill the requirements. The Bank examined whether the internal credit rating model is in conformity with the actual scenario based on practical default data quarterly and adjusted all parameters to optimize the estimated results.

b) Due from other banks and call loans to banks

The Bank evaluates the credit status of counterparties before transaction and takes the rating information from domestic and foreign credit rating institutions into consideration to determine various credit risk facilities for the counterparties.

c) Debt instrument investments and derivative financial instruments

The Bank manages credit risk of debt instruments through credit rating data of external institutions, credit quality of bonds, geographic situations and counterparties' risk so as to identify credit risk.

The financial institutions which the Bank conducts derivative instruments are mostly investment quality and are controlled based on the trade amount (including loans at call). Counterparties which do not have credit rating or which are of low quality shall be examined individually. For counterparties which are general customers, the Bank controls the credit risk exposure based on the derivative instrument risk facilities and conditions approved by general credit procedures.

3) Determining the credit risk has increased significantly since initial recognition

At each reporting date, the Bank and subsidiaries shall assess the change in the risk of a default occurring over the expected life of the various credit assets and financial assets to determine whether the credit risk has increased significantly since initial recognition. To make that assessment, the Bank and subsidiaries considers reasonable and supportable information (including forward-looking information) that is indicative of significant increases in credit risk since initial recognition. The main considerations include:

a) credit assets

- i) The borrowers failed to pay the principal and interest overdue for more than 30 days, less than 90 days;

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## TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- ii) When the Bank and subsidiaries conduct review or follow-up review of the relevant management procedures after loan, it knows that the financial report of the borrowers have been issued by the accountant and it has issued opinions of the significant doubt on the ability to continue as a going concern;
  - iii) The deposits and assets of borrowers are compulsorily executed, besides, the deposits are compulsorily executed because of tax arrears. However, the borrowers that have enough deposit to bear the cost that assessed by the Bank and subsidiaries are except;
  - iv) The bank knows (if it has received the notice from court) that the collaterals are compulsory executed by other banks;
  - v) Borrowers were notified the refund by the Bank and did not conduct refund notice;
  - vi) The letter of credit insurance fund notice due to the related company's overdue debt in other bank, the creditor to stop the delivery;
  - vii) Because the borrowers have been involved in litigation and unfavorable judgments, their ability of credit performance is affected;
  - viii) The customer is classified as an early warning account by the Bank or has bad credit that aware by others.
- b) Debt instrument investments
- i) The latest credit rating on the report date was non-investment grade and fell more than two levels than the original rating, or;
  - ii) Investment target evaluation loss is up to 30% of investment cost.
- 4) The credit risk has not increased significantly or judged as low credit risk on the report date

On each report date, the Bank and subsidiaries assessed that there was no significant increase in the risk of default for any credit asset during the expected duration of existence or a low credit risk. The amount of expected credit losses was not taken as the change of credit risk, if the credit risk of the credit asset was low on the report date, it also assumes that the credit risk of the credit asset has not increased significantly since the initial recognition. The credit assets with low credit risk refer to the low default risk and the borrower's ability to perform its contractual cash flow obligations in the near term. No significant increase in risk relates to the borrower. The absence of economic, operational, and adverse changes in financial conditions and other bad debt conditions did not affect their ability to fulfill their contractual cash flow obligations. Financial assets on investment-grade or not on investment-grade but the ratings are not significantly reduced are also considered to be low-risk areas.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

5) Definitions of default and credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired not only the borrower defaults the loan more than 90 days, it also includes observable data as follows:

- a) Credit assets
  - i) Significant financial difficulty of the issuer or the borrower;
  - ii) A breach of contract, such as a default or past due event ;
  - iii) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower' s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
  - iv) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
  - v) The disappearance of an active market for that financial asset because of financial difficulties;
  - vi) The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses;
- b) Debt instrument investments
  - i) Significant financial difficulty of the issuer;
  - ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - iii) The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses.
  - iv) Counterparty defaulting on agreement of other financial instruments (e.g. transactions settlement failure, a bank decide to execute early termination of transactions, or loans originated from derivatives settlement failure).

6) Write-off policy

The integral part or the portion of the credit assets that needs to be written-off should first be approved during the board of directors' meeting; particularly, the portion that is deemed uncollectible.

The following are indicators that the financial assets are uncollectible:

- a) The borrowers fail to recover all or part of the debt due to dissolution, escape, settlement, bankruptcy or other reasons.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- b) After the collateral and the assets of the principal and subordinate debtors have been priced low or deducted from the first-order mortgage, they cannot be repaid, the execution costs are close or may exceed the Bank's reimbursable amount, and the implementation is not beneficial.
- c) The collateral and the property of the principal and subordinate debtors were auctioned off at no cost and were not bought by anyone, and there was no one have substantial benefits.
- d) Overdue loan and non-accrual loan have exceeded the liquidation period for two years.

The Bank and subsidiaries, whose written-off claims may still have ongoing recourse, continues to follow laws and regulations to pursue the proceedings.

7) Modification of contractual cash flow of financial assets

The Bank and subsidiaries may revise the contractual cash flow of the credit asset due to the borrower's financial difficulties in negotiating, increasing the recovery rate of the borrowers that have problems, or maintaining the customer relationship. The modification of the contractual terms of the credit asset may include extending the contract period, modifying the payment time of interest, and modifying agreement rate and so on. If the contractual cash flow modification of the credit asset is due to the financial difficulty of the borrower, it is deemed as an impairment of the financial asset. If the contractual cash flow modification is not due to the financial difficulties of the borrower, the existing or projected unfavorable changes in the operating, financial or economic conditions under the borrower's performance or the borrower's ability to make the borrower's ability to perform its debt obligations vary significantly. The cause of anomalies or other bad debts is supplemented by an assessment of whether the credit risk of financial assets has increased significantly.

8) Measuring the expected credit losses

a) Adoption of methods and assumptions

After considering the attributes of financial assets and credit assets and the adequacy of default experience, internal historical data or the information from external credit rating agency is used to estimate the Probability of default (PD), Loss given default (LGD), Exposure at default (EAD) and other credit risk components.

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## TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

In order to assess the expected credit losses of credit assets, the Bank and subsidiaries are divided into the following combinations depending on the credit risk characteristics such as the identity of borrowers, products, and type of collateral:

Corporate banking	Government and public institution	
	Financial institution (including banks, ticket companies, securities finance companies)	
	Large Enterprise	The guarantee of the credit guarantee mechanism
		Secured
		Non-secured
	Medium and small enterprises	The guarantee of the credit guarantee mechanism
		Secured
		Non-secured
Private banking	Mortgage	
	Microcredit	
	Other-Secured	
	Other-Non-secured	
Entrepreneurship	The guarantee of the credit guarantee mechanism	
	Secured	
	Non-secured	

If the credit risk on a credit asset has not increased significantly since initial recognition or the credit asset has low credit risk at the reporting date, the Bank and subsidiaries shall measure the allowance for impairment using the 12-month expected credit losses; if the credit risk on a financial instrument has increased significantly or credit-impaired since initial recognition, the Bank and subsidiaries shall measure the allowance for impairment using the lifetime expected credit losses.

In order to measure expected credit losses, the Bank and subsidiaries considers the default probability (Probability of default, “PD”) of borrowers, and loss given default rate (“LGD”) multiplying the exposure at default (“EAD”), taking into account the time value of money as well evaluate 12-month and lifetime loss.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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Default probability is the default probability of the borrower (default and credit impairment of financial assets), and the loss given default rate is the rate of loss caused by default by the borrower. The default probability and default loss rate used in the impairment assessment of the credit business are based on internal historical information of each group, and adjusted based on current observable information and forward-looking general economic information.

The Bank and subsidiaries measures the EAD based on the book value of loans at reporting date. When estimating the 12-month and lifetime expected credit losses of the loan commitments and financial guarantee contracts, the definition of the credit risk increasing significantly and the credit-impaired assets are based on the rules mentioned above. Additionally, in order to determine the EAD used to calculate expected credit loss of off-balance sheet items, the Bank and subsidiaries adopts the credit conversion factor (CCF) of standardized approach in credit risk which is legislated in the regulation of Proprietary Capital and Risk Capital of Banks.

b) Consideration of forward-looking information

The Bank and subsidiaries obtains forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments has increased significantly since initial recognition and assessing the expected credit losses. The Bank and subsidiaries identified the relevant macroeconomic factors for credit risk of each portfolio by analyzing the historical data. These macroeconomic factors include Taiwan GDP (not seasonally adjusted), Taiwan's actual industrial production index, Taiwan's annual growth rate of retail sales, Taiwan's real sales price index, unemployment rate (seasonally adjusted), Cathay National Real Estate Index (national), Taiwan's real consumer price index (Not seasonally adjusted) and Taiwan's annual growth in retail sales or other factors. The various economic factors and their impacts on Probability of Default ("PD") are different depending on the type of financial instruments.

In order to determine the credit risk of investment in debt instruments at amortized cost and at fair value through other comprehensive income has increased significantly, the Bank and subsidiaries uses the changes of external ratings published by international credit rating agencies as the quantitative indicators, while the assessment of expected credit losses are calculated by using the external ratings, as well as PD and Loss Given Default ("LGD"), published by Moody's. Since the international credit rating agencies have already considered the forward-looking information while evaluating the credit ratings, which the Bank and subsidiaries considered to be appropriate after its assessment, the credit ratings will be included in the Bank and subsidiaries assessment of related expected credit losses.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

9) Credit risk hedging or diminishing.

a) Collaterals

The Bank adopts a series of policies and procedures to mitigate credit risk and enhance credit risk tolerance. The method applied most is to request customers to provide collaterals. The Bank established collateral accreditation code of conduct in term of collateral management and total loan amount to regulate the scope of collaterals and the accreditation method and regularly inspects the collaterals. When the collaterals devaluate or the concern of devaluation occurs, the Bank shall increase collaterals or retrieve part of the loans to ensure the creditor's right is intact.

b) Limit of credit risk and the control of credit risk concentration

i) In order to avoid the situation that the credit risk of single customer being too high, the credit limit of an individual, a related party or a related enterprise shall be in conformity with "Authorization method for subsection 3 of Article 33 of the Banking Act of the Republic of China" and the credit limit authorization steps are regulated in the Key Points of Credit Engagement Authorization and the Key Points of Credit Engagement Authorization for Overseas Branches of the Bank.

ii) To enhance the risk concentration management, the Bank established regulations in terms of countries, financial institutions, industries and group enterprises. The relevant limits are reviewed and approved annually and the usage of the credit is monitored on a daily basis. In addition, the results are reported regularly.

c) General agreement of net amount settlement

The transactions of the Bank are mostly settled with gross amount. Part of the transactions agreed on net amount settlement. When a default occurs, the Bank terminates all the transactions with the counterparty and settles by net amount to further lower credit risk.

d) Enhancement of other credit

The assessment of credit business applies to credit 5P principles, credit risk is offset by dividing self-liquidating loan commitments as the main, and set the accounts to master the repayment of cash flow. Also, in terms of the credit agreement stipulates the offset. (i.e. all kinds of deposits, except prohibition of low or the party's agreement, the Bank can set off all the debts), thus to reduce the loan amount, shorter loan repayment period or are considered part or all of expiration of acceleration clauses. To strengthen the protection of creditor and reduce credit risk, using qualified and effective enhancement, such as the requirement of real property, personal property, demand deposits, time deposits, securities and the guarantee of financial institution or the credit guarantee mechanism approved by government. (e.g. R.O.C SMEG, Agricultural Credit Guarantee Fund, Overseas Credit Guarantee Fund)

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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- 10) Information on the financial assets of the Bank and subsidiaries that has been credit derogated and the collateral for mitigating potential losses are as follows:

<u>December 31, 2025</u>	<u>Carrying amount</u>	<u>Allowance impairment</u>	<u>Exposure (measured at amortized cost)</u>	<u>Value of collateral</u>
Impairment financial assets:				
Receivables				
Accounts receivables	\$ 154,834	19,662	135,172	3,124,876
Interest receivable	58,380	13,010	45,370	-
Discounts and loans	21,514,264	5,353,380	16,160,884	24,936,529
Overdue receivable	<u>14,882</u>	<u>7,414</u>	<u>7,468</u>	<u>-</u>
Total impairment financial assets	<u>\$ 21,742,360</u>	<u>5,393,466</u>	<u>16,348,894</u>	<u>28,061,405</u>
<u>December 31, 2024</u>	<u>Carrying amount</u>	<u>Allowance impairment</u>	<u>Exposure (measured at amortized cost)</u>	<u>Value of collateral</u>
Impairment financial assets:				
Receivables				
Accounts receivables	\$ 160,100	20,195	139,905	154,660
Interest receivable	53,196	12,036	41,160	-
Discounts and loans	18,943,078	5,032,126	13,910,952	23,074,264
Overdue receivable	<u>15,380</u>	<u>7,946</u>	<u>7,434</u>	<u>-</u>
Total impairment financial assets	<u>\$ 19,171,754</u>	<u>5,072,303</u>	<u>14,099,451</u>	<u>23,228,924</u>

Note: The value of collateral is the real estate appraisal information and credit guarantee agency guarantee amount levied by the Bank and subsidiaries credit assets.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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11) Credit risk concentration

The Bank and subsidiaries does not conduct significant transaction with single customer or single trade counterparty. The total amount of discounts and loans, overdue loans in terms of individual customer or individual trade counterparty is not significant. The information of credit risk concentration of the Bank's discounts and loans and overdue loans are divided by industries, geographic areas and collaterals and listed as follows:

a) By industry

Distribution of discounts and loans, overdue loans based on industries.

Industry	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Private business	\$ 1,015,907,710	60.05 %	994,458,590	60.59 %
Public business	16,439,455	0.97 %	23,659,672	1.44 %
Government institution	19,106,906	1.13 %	43,788,000	2.67 %
Nonprofit organization	2,886,026	0.17 %	2,672,117	0.16 %
Individual	509,998,083	30.14 %	464,452,775	28.30 %
Foreign financial institution	10,297,196	0.61 %	10,829,982	0.66 %
Foreign non-financial institution	115,895,962	6.85 %	99,622,258	6.07 %
Foreign individual	1,385,090	0.08 %	1,701,093	0.11 %
Total	<u>\$ 1,691,916,428</u>	<u>100.00 %</u>	<u>1,641,184,487</u>	<u>100.00 %</u>

b) By geographic area

Distribution of discounts and loans, overdue loans based on geographic area.

Area	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Domestic	\$ 1,564,338,180	92.46 %	1,529,031,154	93.17 %
Foreign	127,578,248	7.54 %	112,153,333	6.83 %
Total	<u>\$ 1,691,916,428</u>	<u>100.00 %</u>	<u>1,641,184,487</u>	<u>100.00 %</u>

c) By collateral

Distribution of discounts and loans, overdue loans based on collateral.

Collateral	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Unsecured	\$ 293,363,856	17.34 %	290,659,153	17.71 %
Stocks	11,579,740	0.68 %	11,434,500	0.70 %
Bonds	17,676,053	1.04 %	17,754,711	1.08 %
Real estate	1,088,339,699	64.33 %	1,031,845,127	62.87 %
Chattel	15,486,622	0.92 %	16,679,073	1.02 %
Notes receivable	1,887,066	0.11 %	2,357,604	0.14 %
Guarantees	250,270,097	14.79 %	260,374,328	15.87 %
Others	13,313,295	0.79 %	10,079,991	0.61 %
Total	<u>\$ 1,691,916,428</u>	<u>100.00 %</u>	<u>1,641,184,487</u>	<u>100.00 %</u>

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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Note: Secured credit are categorized in its respective item per the type of the collaterals. Non-secured credit (no collateral provided) is classified in unsecured. If the credit amount is higher than the accreditation value, the credit amount within the accreditation is classified in the respective item, the credit amount exceeds the accreditation value is classified in unsecured. The accreditation value is the value calculated per the accreditation regulations of the Bank and subsidiaries, not the discounted value of the signed contract.

12) Maximum credit risk exposure

- a) The maximum credit exposure of the assets in the consolidated financial statement is approximately the book value when not considering collaterals or other credit enhancement instruments. The maximum credit exposure off the consolidated balance sheet (when not considering collaterals or other credit enhancement instruments and not revocable) was as follows:

<b>Off balance sheet items</b>	<b>Maximum credit risk exposure</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Issued and irrevocable loan commitments	\$ 87,402,586	82,622,791
Irrevocable credit card loan commitments	18,758,256	17,974,642
Letters of credit issued yet unused	7,524,829	8,268,607
Various guarantee proceeds	32,096,231	33,893,522
Total	<b>\$ 145,781,902</b>	<b>142,759,562</b>

The Management of the Bank and subsidiaries evaluated the credit risk exposure and believed that it is able to continuously control and minimize the off-balance sheet credit risk exposure due to its strict appraisal process and regular subsequent examination.

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b) The credit quality analyses of the financial assets

i) Credit quality analysis of discounts and loans, receivables, guarantee and commitments

December 31, 2025	12-month ECL							Lifetime ECL – not impaired							Lifetime ECL – impaired	Allowance impairment	Total
	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	High risk		
Receivable																	
Credit card	\$ 573,528	137,152	55,459	169,590	1,525	373,140	1,310,394	694	567	1,028	3,656	507	3	6,455	-	1,481	1,315,368
Acceptances receivable	361,695	462,861	71,973	7,879	-	109,586	1,013,994	-	-	-	-	2,117	-	2,117	-	10,182	1,005,929
Other receivables	710,490	3,260,799	650,037	64,544	32,004	4,244,015	8,961,889	503	3,624	3,228	962	2,664	30,587	41,568	213,214	146,021	9,070,650
Discounts and loans																	
Private banking	266,658,813	169,559,425	61,664,176	2,957,484	1,144,605	4,984,494	506,968,997	52,142	173,012	389,748	110,720	153,450	914	879,986	3,534,191	6,461,306	504,921,868
Corporate banking	342,777,881	421,134,356	266,962,158	40,626,071	17,613,246	67,723,345	1,156,837,057	384,440	1,951,775	809,094	964,727	707,423	898,665	5,716,124	17,980,073	15,535,741	1,164,997,513
Other financial assets																	
Overdue receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,882	8,921	5,961
Total	\$ 611,082,407	594,554,593	329,403,803	43,825,568	18,791,380	77,434,580	1,675,092,331	437,779	2,128,978	1,203,098	1,080,065	866,161	930,169	6,646,250	21,742,360	22,163,652	1,681,317,289
Guarantee and commitments	\$ 31,580,799	18,407,297	6,661,191	182,985	232,972	88,443,816	145,509,060	70,237	2,916	2,585	10,556	32,247	-	118,541	154,301	501,002	145,280,900

December 31, 2024	12-month ECL							Lifetime ECL – not impaired							Lifetime ECL – impaired	Allowance impairment	Total
	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	High risk		
Receivable																	
Credit card	\$ 490,011	255,117	153,914	5	1,545	373,399	1,273,991	2,276	2,311	3,223	-	127	1,722	9,659	-	1,441	1,282,209
Acceptances receivable	544,890	508,851	148,854	3,541	-	39,241	1,245,377	-	-	-	-	-	-	-	-	12,454	1,232,923
Other receivables	619,261	3,116,993	612,121	73,713	28,975	4,575,283	9,026,346	508	2,603	3,405	802	8,895	96,868	113,081	213,296	119,135	9,233,588
Discounts and loans																	
Private banking	239,613,287	157,115,714	55,738,686	2,859,702	1,405,153	4,839,886	461,572,428	22,854	191,234	288,800	32,373	157,949	3,074	696,284	3,885,156	6,008,481	460,145,387
Corporate banking	305,590,576	428,717,976	268,220,823	48,161,526	17,209,210	86,877,154	1,154,777,265	262,024	913,207	883,441	348,776	1,631,473	1,156,511	5,195,432	15,057,922	15,866,502	1,159,164,117
Other financial assets																	
Overdue receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,380	8,543	6,837
Total	\$ 546,858,025	589,714,651	324,874,398	51,098,487	18,644,883	96,704,963	1,627,895,407	287,662	1,109,355	1,178,869	381,951	1,798,444	1,258,175	6,014,456	19,171,754	22,016,556	1,631,065,061
Guarantee and commitments	\$ 26,589,388	21,419,459	9,901,075	417,465	262,871	83,936,364	142,526,622	19,442	78,236	5,935	2,140	183	358	106,294	126,646	411,691	142,347,871

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**TAIWAN BUSINESS BANK, LTD.**  
**Notes to the Consolidated Financial Statements**

ii) Debt instruments

December 31, 2025	12-month ECL					Lifetime ECL – not impaired					Lifetime ECL – impaired	Total	Accumulated impairment(Note)
	Investment	Sub investment	High risk	No rating	Subtotal	Investment	Sub investment	High risk	No rating	Subtotal	High risk		
Investment in debt instruments measured at fair value through other comprehensive income													
Overseas bonds	\$ 67,520,862	-	-	-	67,520,862	-	-	-	-	-	-	67,520,862	17,789
NT bonds	107,957,938	-	-	-	107,957,938	-	-	-	-	-	-	107,957,938	64,558
Negotiable certificates of deposit	629,887	-	-	-	629,887	-	-	-	-	-	-	629,887	234
Investment in debt instruments at amortized cost													
Overseas bonds	24,948,234	-	-	-	24,948,234	-	-	-	-	-	-	24,948,234	7,739
NT bonds and treasury bills	46,742,814	-	-	-	46,742,814	-	-	-	-	-	-	46,742,814	33,001
Certificates of deposit with the Central Bank	207,570,000	-	-	-	207,570,000	-	-	-	-	-	-	207,570,000	51,560
Negotiable certificates of deposit	66,035	-	-	-	66,035	-	-	-	-	-	-	66,035	25
Total	\$ 455,435,770	-	-	-	455,435,770	-	-	-	-	-	-	455,435,770	174,906

December 31, 2024	12-month ECL					Lifetime ECL – not impaired					Lifetime ECL – impaired	Total	Accumulated impairment(Note)
	Investment	Sub investment	High risk	No rating	Subtotal	Investment	Sub investment	High risk	No rating	Subtotal	High risk		
Investment in debt instruments measured at fair value through other comprehensive income													
Overseas bonds	\$ 68,780,192	-	-	-	68,780,192	-	-	-	-	-	-	68,780,192	20,900
NT bonds	97,980,180	-	-	-	97,980,180	-	-	-	-	-	-	97,980,180	66,583
Negotiable certificates of deposit	652,513	-	-	-	652,513	-	-	-	-	-	-	652,513	245
Investment in debt instruments at amortized cost													
Overseas bonds	27,143,649	-	-	-	27,143,649	-	-	-	-	-	-	27,143,649	6,963
NT bonds and treasury bills	48,887,235	-	-	-	48,887,235	-	-	-	-	-	-	48,887,235	26,844
Certificates of deposit with the Central Bank	154,215,000	-	-	-	154,215,000	-	-	-	-	-	-	154,215,000	38,492
Negotiable certificates of deposit	68,849	-	-	-	68,849	-	-	-	-	-	-	68,849	26
Total	\$ 397,727,618	-	-	-	397,727,618	-	-	-	-	-	-	397,727,618	160,053

Note: The cumulative impairment of the bond which measured at fair value through other comprehensive profit or loss is recognized as other equity.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- iii) The Maximum credit risk exposure for financial instruments which are not subject to impairment regulations are as follows:

<u>December 31, 2025</u>	<u>Maximum credit risk exposure</u>	<u>Collateral</u>	<u>Enhancement of other credit</u>
Financial assets at fair value through profit or loss			
– Debt investments	\$ 201,936	-	-
– Commercial paper	101,434,908	-	-
– Listed stocks	777,832	-	-
– Unlisted stocks	704,491	-	-
– Beneficiary certificates	209,836	-	-
– Derivative instrument	2,582,736	1,718,815	685,874
<u>December 31, 2024</u>	<u>Maximum credit risk exposure</u>	<u>Collateral</u>	<u>Enhancement of other credit</u>
Financial assets at fair value through profit or loss			
– Debit investments	\$ 200,000	-	-
– Commercial paper	78,181,124	-	-
– Listed stocks	794,532	-	-
– Unlisted stocks	493,166	-	-
– Beneficiary certificates	205,544	-	-
– Derivative instrument	2,931,419	2,074,252	612,147

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

13) Changes in the expected credit losses of the Bank and subsidiaries

a) Receivables

	For the year ended December 31, 2025					Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "	Total
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – impaired	Impaired (IFRS9)			
Beginning balance	\$ 41,523	9,170	32,231	82,924		50,106	133,030
Changes in financial instruments that have been identified at the beginning of the period:							
– Transferred to 12-months ECL	374	(146)	(228)	-	-		-
– Transferred to lifetime ECL	(455)	461	(6)	-	-		-
– Transferred to the credit- impaired financial assets	(168)	(373)	541	-	-		-
– The financial assets that have been derecognized	(18,922)	(170)	(12,500)	(31,592)	-		(31,592)
New financial assets originated or purchased	21,720	300	5,681	27,701	-		27,701
Write-off	-	-	(6,988)	(6,988)	-		(6,988)
Other changes	(2,991)	(5,710)	13,941	5,240	-		5,240
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans"	-	-	-	-		30,293	30,293
Ending balance	<u>\$ 41,081</u>	<u>3,532</u>	<u>32,672</u>	<u>77,285</u>		<u>80,399</u>	<u>157,684</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2024						
	12-month ECL	Lifetime ECL—not impaired	Lifetime ECL— impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "	Total
Beginning balance	\$ 39,104	7,043	30,542	76,689	44,823	121,512
Changes in financial instruments that have been identified at the beginning of the period:						
— Transferred to 12-months ECL	533	(157)	(376)	-	-	-
— Transferred to lifetime ECL	(21)	49	(28)	-	-	-
— Transferred to the credit- impaired financial assets	(39)	(34)	(6,481)	(6,554)	-	(6,554)
— The financial assets that have been derecognized	(19,334)	(88)	(3,014)	(22,436)	-	(22,436)
New financial assets originated or purchased	27,329	347	14,107	41,783	-	41,783
Write-off	-	-	(6,558)	(6,558)	-	(6,558)
Other changes	(6,049)	2,010	4,039	-	-	-
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans"	-	-	-	-	5,283	5,283
Ending balance	<u>\$ 41,523</u>	<u>9,170</u>	<u>32,231</u>	<u>82,924</u>	<u>50,106</u>	<u>133,030</u>

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

b) Discounts and loans

For the year ended December 31, 2025						
	12-month ECL	Lifetime ECL—not impaired	Lifetime ECL— impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "	Total
Beginning balance	\$ 5,678,500	407,406	5,032,126	11,118,032	10,756,951	21,874,983
Changes in financial instruments that have been identified at the beginning of the period:						
— Transferred to 12-months ECL	155,283	(16,678)	(138,605)	-	-	-
— Transferred to lifetime ECL	(19,478)	22,603	(3,125)	-	-	-
— Transferred to the credit- impaired financial assets	(42,525)	(11,363)	53,888	-	-	-
— The financial assets that have been derecognized	(2,461,909)	(113,888)	(627,207)	(3,203,004)	-	(3,203,004)
New financial assets originated or purchased	2,914,611	89,595	726,503	3,730,709	-	3,730,709
Write-off	-	-	(5,013,494)	(5,013,494)	-	(5,013,494)
Other changes	6,620	66,282	5,323,294	5,396,196	-	5,396,196
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans"	-	-	-	-	(788,343)	(788,343)
Ending balance	<u>\$ 6,231,102</u>	<u>443,957</u>	<u>5,353,380</u>	<u>12,028,439</u>	<u>9,968,608</u>	<u>21,997,047</u>
For the year ended December 31, 2024						
	12-month ECL	Lifetime ECL—not impaired	Lifetime ECL— impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "	Total
Beginning balance	\$ 5,120,615	317,996	4,196,783	9,635,394	9,967,448	19,602,842
Changes in financial instruments that have been identified at the beginning of the period:						
— Transferred to 12-months ECL	482,232	(147,652)	(334,580)	-	-	-
— Transferred to lifetime ECL	(17,061)	46,779	(29,718)	-	-	-
— Transferred to the credit- impaired financial assets	(28,314)	(9,572)	37,886	-	-	-
— The financial assets that have been derecognized	(2,310,481)	(40,691)	(634,768)	(2,985,940)	-	(2,985,940)
New financial assets originated or purchased	2,771,889	13,361	407,619	3,192,869	-	3,192,869
Write-off	-	-	(3,354,204)	(3,354,204)	-	(3,354,204)
Other changes	(340,380)	227,185	4,743,108	4,629,913	-	4,629,913
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans"	-	-	-	-	789,503	789,503
Ending balance	<u>\$ 5,678,500</u>	<u>407,406</u>	<u>5,032,126</u>	<u>11,118,032</u>	<u>10,756,951</u>	<u>21,874,983</u>

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

c) Other financial assets

For the year ended December 31, 2025						
	12-month ECL	Lifetime ECL—not impaired	Lifetime ECL— impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "	Total
Beginning balance	\$ -	-	7,946	7,946	597	8,543
Changes in financial instruments that have been identified at the beginning of the period:						
— The financial assets that have been derecognized	-	-	(17)	(17)	-	(17)
New financial assets originated or purchased	-	-	20,577	20,577	-	20,577
Write-off	-	-	(21,092)	(21,092)	-	(21,092)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans"	-	-	-	-	910	910
Ending balance	<u>\$ -</u>	<u>-</u>	<u>7,414</u>	<u>7,414</u>	<u>1,507</u>	<u>8,921</u>
For the year ended December 31, 2024						
	12-month ECL	Lifetime ECL—not impaired	Lifetime ECL— impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "	Total
Beginning balance	\$ -	-	10,891	10,891	599	11,490
Changes in financial instruments that have been identified at the beginning of the period:						
— The financial assets that have been derecognized	-	-	(7)	(7)	-	(7)
New financial assets originated or purchased	-	-	16,096	16,096	-	16,096
Write-off	-	-	(19,214)	(19,214)	-	(19,214)
Other changes	-	-	180	180	-	180
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans"	-	-	-	-	(2)	(2)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>7,946</u>	<u>7,946</u>	<u>597</u>	<u>8,543</u>

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

d) Guarantee and commitments

For the year ended December 31, 2025						
	12-month ECL	Lifetime ECL—not impaired	Lifetime ECL— impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "	Total
Beginning balance	\$ 134,318	511	47,096	181,925	229,766	411,691
Changes in financial instruments that have been identified at the beginning of the period:						
— Transfer to the credit- impaired financial assets	(74)	-	74	-	-	-
— The financial assets that have been derecognized	(57,076)	(2)	(35)	(57,113)	-	(57,113)
New financial assets originated or purchased	39,684	69	3,246	42,999	-	42,999
Other changes	(14,822)	(292)	6,444	(8,670)	-	(8,670)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans"	-	-	-	-	112,095	112,095
Ending balance	<u>\$ 102,030</u>	<u>286</u>	<u>56,825</u>	<u>159,141</u>	<u>341,861</u>	<u>501,002</u>
For the year ended December 31, 2024						
	12-month ECL	Lifetime ECL—not impaired	Lifetime ECL— impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "	Total
Beginning balance	\$ 159,248	1,117	42,703	203,068	174,033	377,101
Changes in financial instruments that have been identified at the beginning of the period:						
— Transferred to 12-months ECL	526	-	(526)	-	-	-
— The financial assets that have been derecognized	(62,330)	(1,104)	(850)	(64,284)	-	(64,284)
New financial assets originated or purchased	55,470	498	-	55,968	-	55,968
Other changes	(18,596)	-	5,769	(12,827)	-	(12,827)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans"	-	-	-	-	55,733	55,733
Ending balance	<u>\$ 134,318</u>	<u>511</u>	<u>47,096</u>	<u>181,925</u>	<u>229,766</u>	<u>411,691</u>

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

e) Debts investments

	<b>For the year ended December 31, 2025</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL — not impaired</b>	<b>Lifetime ECL — impaired</b>	<b>Total</b>
Beginning balance	\$ 160,053	-	-	160,053
Additions	73,415	-	-	73,415
Derecognition	(58,846)	-	-	(58,846)
Other changes	284	-	-	284
Ending balance	<u>\$ 174,906</u>	<u>-</u>	<u>-</u>	<u>174,906</u>
	<b>For the year ended December 31, 2024</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL — not impaired</b>	<b>Lifetime ECL — impaired</b>	<b>Total</b>
Beginning balance	\$ 180,969	-	-	180,969
Additions	62,322	-	-	62,322
Derecognition	(74,117)	-	-	(74,117)
Other changes	(9,121)	-	-	(9,121)
Ending balance	<u>\$ 160,053</u>	<u>-</u>	<u>-</u>	<u>160,053</u>

14) Collateral management policy

- a) Collaterals are recognized under the account of other assets per the rules of “Regulations Governing the Preparation of Financial Reports by Public Banks”.
- b) Details were as follows:

Collaterals refer to the collaterals provided by clients as guarantee which are undertaken through public auction when the debtor is not able to fulfill its obligation. The collaterals assumed are recognized using the prices undertaken per the rules of “Regulations Governing the Preparation of Financial Reports by Public Banks” and measured by the book value or the fair value deducted by cost of sale, whichever is lower, at the end of the period. Collaterals will be sold when they are available to be sold and the proceeds received will be used to reduce the book amount of collaterals.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Liquidity risk

1) The origin and definition of liquidity risk

Liquidity risk refers to the potential financial loss results from the inability to liquidate assets or obtain finance to fulfill the financial obligation which is going to mature with sufficient fund, such as early rescind of time deposits, the channels and terms to call loan from other bank are deteriorated due to the influence of specific markets and the default of loan customers worsen and it is harder for the Bank to receive payments and liquidate financial instruments. The abovementioned situations may diminish the source of cash for the Bank to undertake loan business, trades and investment activities. Under some extreme circumstances, the lack of liquidity may increase the potential possibility of reduction of the overall position of consolidated financial statement, sale of assets and inability to fulfill loan obligation. Liquidity risk is an inherent risk of bank operations and is influenced by specific or overall events in various markets. Those events include but not limited to: Credit event, merger or buyout, systematic strike and natural disaster.

2) The management policy, process and measurement of liquidity risk

a) Policy

- i) In accordance with the target and limit for liquidity risk management approved by the board of directors and monitor all liquidity risk positions.
- ii) Established “Directions Governing the Capital Liquidity Risk Management of Taiwan Business Bank” and “Remarks Governing the Capital Liquidity Risk Management of Taiwan Business Bank” to serve as guidance to effectively control capital liquidity risk.
- iii) Overseas branches shall regulate the code of conduct for liquidity risk management based on business characteristics and the regulations of local authorities. After being approved by the general manager, the Risk Management Department will be in charge of monitoring liquidity risk.

b) Process

- i) Finance Department is in charge of daily capital deployment to ensure that the capital is sufficient to cope with various demands for capital.
- ii) Risk Management Department is in charge of the identification, measurement, supervision and control of capital liquidity risk to establish a firm operation process and structure.
- iii) Risk Management Department reports the result of capital liquidity risk measurement to the Assets and Liabilities Management Committee on a monthly basis and reports the results of capital liquidity risk and pressure test to the board of directors quarterly.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- c) Measurement
  - i) Maturity gap: To place the inflows and outflows of capital into various time zones accordingly based on the remaining days to maturity and calculate the gap of capital of each time zone in order to measure the capital deficiency of each time zone.
  - ii) Loan-deposit ratio: To calculate the deposits the Bank received which are used to conduct loan business. In other words, the percentage of the total loan amount accounts for the total deposit amount.
  - iii) Capital concentration and stability: In order to prevent the Bank from over-relying on single trade counterparty, product or market, the Bank observes several aspects such as the changes in large time deposit customers, the percentage of demand deposits and the continuity of deposits.
  - iv) Pressure test: Except for monitoring the capital demand under normal circumstances, the Bank conducts pressure test regularly in order to evaluate the capital liquidity under abnormal circumstances and ensure that the Bank is equipped with sufficient capital.
- 3) Financial assets possessed for managing liquidity risk and maturity analysis for non-derivative financial liability
  - a) Financial assets possessed for managing liquidity risk

The Bank and subsidiaries possesses cash and other high liquidity interest yielding assets to cope with payment obligations and potential emergent capital demands in the market. The assets possessed for managing liquidity risk include cash and cash equivalent, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, financial assets measured at fair value through other comprehensive income and investment in debt instruments at amortized cost.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

b) Maturity analysis for non-derivative financial liabilities

The table below shows the cash outflows from the non-derivative financial liabilities which are possessed by the Bank and subsidiaries based on the remaining days from the consolidated financial statement date to the contract maturity date. The amount disclosed is based on the cash flows of the contracts.

	December 31, 2025					Total
	0-30 days	31-90 days	91 days-1 year	1-5 years	Over 5 years	
Major matured cash outflow	\$ 1,269,555,344	303,934,394	658,582,547	81,769,551	30,374,880	2,344,216,716
Deposits from the Central Bank and banks	475,238	-	-	-	-	475,238
Overdrafts on banks	919,698	-	-	-	-	919,698
Call loans from the Central Bank and banks	41,005,799	19,133,782	6,646,799	-	-	66,786,380
Due to the Central Bank and banks	365,000	-	1,186,519	-	-	1,551,519
Financial liabilities designated at fair value through profit or loss	-	-	-	-	9,525,881	9,525,881
Notes and bonds issued under repurchase agreement	1,147,876	3,566,721	645,168	-	-	5,359,765
Interest payable	2,179,752	2,622,743	3,850,253	140,090	55	8,792,893
Deposits transferred from Chunghwa Post Co., Ltd.	20,000,000	33,099,335	76,000,000	-	-	129,099,335
Demand deposits	1,044,127,285	-	-	-	-	1,044,127,285
Time deposits	158,438,884	244,447,544	569,977,648	46,393,997	9,128	1,019,267,201
Remittance	829,998	-	-	-	-	829,998
Bank notes payable	-	1,000,000	-	33,910,000	19,000,000	53,910,000
Cumulative earnings on appropriated loan fund	500	1,750	28,250	740,933	1,701,208	2,472,641
Lease liabilities	65,314	62,519	247,910	584,531	138,608	1,098,882
	December 31, 2024					Total
	0-30 days	31-90 days	91 days-1 year	1-5 years	Over 5 years	
Major matured cash outflow	\$ 1,200,253,116	240,489,084	638,697,624	96,711,654	47,721,491	2,223,872,969
Deposits from the Central Bank and banks	500,131	-	-	-	-	500,131
Overdrafts on banks	596,856	-	-	-	-	596,856
Call loans from the Central Bank and banks	35,229,219	15,629,951	1,642,180	-	-	52,501,350
Due to the Central Bank and banks	-	142,598	1,300,908	-	-	1,443,506
Financial liabilities designated at fair value through profit or loss	-	-	-	-	9,927,272	9,927,272
Notes and bonds issued under repurchase agreement	861,942	399,202	749,964	-	-	2,011,108
Interest payable	1,402,758	2,256,680	4,858,961	137,701	32	8,656,132
Deposits transferred from Chunghwa Post Co., Ltd.	21,000,000	18,099,335	113,000,000	35,000,000	-	187,099,335
Demand deposits	977,409,931	-	-	-	-	977,409,931
Time deposits	162,428,286	203,639,278	515,474,960	44,137,180	3,946	925,683,650
Remittance	748,271	-	-	-	-	748,271
Bank notes payable	-	250,000	1,300,000	15,910,000	36,000,000	53,460,000
Cumulative earnings on appropriated loan fund	4,501	3,250	79,250	804,000	1,637,131	2,528,132
Lease liabilities	71,221	68,790	291,401	722,773	153,110	1,307,295

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Derivative financial liabilities maturity analysis

a) Derivative financial instruments settled by net amount

The derivative instruments of the Bank and subsidiaries whose possession are settled by net amount include foreign derivative instruments, such as non-delivery forward contracts and net-delivery foreign exchange option. After evaluation the Bank concluded that the maturity date is the basic element to comprehend all the derivative financial instruments listed in the consolidated financial statement. The amount disclosed is based on the cash flows of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the consolidated financial statement. As of December 31, 2025 and 2024, maturity analysis for the derivative financial liabilities settled by net amount is as follows:

		December 31, 2025					
		0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial liabilities at fair value through profit or loss							
– Foreign exchange derivative instrument	\$	290	1,080	-	-	-	1,370
– Interest rate derivative instrument		-	920	-	5,400	54,963	61,283
Total	\$	<u>290</u>	<u>2,000</u>	<u>-</u>	<u>5,400</u>	<u>54,963</u>	<u>62,653</u>
		December 31, 2024					
		0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial liabilities at fair value through profit or loss							
– Foreign exchange derivative instrument	\$	-	1,340	-	470	-	1,810

b) Derivative financial instruments settled by gross amount

The derivative instruments of the Bank's possession settled by gross amount include the following:

- i) Foreign exchange derivative financial instrument: Foreign exchange options settled by gross amount, foreign exchange forward contracts and currency swap contracts.
- ii) Interest rate derivative financial instruments: interest rate swap contracts.

The table below shows the derivative financial instruments of the Bank and subsidiaries whose possession are settled by gross amount based on the remaining days from the consolidated financial statement date to the contract maturity date. The amount disclosed is based on the cash flow of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the consolidated financial statement.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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The maturity analysis for derivative financial liabilities settled by gross amount is as follows:

<u>December 31, 2025</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Derivative financial instruments at fair value through profit or loss						
– Foreign exchange derivative instruments						
– Cash outflow	\$ 44,256,955	38,286,330	11,840,171	11,098,611	-	105,482,067
– Cash inflow	<u>44,565,197</u>	<u>38,303,029</u>	<u>11,605,571</u>	<u>10,795,586</u>	-	<u>105,269,383</u>
Total cash outflow	<u>44,256,955</u>	<u>38,286,330</u>	<u>11,840,171</u>	<u>11,098,611</u>	-	<u>105,482,067</u>
Total cash inflow	<u>44,565,197</u>	<u>38,303,029</u>	<u>11,605,571</u>	<u>10,795,586</u>	-	<u>105,269,383</u>
Net cash flow	<u>\$ (308,242)</u>	<u>(16,699)</u>	<u>234,600</u>	<u>303,025</u>	-	<u>212,684</u>
<u>December 31, 2024</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Derivative financial instruments at fair value through profit or loss						
– Foreign exchange derivative instruments						
– Cash outflow	\$ 40,045,263	13,620,759	6,163,409	5,708,876	-	65,538,307
– Cash inflow	<u>39,427,193</u>	<u>13,508,692</u>	<u>5,944,896</u>	<u>5,382,052</u>	-	<u>64,262,833</u>
Total cash outflow	<u>40,045,263</u>	<u>13,620,759</u>	<u>6,163,409</u>	<u>5,708,876</u>	-	<u>65,538,307</u>
Total cash inflow	<u>39,427,193</u>	<u>13,508,692</u>	<u>5,944,896</u>	<u>5,382,052</u>	-	<u>64,262,833</u>
Net cash flow	<u>\$ 618,070</u>	<u>112,067</u>	<u>218,513</u>	<u>326,824</u>	-	<u>1,275,474</u>

5) Maturity analysis of off-balance sheet items

<u>December 31, 2025</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Issued and irrevocable loan commitments	\$ 1,020,248	1,664,961	22,837,773	15,421,518	46,458,086	87,402,586
Irrevocable credit card loan commitments	2,500	38,475	49,870	137,048	18,530,363	18,758,256
Letters of credit issued yet unused	1,904,474	4,439,665	904,902	275,279	509	7,524,829
Other guarantees	<u>1,982,543</u>	<u>1,262,040</u>	<u>1,082,937</u>	<u>6,619,542</u>	<u>21,149,169</u>	<u>32,096,231</u>
Total	<u>\$ 4,909,765</u>	<u>7,405,141</u>	<u>24,875,482</u>	<u>22,453,387</u>	<u>86,138,127</u>	<u>145,781,902</u>
<u>December 31, 2024</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Issued and irrevocable loan commitments	\$ 137,495	939,928	23,097,633	4,678,031	53,769,704	82,622,791
Irrevocable credit card loan commitments	1,849	76,833	54,394	95,299	17,746,267	17,974,642
Letters of credit issued yet unused	2,259,408	4,773,597	881,706	200,717	153,179	8,268,607
Other guarantees	<u>1,997,787</u>	<u>2,002,498</u>	<u>1,380,366</u>	<u>4,709,858</u>	<u>23,803,013</u>	<u>33,893,522</u>
Total	<u>\$ 4,396,539</u>	<u>7,792,856</u>	<u>25,414,099</u>	<u>9,683,905</u>	<u>95,472,163</u>	<u>142,759,562</u>

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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6) Maturity analysis of lease contract commitments

The Bank and subsidiaries only has operating lease contract, operating lease commitment refers to, when the Bank and subsidiaries are the lessor and under the irrevocable operating lease conditions, the minimum total future rent payment. Below tables show the maturity analysis of the Bank and subsidiaries operating lease contract commitments:

<u>December 31, 2025</u>	<u>Below 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Operating lease income (lessor)	\$ 2,122	6,343	4,649	13,114

<u>December 31, 2024</u>	<u>Below 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Operating lease income (lessor)	\$ 2,299	8,033	6,267	16,599

The capital expenditure commitment of the Bank and subsidiaries refers to the contract signed to obtain buildings and equipment. The maturity analysis of the capital expenditure commitment of the Bank and subsidiaries are as follows:

<u>December 31, 2025</u>	<u>Below 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Machinery and equipment	\$ 1,213,544	-	-	1,213,544
Transportation equipment	1,447	-	-	1,447
Miscellaneous equipment	5,580	-	-	5,580
Total	<u>\$ 1,220,571</u>	<u>-</u>	<u>-</u>	<u>1,220,571</u>

<u>December 31, 2024</u>	<u>Below 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Machinery and equipment	\$ 1,320,333	-	-	1,320,333
Transportation equipment	5,542	-	-	5,542
Miscellaneous equipment	6,924	-	-	6,924
Total	<u>\$ 1,332,799</u>	<u>-</u>	<u>-</u>	<u>1,332,799</u>

(v) Market risk

1) Definition of market risk

Market risk refers to the possible loss of the Bank's business in or off the balance sheet results from the disadvantageous fluctuation in market price in terms of interest rates, stock prices, foreign exchange rates and commodity prices.

2) Policies and procedures of market risk management

a) Strategy

- i) To carry out market risk management, achieve operation target and maintain healthy capital adequacy by following "Directions Governing the Market Risk Management of Taiwan Business Bank" and other relevant regulations.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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- ii) Under the risk tolerance approved by the board of directors or board of executive directors, the Bank applies various risk control mechanism to effectively deploy and manage capital in order to maintain the market risk exposure within the tolerable extent and achieve earning target.
  - b) Policies and procedures
 

In order to establish the market risk management mechanism and ensure that the market risk is within the tolerable extent, the Bank set up directions governing the market risk management, remarks governing the limit of market risk and financial product valuation procedures as the primary management guidance. Other than what is stated above, the Bank also establish limit control mechanism in terms of trade positions, stop-limit, suspensions and lines of alert based on the operation notices and procedures of different financial instruments, including fix income instruments, equity securities, foreign exchange transaction and derivative financial instruments.
- 3) Process for market risk management
  - a) Risk identification
 

In accordance with the rules of “ Directions Governing the Market Risk Management of Taiwan Business Bank”, the Bank shall conduct appropriate market risk evaluation and document the process for later review before financial instruments are promoted. The content of evaluation includes risk factors identification, evaluation methods, cost-benefit analysis, market liquidity, risk strategy, adequacy of risk management mechanism and the influence on the Bank for undertaking market risk.
  - b) Risk measurement
    - i) Annually based on the business development of transaction units and submit to the board of directors or board of executive directors for approval. For the units which the positions and limits remain unchanged after evaluation, they can put the positions and limits into practice after receiving the approval from the general manager.
    - ii) The risk measurements (or evaluations) of the financial instruments of the Bank are conducted through different information systems. For the market data and parameters of the models applied for evaluation, they shall be random inspected regularly to determine the rationality.
  - c) Risk monitoring
    - i) Valuation reports of various financial instruments are prepared regularly for executives to review and serve as the guidance for daily risk management operation.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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- ii) All financial transactions are equipped with different regulations in terms of limit of loss and stop-limit. Provided that the valuation loss amount is over the limit, a stop-limit, suspension and subsequent risk control will be executed.
- d) Risk report
 

Risk management department report current market risk management status of the Bank to directors, executive directors and executives to facilitate them to control the risk exposure status and adjust management procedures properly.
- 4) Scope and method of market risk management
  - a) Foreign exchange risk management
    - i) Definition of foreign exchange risk management
 

Foreign exchange risk refers to the potential profit or loss of the foreign currency financial instruments which results from the transition among fluctuating currencies.
    - ii) Applicable scope
 

All the financial instruments which apply to trading book position and banking book position and involve in foreign currencies.
    - iii) Purpose for foreign exchange risk management
 

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of foreign exchange and to increase capital deployment efficiency and business operation integrity.
    - iv) Procedures of foreign exchange risk management
      - 1. In order to control foreign exchange transaction risk, the Bank established trade position authorization standard for financial transaction operations, trade units and traders in current regulations. In addition, for non-commercial business foreign exchange operation, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluate the requirement and submit to the board of directors' (executive directors) for approval. The demand will be executed after the board of directors approved. For the units which the positions remain unchanged after evaluation, they can put the positions into practice after receiving the approval from the general manager.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2. The trade units conduct various foreign financial product business, they shall fully understand the content of commodities, the risk tolerance and trade purpose. Trade units shall establish financial products trading strategies based on market status in the meeting every morning and submit the risk-benefit evaluation in the meeting minutes for the department heads to review. The trading shall follow the relevant authorization rules of the Bank and the stop-limit of all trade positions shall be executed reliably.
- v) Process of foreign exchange risk management
1. Identification and measurement
    - a. Risk Management department established risk factor chart based on different financial transactions to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank and subsidiaries conducts deal with simple type financial products. For complex financial products, the Bank and subsidiaries conducts back-to-back hedge covering to effectively avoid market risk.
    - b. Risk Management department uses Greeks to measure the influence level of exchange rate for held-for-trading spot exchange and exchange rate derivative and setup Greek' s sensitivity allowance, according to the yearly demand of trade units, the state of utilization, and monitor the load of fluctuation of exchange rate in each acceptable range.
    - c. Positions of the trading book shall be evaluated daily where the positions of the banking book shall be evaluated monthly. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.
  2. Monitoring and report
    - a. When the evaluation loss of non-commercial foreign exchange transactions is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.
    - b. Reports of operation results shall be prepared and submitted to the department heads for approval on a daily basis.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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b) Equity security risk management

i) Definition of equity security risk

The market risks of the equity securities possessed by the Bank include the individual risk results from the market price fluctuation of individual equity security and the general market risk results from overall market price fluctuation.

ii) Applicable scope

Financial instruments similar to equity security in all trading books.

iii) Purpose of equity security risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of equity securities and to increase capital deployment efficiency and business operation integrity.

iv) Procedures of equity security risk management

1. All trade units submit the required amounts of position annually base on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors. The demand will be executed after approved by the board of directors.
2. The trade units shall predict the possible trend of domestic stock market based on the information of foreign and domestic security markets so as to set up the operation strategies and directions. The traders shall pay close attention to the market trend when the market opens so as to conduct security transactions and the operations as well as the meeting minutes shall be submitted to the department heads to review.

v) Process of equity security risk management

1. Identification and measurement

- a. The risk management department apply Value at Risk models to measure the market risk of equity security investment. Furthermore, based on the trade units' operation demand and the risk limit established by the Bank's risk tolerance, the risk management units effectively control the variation of risk factors under an acceptable extent.
- b. Trading book position shall be evaluated daily. When there is a public quote in the market, the quote shall be adopted as the prior evaluation price. If the transaction is in secondary market and the liquidity is high, the closing price can be adopted as the evaluation price. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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2. Monitoring and report
  - a. When the evaluation loss of equity security investment is over the limit, the trade units shall execute a stop-limit per regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.
  - b. Transaction reports shall be prepared and submitted to the department heads for approval on a daily basis. And the investment gains or losses shall report to the board of directors or executive directors regularly for future reference.
- c) Interest rate risk management
  - i) Definition of interest rate risk
 

Interest rate risk refers to the price decline of the Bank's financial products which contain interest risk factors due to the disadvantageous changes in interest rate.
  - ii) Applicable scope
 

Financial instruments which contain interest rate factors in all trading books.
  - iii) Purpose of interest rate risk management
 

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of interest rate and to increase capital deployment efficiency and business operation integrity.
  - iv) Procedures of interest rate risk management
    1. In order to control interest rate risk, the Bank established trade position authorization standard for financial transaction operations, trade units and trade counterparties in current regulations. In addition, for the positions held for trading, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors for approval. The demand will be executed after the board of directors approved.
    2. The trade units shall consider safety, liquidity and profitability and gather market information to assess the potential risk and benefit. In additional, the trade units shall choose investment target prudently through analyzing the issuers' credit, financial status, country risks and interest rate trends.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- v) Process of interest rate risk management
1. Identification and measurement
    - a. The risk management department establish risk factor charts base on different financial transaction to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank conducts deal with simple type financial products. For complex financial products, the Bank conducts back-to-back hedge covering to effectively avoid market risk.
    - b. Position of the trading book shall be evaluated daily. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.
  2. Monitoring and report
    - a. The risk management department apply DV01 to measure to what extent the trading book bond positions are influenced by the interest rate risk and set up interest rate sensitivity limit base on the requirements of the trade units and the risk tolerance of the Bank annually.
    - b. The trade units shall prepare the income assessment tables of trade positions and traders for the department heads to review. In addition, when the evaluation loss of the position is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management department shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management units shall report to the board of directors or executive directors.
- d) Concentration management
- i) The trade counterparties of the Bank are mostly financial institutions. To avoid the risk being over concentrated and enhance credit risk management, the Bank established financial institution credit risk limit based on the world ranking of Level 1 capital and credit ratings from The Banker. The trade units shall also pay attention to the changes of the credit status of individual financial institution as well as the changes of the national credit rating to conduct the transaction prudently.
  - ii) For equity security investments, the Bank set up limits for single institution and single related party.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 5) Interest rate risk management of the banking book
- a) The definition and management purpose for the interest rate risk of the banking book
- i) The interest rate risk of the banking book refers to the negative effect towards the future net interest income or economic value of equity results from the fluctuation of interest rate. Net Interest Income (hereafter NII) is the total amount of interest revenue deducted by the total amount of interest expense; Economic Value of Equity (hereafter EVE) is the total discounted future cash inflow from assets deducted by the total discounted future cash outflow from liabilities.
- ii) The management purpose of the interest rate risk management of the banking book is to control the negative effect from the interest rate risk fluctuation towards NII or EVE within the approved limit extent.
- b) The process for the interest rate risk management of the banking book
- i) Identification and measurement
- When the Bank conducts interest rate related products, it identifies the reprising risk, yield curve risk, basis risk and option characteristic risk and measures the possible influence on the earnings and economic value results from interest rate fluctuation.
- ii) Monitoring and report
- The Bank established limits of the ratio between interest-rate-sensitivity assets and interest-rate-sensitivity liabilities, the effect to NII in 1 year when the market interest rate parallel changes 1 BP and the effect to EVE when the market interest rate changes in the six interest rate stress scenarios set by the Bank Association of the Republic of China (IRRBB) to control the banking book interest rate risk. The results of interest rate risk measurement are reported to the Assets and Liabilities Management Committee monthly and to the board of directors or executive directors quarterly. When the measurement result is over the limit, relevant units shall be convened to establish responding plan and the plan shall be submitted to the Assets and Liabilities Management Committee for discussion. After the plan is approved by the general manager, it shall be executed by the relevant business units and report to the board of directors or executive directors.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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6) Value at Risk

a) Description of Value at Risk

Value at Risk (VaR) is a statistical amount used to evaluate the maximum possible loss of portfolio results from the changes of market risk factors within a certain period of time and a fixed confidence interval.

b) Value at Risk models and assumptions

In order to enhance the market risk control operation, the Bank established quantified indices of market risk for the equity security position of the trading book. Based on the historical information of the last 1 year and applies Historical Simulation Method (with the confidence interval being 99% and the duration of possession being 1 day), the Bank calculates and monitors the trend of Value at Risk.

c) The limit of Value at Risk model

Value at Risk is a tool to measure market risk under normal circumstance. The limits of the model are listed below:

- i) Value at Risk cannot reflect the losses result from other type of risks, such as credit risk and liquidity risk.
- ii) Value at Risk measures the possible loss of the position on hand at the end of the transaction day, but it cannot reflect the distribution of the part which actual loss exceeds Value at Risk.
- iii) Value at Risk model is based on historical data to evaluate the amount, and therefore it may not be able to predict the future changes of risk factors, especially for those exceptions result from significant market fluctuation.

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
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- 7) Foreign exchange risk disclosure and sensitivity analysis
- a) Foreign exchange risk exposure
- i) Significant net positions of foreign currencies (Market risk)

<b>Significant net positions of foreign currencies (Market risk)</b>		
<b>December 31, 2025</b>		
<b>Currency</b>	<b>Foreign currency amount (in thousands)</b>	<b>NT\$ amount</b>
USD	\$ 353,309	11,109,802
JPY	2,498,988	502,546
AUD	18,174	382,744
HKD	26,929	108,766
CNY	22,391	100,760

<b>Significant net positions of foreign currencies (Market risk)</b>		
<b>December 31, 2024</b>		
<b>Currency</b>	<b>Foreign currency amount (in thousands)</b>	<b>NT\$ amount</b>
USD	\$ 363,838	11,928,429
JPY	2,214,548	464,169
AUD	15,708	320,757
CNY	66,303	297,303
ZAR	64,162	111,899

Note 1: Main foreign currencies are the top five foreign currencies ranked in NTD value.

Note 2: Net foreign currency is the absolute value of the net positions of each foreign currency.

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ii) Assets and liabilities of foreign currency

December 31, 2025						
Currency	Monetary financial assets			Monetary financial liabilities		
	Foreign currency amount (in thousands)	Spot rate	NTD amount	Foreign currency amount (in thousands)	Spot rate	NTD amount
USD	\$ 15,971,455	31.4450	502,222,403	15,701,042	31.4450	493,719,261
AUD	5,669,537	21.0600	119,400,449	5,511,758	21.0600	116,077,623
CNY	11,383,422	4.5000	51,225,398	9,048,954	4.5000	40,720,295
JPY	183,250,759	0.2011	36,851,728	181,338,623	0.2011	36,467,197
HKD	11,772,050	4.0390	47,547,310	11,085,170	4.0390	44,773,002
EUR	304,209	36.9400	11,237,480	303,406	36.9400	11,207,818
ZAR	8,984,109	1.8940	17,015,902	8,979,694	1.8940	17,007,540
GBP	19,617	42.3500	830,780	19,398	42.3500	821,505
NZD	53,770	18.2000	978,614	53,629	18.2000	976,048
CAD	17,883	22.9700	410,773	17,903	22.9700	411,232
SGD	24,321	24.4900	595,621	24,342	24.4900	596,136
SEK	35,819	3.4200	122,501	35,655	3.4200	121,940
THB	218,637	1.0056	219,861	219,027	1.0056	220,254
Others (Note)	-	-	79,527	-	-	81,734

Note: Consolidated disclosure is applied for other currencies not over \$100,000.

December 31, 2024						
Currency	Monetary financial assets			Monetary financial liabilities		
	Foreign currency amount (in thousands)	Spot rate	NTD amount	Foreign currency amount (in thousands)	Spot rate	NTD amount
USD	\$ 14,283,789	32.7850	468,294,030	13,819,421	32.7850	453,069,731
AUD	5,825,840	20.4200	118,963,653	5,688,882	20.4200	116,166,970
CNY	7,626,537	4.4840	34,197,393	7,371,945	4.4840	33,055,801
JPY	152,960,726	0.2096	32,060,568	151,370,493	0.2096	31,727,255
HKD	6,923,917	4.2220	29,232,778	6,294,779	4.2220	26,576,557
EUR	299,583	34.1400	10,227,764	299,590	34.1400	10,228,003
ZAR	6,435,608	1.7440	11,223,700	6,434,227	1.7440	11,221,292
GBP	24,948	41.1800	1,027,359	24,862	41.1800	1,023,817
NZD	42,106	18.5000	778,961	42,052	18.5000	777,962
CAD	16,029	22.8600	366,423	16,014	22.8600	366,080
SGD	12,582	24.1400	303,729	12,623	24.1400	304,719
THB	179,829	0.9637	173,301	179,037	0.9637	172,538
Others (Note)	-	-	126,472	-	-	129,117

Note: Consolidated disclosure is applied for other currencies not over \$100,000.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

b) Foreign exchange risk sensitivity analysis (Change by 1%)

Foreign exchange risk sensitivity analysis analyzes the influence on profit or loss and equity, given other conditions remain the same, when each respective currency depreciates or appreciates by 1%.

Currency	December 31, 2025			
	Depreciate by 1%		Appreciate by 1%	
	Income	Equity	Income	Equity
USD	\$ (25,251)	(25,137)	25,251	25,137
AUD	3,968	(2,195)	(3,968)	2,195
HKD	4,713	(1,759)	(4,713)	1,759
JPY	(300)	187	300	(187)
GBP	(99)	-	99	-
SGD	1	-	(1)	-
ZAR	(85)	-	85	-
SEK	(6)	-	6	-
CHF	22	-	(22)	-
CAD	5	-	(5)	-
THB	4	-	(4)	-
EUR	(312)	-	312	-
NZD	(37)	-	37	-
CNY	11,483	-	(11,483)	-
Total	<u>\$ (5,894)</u>	<u>(28,904)</u>	<u>5,894</u>	<u>28,904</u>

Currency	December 31, 2024			
	Depreciate by 1%		Appreciate by 1%	
	Income	Equity	Income	Equity
USD	\$ (3,581)	(82,652)	3,581	82,652
AUD	4,119	(32,046)	(4,119)	32,046
HKD	3,301	(29,741)	(3,301)	29,741
JPY	51	(3,441)	(51)	3,441
GBP	(36)	-	36	-
SGD	6	-	(6)	-
ZAR	(25)	-	25	-
CHF	26	-	(26)	-
CAD	(3)	-	3	-
THB	(8)	-	8	-
EUR	2	-	(2)	-
NZD	(21)	-	21	-
CNY	(59,714)	-	59,714	-
Total	<u>\$ (55,883)</u>	<u>(147,880)</u>	<u>55,883</u>	<u>147,880</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 8) Interest rate risk disclosure and sensitivity analysis
- a) Interest rate sensitivity analysis

Interest rate sensitivity analysis analyzes the influence on profit or loss and equity is, assuming other conditions remain the same, when the yield of the market increases or decreases by 1 basis point (1 bp).

Currency	December 31, 2025			
	Interest rate increases by 1 bp		Interest rate decreases by 1 bp	
	Income	Equity	Income	Equity
Trading book				
TWD	\$ (2,660)	(1,118)	2,660	1,118
Banking book				
TWD	-	(80,711)	-	80,711
USD	-	(40,700)	-	40,700
EUR	-	(1,634)	-	1,634
AUD	-	(79)	-	79
HKD	-	(457)	-	457
CNY	-	(776)	-	776
ZAR	-	(56)	-	56
Total	<u>\$ (2,660)</u>	<u>(125,531)</u>	<u>2,660</u>	<u>125,531</u>

Currency	December 31, 2024			
	Interest rate increases by 1 bp		Interest rate decreases by 1 bp	
	Income	Equity	Income	Equity
Trading book				
TWD	\$ (1,808)	(1,563)	1,808	1,563
Banking book				
TWD	-	(79,763)	-	79,763
USD	-	(28,514)	-	28,514
EUR	-	(1,754)	-	1,754
AUD	-	(129)	-	129
HKD	-	(215)	-	215
CNY	-	(964)	-	964
ZAR	-	(83)	-	83
Total	<u>\$ (1,808)</u>	<u>(112,985)</u>	<u>1,808</u>	<u>112,985</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- b) Sensitivity analysis of expected net revenue/Sensitivity of equity in terms of interest rate fluctuation

Scenario	December 31, 2025			
	Effect on NII in 1 year		Effect on EVE	
	TWD	USD	TWD	USD
Interest rate increases by 100 bp	1,847,927	(20,448)	(5,261,704)	(110,493)
Interest rate decreases by 100 bp	(2,807,082)	11,004	13,395,665	127,455

  

Scenario	December 31, 2024			
	Effect on NII in 1 year		Effect on EVE	
	TWD	USD	TWD	USD
Interest rate increases by 100 bp	1,732,841	(25,222)	(5,345,546)	(128,314)
Interest rate decreases by 100 bp	(2,529,293)	20,755	13,044,638	114,999

- 9) Equity security risk disclosure and sensitivity analysis

- a) Equity security sensitivity analysis (Changes by 1%)

Equity security sensitivity analysis analyzes the influence on profit or loss and equity, assuming other conditions remain the same, when the price of equity security increases or decreases by 1%.

- b) Value at Risk of equity security

Value at Risk	From October 1, 2024 to December 31, 2025		
	Average	Maximum	Minimum
Equity security risk	3,595	14,193	-

  

Value at Risk	From October 1, 2023 to December 31, 2024		
	Average	Maximum	Minimum
Equity security risk	11,128	28,200	-

- (vi) Transferred financial assets that are not fully derecognized

The transactions, relating to transferred financial assets not qualifying for full derecognition, that the Bank and subsidiaries conduct during daily operation mostly involve securities lending in accordance to repurchase agreements. Since the right to receive contractual cash flow has been transferred to others and the Bank's and subsidiaries' obligation to repurchase the transferred assets for a fixed price at a future date is recognized under liability, for these transactions, the Bank and subsidiaries cannot use, sell or pledge those transferred financial assets in availability period, but the Bank and subsidiaries has interest rate risk and credit risk; therefore, the said transferred assets are not fully derecognized.

As of December 31, 2025 and 2024, there were no any financial assets of the Bank and subsidiaries that are not fully derecognized.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vii) Offsetting financial assets and financial liabilities

The Bank and subsidiaries has an exercisable master netting arrangement or similar agreement in place with counterparties. When both parties reach a consensus regarding net settlement, the aforesaid exercisable master netting arrangement or similar agreement can be net settled by offsetting financial assets and financial liabilities. If not, the transaction can be settled at total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

The following tables present the aforementioned offsetting financial assets and financial liabilities:

December 31, 2025						
Financial assets under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial assets	Gross amounts of financial liabilities offset in the balance sheet	Net amount of financial assets presented in the balance sheet	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 845,527	-	845,527	685,874	1,718,815	(1,559,162)

December 31, 2025						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial liabilities	Gross amounts of financial assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
	(a)	(b)	(c)=(a)-(b)	Financial instrument (Note)	Cash collateral pledged	
Derivative financial instruments	\$ 88,200	-	88,200	-	2,392,336	(2,304,136)

December 31, 2024						
Financial assets under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial assets	Gross amounts of financial liabilities offset in the balance sheet	Net amount of financial assets presented in the balance sheet	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 1,235,990	-	1,235,990	612,147	2,074,252	(1,450,409)

December 31, 2024						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norm						
Item	Gross amounts of recognized financial liabilities	Gross amounts of financial assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	\$ 110,082	-	110,082	-	2,577,622	(2,467,540)

Note: Master netting arrangements and non-cash financial collaterals are included.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ap) Capital Management

- (i) The Bank takes business development and risk control into consideration and calculates capital adequacy per “Regulations Governing the Capital Adequacy Ratio and Capital Category of Banks” and “Calculation Methods and Forms of Proprietary Capital and Risk Capital of Banks”. The ratio between proprietary capital and risk capital shall remain above the regulated minimum ratio.
- (ii) In order to maintain adequate capital and reach a balance between risk control and business development, the Bank established “Directions Governing Capital Adequacy” as the guidance for controlling capital adequacy. The scope of the directions includes, except for the least capital requirements for credit risk, market risk and operation risk, significant risk such as banking book interest rate risk, liquidity risk and concentration risk. In addition, in order to link business strategies, capital and risk management, the Bank sets up capital management plan annually for the president’s approval and reports to Risk Management Committee and the board of directors quarterly about relevant risks and capital control status.
- (iii) The Bank identifies, measures, monitors and reports various risks based on the directions, notices and relevant rules of competent authority regarding credit risk, market risk, operation risk, interest rate risk of the banking book, and liquidity risk so as to be familiar with current business environment and monitors and adjusts capital adequacy effectively.
- (iv) To cope with the implementation of new Basel Accord, the Bank set up complete risk management system, risk management operation tracking procedures to provide the management with appropriate risk management information for making decisions. Therefore, the Bank is able to maintain adequate capital within the tolerable extent and to ensure the provision of proprietary capital of the Bank corresponds with the overall operating risk characteristics of the Bank.
  - 1) Tier 1 capital
    - a) Common stock equity: The item includes common stock deducted by treasury stock, goodwill and other intangible assets, deferred tax assets based on future profit status of the Bank, unrealized gain on financial assets measured at fair value through other comprehensive income, operating reserve and deficiency of allowance for bad debts, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, and 25% of the major investment on financial related business.
    - b) Other Tier 1 capital: 25% of the perpetual non-accumulated subordinated financial debentures deducted by the major investment on financial related business.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Tier 2 capital

The item includes perpetual accumulated subordinated financial debentures, long term subordinated debenture, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, 45% of unrealized gain on financial assets measured at fair value through other comprehensive income, and 50% of the major investment on financial related business.

Item		Month/Year	December 31, 2025	December 31, 2024
Eligible capital	Common stock equity		140,816,022	126,589,902
	Other tier 1 capital		17,993,648	18,000,000
	Tier 2 capital		40,256,469	45,576,621
	Eligible Capital		199,066,139	190,166,523
Risk-weighted assets	Credit risk	Standardized approach	1,334,166,274	1,323,138,665
		Internal ratings-based approach	-	-
		Securitization	99,260	72,220
	Operational risk	Basic indicator approach	-	-
		Standardized approach/selective standardized approach	50,670,936	55,776,422
		Advanced measurement approach	-	-
	Market risk	Standardized approach	35,519,475	47,441,638
		Internal model approach	-	-
	Total risk-weighted assets			1,420,455,945
Capital adequacy ratio			14.01 %	13.33 %
Common stock equity/ Risk-weighted assets ratio			9.91 %	8.87 %
Tier 1 capital / Risk-weighted assets ratio			11.18 %	10.14 %
Leverage ratio			6.18 %	5.83 %

The formulas of the table are listed as follows:

- a) The eligible capital, risk-weighted assets and exposure are calculated per “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “The Calculation and Forms of Eligible Capital and Risk Assets of Banks”.
- b) The Bank shall fill out the capital adequacy of this period and last period. For the semi-annual report, the Bank shall disclose the capital adequacy of this period and last period and additionally disclose the capital adequacy of the previous period ended December 31.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- c) Note 1. Eligible Capital = Common stock equity + Other Tier 1 Capital + Tier 2 Capital
- Note 2. Total risk-weighted assets = Credit risk weighted asset + (operational risk charge + market risk charge) × 12.5
- Note 3. Capital adequacy ratio = Eligible Capital ÷ Risk weighted asset.
- Note 4. Common stock equity / Risk-weighted assets ratio = Common stock equity / total risk weighted assets
- Note 5. Tier 1 capital / Risk-weighted assets ratio = (Common stock equity + other tier 1 capital) / Risk-weighted assets
- Note 6. Leverage ratio = Net Tier 1 capital / Total risk exposure.
- d) Above table is not required to be disclosed when preparing the financial reports of the first quarter and third quarter.

(aq) Investing and financing activities not affecting current cash flow

The Bank and subsidiaries investing and financing activities which did not affect the current cash flow for the three months ended December 31, 2025 and 2024 were carried out to acquire right-of-use assets under leases. Please refer to Note 6(1).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes			December 31, 2025
			Foreign exchange rate movement	Fair value changes	Other changes	
Financial liabilities at fair value through profit or loss	\$ 9,927,272	-	(402,000)	609	-	9,525,881
Bank notes payable	53,460,000	450,000	-	-	-	53,910,000
Lease liabilities	1,307,295	(452,473)	(11,018)	-	255,078	1,098,882
Total liabilities from financing activities	<u>\$ 64,694,567</u>	<u>(2,473)</u>	<u>(413,018)</u>	<u>609</u>	<u>255,078</u>	<u>64,534,763</u>

	January 1, 2024	Cash flows	Non-cash changes			December 31, 2024
			Foreign exchange rate movement	Fair value changes	Other changes	
Financial liabilities at fair value through profit or loss	\$ 9,175,560	-	624,000	127,712	-	9,927,272
Bank notes payable	53,850,000	(390,000)	-	-	-	53,460,000
Lease liabilities	1,319,108	(451,339)	14,587	-	424,939	1,307,295
Total liabilities from financing activities	<u>\$ 64,344,668</u>	<u>(841,339)</u>	<u>638,587</u>	<u>127,712</u>	<u>424,939</u>	<u>64,694,567</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ar) Structured entities that not included in consolidated financial reports

(i) The table below presents the types of structured entities that the Bank and subsidiaries does not include in consolidated financial reports but in which they hold an interest:

<b>Types of structured entities</b>	<b>Nature and purpose</b>	<b>Interests held by the Bank and subsidiaries</b>
Private fund	Investing in funds that cannot be freely traded on the open market	Investing in units or limited partnership interests issued by these funds.
Asset securitization product	Investing in commercial real estate assets securitization products	Investment in asset-backed securities issued by unconsolidated structured entities

(ii) The scales of structures entities not included in consolidated financial reports were as follow:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Private fund	\$ 209,836	205,544
Asset securitization product	8,413,908	480,013
Total	<b>\$ 8,623,744</b>	<b>685,557</b>

(iii) The carrying amounts of interests held by the Bank and subsidiaries in these structured entities were as follows:

<b>Assets held by the Bank and subsidiaries</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Financial assets at fair value through profit or loss	\$ 209,836	205,544
Financial assets at fair value through other comprehensive income	8,368,569	420,142
Investments in debt instruments at amortized cost	45,339	59,871
Total	<b>\$ 8,623,744</b>	<b>685,557</b>

The maximum amount of risk exposure to the Bank and subsidiaries endures to a loss incurred from special purpose entities that is not included in consolidated financial reports is the carrying amount of interests held by the Bank and subsidiaries.

(iv) As of December 31, 2025 and 2024, the Bank and subsidiaries has not provided any financial support to its special purpose entities that is not included in consolidated financial reports.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions**

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Bank and subsidiaries</u>
Bank of Taiwan	Corporate director of the Bank
Ministry of Finance, R.O.C	Corporate director of the Bank
National Development Fund, Executive Yuan	Corporate director of the Bank
Taiwan Business Bank Guild	Corporate director of the Bank
Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Note)	Substantive related parties
TBB No. 1 Venture Capital Limited Partnership	Substantive related parties
Fubon Securities Co., Ltd. (Note)	Substantive related parties
Media Talk Consulting Co., Ltd.	Associates
Others	Management and other related parties of the Bank

Note: No longer a related party commencing from the third quarter of 2024, the amounts disclosed below reflect only the transactions that occurred during the period in which the entity was considered a related party.

(b) Significant transactions with related parties

(i) Due from banks

	<u>December 31, 2025</u>	
	<u>Amount</u>	<u>%</u>
Bank of Taiwan	<u>\$ 197,231</u>	<u>1.52</u>
	<u>December 31, 2024</u>	
	<u>Amount</u>	<u>%</u>
Bank of Taiwan	<u>\$ 157,342</u>	<u>0.98</u>

Interest rates are the same as those with regular clients.

(ii) Call loans to banks

<u>For the year ended</u> <u>December 31, 2025</u>	<u>Maximun balance</u>	<u>December 31,</u> <u>2025</u>	<u>Interest income</u>	<u>Annual</u> <u>interest rate</u>
Bank of Taiwan	<u>\$ 36,497,415</u>	<u>436,650</u>	<u>13,130</u>	0.350%-4.530%

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>For the year ended</u> <u>December 31, 2024</u>	<u>Maximun balance</u>	<u>December 31,</u> <u>2024</u>	<u>Interest income</u>	<u>Annual</u> <u>interest rate</u>
Bank of Taiwan	\$ <u>1,725,608</u>	<u>-</u>	<u>1,304</u>	1.407%-5.570%

Interest rates are the same as those with regular clients.

(iii) Call loans from banks

<u>For the year ended</u> <u>December 31, 2025</u>	<u>Maximun balance</u>	<u>December 31,</u> <u>2025</u>	<u>Interest expense</u>	<u>Annual</u> <u>interest rate</u>
Bank of Taiwan	\$ <u>9,182,643</u>	<u>-</u>	<u>96,910</u>	0.900%-4.930%

<u>For the years ended</u> <u>December 31, 2024</u>	<u>Maximun balance</u>	<u>December 31,</u> <u>2024</u>	<u>Interest expense</u>	<u>Annual</u> <u>interest rate</u>
Bank of Taiwan	\$ <u>17,692,715</u>	<u>1,279,090</u>	<u>98,871</u>	0.600%-5.870%

Interest rates are the same as those with regular clients.

(iv) Deposits

	<u>December 31, 2025</u>	
	<u>Amount</u>	<u>%</u>
Others	\$ <u>1,609,981</u>	<u>0.08</u>
	<u>December 31, 2024</u>	
	<u>Amount</u>	<u>%</u>
Others	\$ <u>1,557,190</u>	<u>0.08</u>

Interest rates are the same as those with regular clients.

(v) Credit

<u>December 31, 2025</u>							
Category	Number of clients or name of related party	Highest balance	Ending balance	Performing situations		Collaterals	Transaction terms are different to regular clients
				Performing loan	Non-performing Loans		
Employee consumer loans	16	9,819	7,867	7,867	-	none	none
Self-use home mortgages loans	78	508,802	485,695	485,695	-	real estate	none
Others	Natural person	468,325	447,225	447,225	-	real estate	none
<u>December 31, 2024</u>							
Category	Number of clients or name of related party	Highest balance	Ending balance	Performing situations		Collaterals	Transaction terms are different to regular clients
				Performing loan	Non-performing Loans		
Employee consumer loans	16	14,362	4,500	4,500	-	none	none
Self-use home mortgages loans	70	593,976	383,471	383,471	-	real estate	none
Others	Natural person	595,978	391,026	391,026	-	real estate	none

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Donation:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Small and Medium Enterprise Credit Guarantee Fund of \$ Taiwan	-	163,580
Taiwan Business Bank Guild	4,500	4,500
Total	<b>\$ 4,500</b>	<b>168,080</b>

(vii) Receivables from related parties

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
National Development Fund, Executive Yuan	<b>\$ 3,226</b>	<b>707</b>

(viii) Property transaction :

1) Acquisition of financial assets

The summary of financial assets obtained by the Bank and subsidiaries from related-party are as follows:

		<b>For the years ended December 31, 2024</b>		
<b>Related-party</b>	<b>Category</b>	<b>Number of shares</b>	<b>Underlying</b>	<b>Amount</b>
Fubon Securities Co., Ltd.	Financial assets at fair value through other comprehensive income – stocks	5,000,000	Taiwan Stock Exchange	<b>\$ 428,150</b>

(ix) Guarantees: None.

(x) Service fees: None.

(xi) Rental revenue: None.

(xii) Derivatives financial instrument transactions: None.

(xiii) Sales of Non-Performing Loans Transactions: None.

(xiv) Other revenue:

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
TBB No. 1 Venture Capital Limited Partnership	\$ 17,048	17,048
National Development Fund, Executive Yuan	3,186	708
Total	<b>\$ 20,234</b>	<b>17,756</b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Major management salary information

	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Salary and other short-term employee benefits	\$ 167,113	164,353
Post-employment benefits	3,071	2,935
Total	<b>\$ 170,184</b>	<b>167,288</b>

**(8) Pledged assets:**

Please refer to notes 6(g) and 6(h) for more details.

**(9) Commitments and contingencies:**

(a) Significant commitments and contingencies were as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Marketable securities held for custody	\$ 4,783,340	5,185,261
Bills collected for others	34,887,885	38,732,548
Bills lent for others	43,314,467	39,588,139
Guarantees and letters of credit	39,621,060	42,162,129
Trust liabilities	312,265,477	299,620,745
Items held for custody	844,009	737,404
Registered government bonds for sale	69,839,200	71,430,200
Registered short-term bills for sale	3,306,793	4,425,334
Guarantee notes payable	32,590,800	32,277,500

(b) Unrecognized contractual commitments:

As of December 31, 2025 and 2024, major constructions in progress and purchases amounted to \$1,688,738 and \$1,143,904 respectively, of which \$1,487,785 and \$919,362 respectively, remained unpaid.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The Bank's trust department plans, manages, and operates trust services in accordance with the Banking Law and Trust Law. Special purpose funds are used to invest in marketable securities and the Bank also manages trust funds. The trust information as of December 31, 2025 and 2024 is as follows:

**Trust Balance Sheet**

**December 31, 2025 and 2024**

<b>Trust Assets</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash in Bank	\$ 5,703,733	7,731,053
Stocks	1,854,077	1,356,828
Funds	62,002,131	65,517,846
Bonds	13,017,264	10,794,327
Real estate	31,519,962	31,751,248
Securities custody	197,881,061	182,140,253
Other assets	<u>287,249</u>	<u>329,190</u>
Total trust assets	<u><u>\$ 312,265,477</u></u>	<u><u>299,620,745</u></u>
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Trust Liabilities</b>		
Securities held for custody	\$ 197,881,061	182,140,253
Trust capital	114,305,285	117,348,937
Accumulated loss	(2,699,331)	(2,239,813)
Net income	<u>2,778,462</u>	<u>2,371,368</u>
Total trust liabilities	<u><u>\$ 312,265,477</u></u>	<u><u>299,620,745</u></u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**Trust Property Accounts**  
**December 31, 2025 and 2024**

<b>Investment in</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash in bank	\$ 5,703,733	7,731,053
Stocks	1,854,077	1,356,828
Funds	62,002,131	65,517,846
Bonds	13,017,264	10,794,327
Real estate		
Land	17,585,604	19,250,782
Buildings	63,265	63,057
Construction in progress	13,871,093	12,437,409
Securities in custody	197,881,061	182,140,253
Other assets	<u>287,249</u>	<u>329,190</u>
Total	<u>\$ 312,265,477</u>	<u>299,620,745</u>

Note: As of December 31, 2025 and 2024, the amounts above included OBU transaction on “foreign currency designated trust funds investment in foreign negotiable securities business” amounting to \$1,425,939 and \$1,458,123, respectively.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**Trust Income Statement**

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

<b>Investment items</b>	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Trust Revenue		
Interest income	\$ 472,340	455,114
Realized capital gain-fund	1,785,636	1,490,564
Realized gain-stocks	33,706	11,099
Realized gain-bonds	14,679	8,476
Dividend revenue	2,352,405	2,212,947
Other revenues	5,033	6,494
Sub-total	4,663,799	4,184,694
Trust Expense		
Administrative expenses	102,553	98,186
Postage and telecommunication expense	4,968	2,423
Duties	125	26
Realized loss-stocks	1,685,305	1,672,420
Realized loss-bonds	77,835	29,484
Loss on disposal of property	7,114	1,713
Other expenses	250	-
	6,831	8,305
Sub-total	1,884,981	1,812,557
Income before income tax	2,778,818	2,372,137
Income tax expense	(356)	(769)
Net income	<b>\$ 2,778,462</b>	<b>2,371,368</b>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (d) In 1996, the Bank's World Trade Center Branch was sued for handling a letter of credit export collection from Chin Seen Industrial Ltd., which allegedly used a forged export document and failed to ship the goods to the importer, the International Comagnie de Commercialization et d' Invertissement (I.C.C.I.) of the Republic of Zaire, who suffered a loss thereon. In November 1998, I.C.C.I. initiated a case with the Court of Commerce of Brussels in Belgium, requesting the L/C opening bank (Banque Bruxelles Lambert, or BBL) and the Bank to jointly pay compensation of USD7,830, plus interest, losses, and expenses for the L/C. On August 31, 2005, the Court of Commerce of Brussels ordered the Bank has to compensate for the damage of USD7,674, plus interest to I.C.C.I. Dissatisfied with the decision made by the court, the Bank has engaged a local attorney in Belgium to formally file an appeal. In February 2011, Court of Appeal in Brussels had made an intermediate adjudication wherein both I.C.C.I and the Bank were responsible for the offense. Furthermore, on November 16, 2011, the court ruled that the Bank should be responsible for 90% of the negligence proportion. In terms of the decision made by the court on the second instance, the Bank has filed an appeal on November 3, 2011, in which the court ruled against the Bank on February 6, 2013. Since the Bank and I.C.C.I could not reach an agreement on the exchange rate and the calculation of the compensation, I.C.C.I filed an appeal to the Court of Frankfurt in Germany in October 2016, demanding for the Bank's account in Germany to be seized, in which the Bank lodged the guaranty amount of EUR13,200 to the court to rescind the order for attachment.

In July 2017, I.C.C.I applied for compulsory execution to the guaranty amount, which was transferred to I.C.C.I. by the court. The Bank then filed a lawsuit objecting to the debt through the attorney, in which the case was dismissed by the Court of Frankfurt in November 2018 and remanded back for reconsideration in November 2019 after the Bank's appeal was granted by the High Court of Frankfurt. On March 16, 2019, I.C.C.I. has filed a statement of grounds for objection and requested the Frankfurt High Court to revoke its ruling, wherein the Bank has appointed a lawyer to act as an attorney in the Federal Supreme Court of Justice to defend its case, which is currently being tried by the Regional Court of Frankfurt. The Federal Supreme Court of Justice has denied the I.C.C.I interlocutory appeal on May 20, 2021. The Frankfurt District Court ruled in favor of the Bank in the first instance on August 23, 2023. Moreover, I.C.C.I. was ordered to pay the Bank the amount of EUR1,046, plus interest, on November 17, 2017, wherein it disagreed with the ruling and filed an appeal on September 25, 2023. The High Court of Frankfurt dismissed the appeal on July 11, 2024. On April 4, 2025, the appointed attorney confirmed that I.C.C.I did not file an appeal to the Federal Court of Justice. Consequently, this judgment in favor of our bank is now conclusive and binding.

Also, in October and November 2019, the Bank received subpoenas from the court of the Democratic Republic of Congo by a third person Star Marine, who demanded I.C.C.I to pay the damage of USD1,130, and held the Bank jointly liable. I.C.C.I, in turn, demanded the Bank to pay the amount of USD20,060, less its reimbursed amount, to make a security deposit of EUR14,000. In light of the above matter, the Bank has engaged local attorneys to represent itself in the Court of Congo, who will merge the two cases as one. In April 2021, the Court of Congo demanded the Bank to pay the approximate amount of EUR20,060 to I.C.C.I., who will have to compensate Star Marine the damage amounting to USD1,130, as well as make a security deposit of EUR14,000 in the domestic bank in Congo. According to the statement of plaintiff and considering that I.C.C.I has already received the amount of EUR14,860, an addition provision for lawsuit amounting to \$76,908 has been made in 2021. Please refer to Note 6(v) for more details. As of December 31, 2025, the Bank has accrued the compensation of \$261,924 and EUR9,660.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(10) Losses from disasters: None

(11) Subsequent Events: None

(12) Others:

(a) Information on loan quality, concentration of credit extensions, interest rate-sensitivity, profitability and maturity analysis

(i) Loan quality:

Month/Year		December 31, 2025				
		Non-performing loans (Note1)	Total loans	Non-performing loan ratio (Note2)	Allowance for credit losses	Coverage ratio (Note3)
Corporate finance	Secured	1,712,645	793,688,175	0.22 %	10,278,983	600.18 %
	Unsecured	640,149	398,454,851	0.16 %	5,256,758	821.18 %
Consumer finance	Residence mortgages(Note 4)	178,096	312,384,165	0.06 %	4,034,416	2,265.30 %
	Cash cards	-	-	- %	-	- %
	Microcredit(Note 5)	3,211	555,283	0.58 %	9,223	287.23 %
	Others (Note 6)	Secured	71,096	175,851,803	0.04 %	2,270,868
	Unsecured	43,425	10,982,151	0.40 %	146,799	338.05 %
Total loan business		2,648,622	1,691,916,428	0.16 %	21,997,047	830.51 %
		<b>Overdue receivables</b>	<b>Total receivables</b>	<b>Delinquency ratio</b>	<b>Allowance for credit losses</b>	<b>Coverage ratio</b>
Credit cards business		582	1,329,570	0.04 %	8,241	1,415.98 %
Account receivable factoring-without recourse (Note 7)		-	-	- %	-	- %

Month/Year		December 31, 2024				
		Non-performing loans (Note1)	Total loans	Non-performing loan ratio (Note2)	Allowance for credit losses	Coverage ratio (Note3)
Corporate finance	Secured	2,099,371	791,779,808	0.27 %	10,498,619	500.08 %
	Unsecured	336,268	395,200,885	0.09 %	5,367,883	1,596.31 %
Consumer finance	Residence mortgages(Note 4)	129,309	278,754,583	0.05 %	3,681,544	2,847.09 %
	Cash cards	-	-	- %	-	- %
	Microcredit(Note 5)	4,694	402,305	1.17 %	7,758	165.27 %
	Others (Note 6)	Secured	185,206	162,726,471	0.11 %	2,153,456
	Unsecured	11,190	12,320,435	0.09 %	165,723	1,480.99 %
Total loan business		2,766,038	1,641,184,487	0.17 %	21,874,983	790.84 %
		<b>Overdue receivables</b>	<b>Total receivables</b>	<b>Delinquency ratio</b>	<b>Allowance for credit losses</b>	<b>Coverage ratio</b>
Credit cards business		841	1,298,254	0.06 %	9,260	1,101.07 %
Account receivable factoring-without recourse (Note 7)		-	-	- %	-	- %

Note 1 Non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations on the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans". The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2 Non-performing loan ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ receivables

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- Note 3 Coverage ratio for loans = allowance for credit losses ÷ non-performing loans;  
 Coverage ratio for credit card business = allowance for credit losses ÷ overdue receivables.
- Note 4 For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.
- Note 5 Microcredit loans are defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.
- Note 6 Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash card loans, and microcredit loans, and do not include credit cards.
- Note 7 In accordance with Jin-Kuan-Yin-(5)-Zi No. 0945000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

Overdue loans and receivables exempted from reporting

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Loans may be exempted from reporting as a non-performing loan</u>	<u>Receivables may be exempted from reporting as overdue receivables</u>	<u>Loans may be exempted from reporting as a non-performing loan</u>	<u>Receivables may be exempted from reporting as overdue receivables</u>
Pursuant to a contract under a debt negotiation plan (Note 1)	\$ 57	323	95	463
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2)	82,624	11,795	79,064	13,300
Total	<u>\$ 82,681</u>	<u>12,118</u>	<u>79,159</u>	<u>13,763</u>

Note 1: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure of credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note 2: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008 and Jin-Kuan-Yin-Fa-Zi No. 10500134790, dated September 20, 2016, a bank is required to make supplemental disclosure of credit information once debtors apply for pre-negotiation, pre-conciliation, relief and liquidation under the "Consumer Debt Clearance Act."

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Concentration of credit extensions

<b>December 31, 2025</b>			
<b>Ranking</b>	<b>Group enterprise</b>	<b>Credit amount</b>	<b>Credit amount to equity ratio (%)</b>
1	A group. (Real estate for sale and rental with own or leased property)	23,699,617	16.13 %
2	B company. (Railway transportation)	20,228,474	13.77 %
3	C group. (Other holding)	17,146,312	11.67 %
4	D group. (Steel rolling and extruding)	12,511,263	8.52 %
5	E group. (Computers manufacturing)	7,646,062	5.20 %
6	F group. (Liquid crystal panel and components manufacturing)	7,630,277	5.19 %
7	G group. (Real estate development)	7,366,866	5.01 %
8	H group. (Real estate development)	7,366,377	5.01 %
9	I group. (Construction of other civil engineering projects)	7,126,786	4.85 %
10	J group. (Real estate development)	6,637,366	4.52 %

<b>December 31, 2024</b>			
<b>Ranking</b>	<b>Group enterprise</b>	<b>Credit amount</b>	<b>Credit amount to equity ratio (%)</b>
1	A group. (Real estate for sale and rental with own or leased property)	22,774,375	17.33 %
2	B company. (Railway transportation)	20,228,474	15.39 %
3	C group. (Other holding)	14,640,993	11.14 %
4	D group. (Steel rolling and extruding)	9,579,930	7.29 %
5	E group. (Liquid crystal panel and components manufacturing)	8,398,427	6.39 %
6	F group. (Real estate development)	7,416,110	5.64 %
7	G group. (Computers manufacturing)	7,292,812	5.55 %
8	H group. (Real estate development)	7,027,987	5.35 %
9	I group. (Real estate development)	6,987,484	5.32 %
10	J group. (Financial Leasing)	6,979,217	5.31 %

Note 1 The top ten enterprise groups other than government or stated-owned enterprises are ranked according to their total outstanding credit amount. If the borrowers belong to an enterprise group, the aggregate credit balance of the enterprise should be calculated and disclosed as a code number for each such borrower together with an indication of the borrowers' line of business. In addition, if the borrowers are enterprise groups, the enterprise group's industry sector with the maximum exposure to credit risk in its main industry sector should be disclosed, along with the "class" of the industry, in compliance with the Standard Industrial Classification System of the R.O.C. posted by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Note 2 Enterprise group is as defined in Article 6 of the “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings”.

Note 3 Consists of loans (import/export bills negotiated, bills and notes discounted, overdrafts, short-term loans, short-term secured loans, margin loans receivable, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, overdue loans), exchange bills negotiated, accounts receivable factoring without recourse, bankers’ acceptance receivable, guarantees proceeds.

Note 4 In the calculation of Credit amount to equity ratio, the domestic bank should be calculated in the net value of head office. The Foreign bank should be calculated in the net value of Taiwan branch.

(iii) Interest rate-sensitivity information

1) Analysis of interest rate-sensitive assets and liabilities (New Taiwan dollars)

Unit: %

December 31, 2025					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 1,841,182,276	37,130,869	53,716,799	145,515,423	2,077,545,367
Interest rate-sensitive liabilities	1,496,640,507	177,162,510	107,896,043	48,369,183	1,830,068,243
Interest rate sensitivity gap	344,541,769	(140,031,641)	(54,179,244)	97,146,240	247,477,124
Net worth					146,912,706
Ratio of interest rate-sensitive assets to liabilities (%)					113.52
Ratio of interest rate-sensitive gap to net worth (%)					168.45

December 31, 2024					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 1,710,951,247	37,165,355	42,802,710	146,534,932	1,937,454,244
Interest rate-sensitive liabilities	1,464,813,013	94,762,368	111,936,395	53,379,521	1,724,891,297
Interest rate sensitivity gap	246,138,234	(57,597,013)	(69,133,685)	93,155,411	212,562,947
Net worth					131,433,782
Ratio of interest rate-sensitive assets to liabilities (%)					112.32
Ratio of interest rate-sensitive gap to net worth (%)					161.73

Note 1 Listed amount refers to the Bank’s amount of N.T. dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and liabilities refer to revenues or costs of interest-yielding assets and interest-bearing liabilities, which are affected 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 (New Taiwan dollars interest-rate-sensitive assets and New Taiwan dollars interest-rate-sensitive liabilities).

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Analysis of the interest-sensitive assets and liabilities (US dollars)

Unit: In Thousands of US Dollars, %

December 31, 2025					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 5,366,418	624,069	168,894	1,990,672	8,150,053
Interest rate-sensitive liabilities	8,098,931	1,924,200	2,097,799	-	12,120,930
Interest rate sensitivity gap	(2,732,513)	(1,300,131)	(1,928,905)	1,990,672	(3,970,877)
Net worth					4,672,053
Ratio of interest rate-sensitive assets to liabilities (%)					67.24
Ratio of interest rate-sensitive gap to net worth (%)					(84.99)

December 31, 2024					
Item	1~90 days	91~180 days	181days~1year	over 1 year	total
Interest rate-sensitive assets	\$ 4,299,171	368,321	171,449	1,976,057	6,814,998
Interest rate-sensitive liabilities	6,866,815	2,268,523	2,166,345	-	11,301,683
Interest rate sensitivity gap	(2,567,644)	(1,900,202)	(1,994,896)	1,976,057	(4,486,685)
Net worth					4,008,961
Ratio of interest rate-sensitive assets to liabilities (%)					60.30
Ratio of interest rate-sensitive gap to net worth (%)					(111.92)

Note 1 Listed amount refers to the Bank's amount of US dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and interest rate-sensitive liabilities refer to the interest yielding assets and interest-bearing liabilities which the revenue and cost are affected by interest rate fluctuation.

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 (US dollars interest-rate-sensitive assets and US dollars interest-rate-sensitive liabilities).

(iv) Profitability

Unit: %

Item		December 31, 2025	December 31, 2024
The ratio of return on assets	Before income tax	0.62	0.61
	After income tax	0.50	0.49
The ratio of return on equity	Before income tax	10.95	11.18
	After income tax	8.79	8.93
Net income ratio		34.86	32.94

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Note 1 The ratio of return on assets = Income before (after) income tax expense ÷ average assets.

Note 2 The ratio of return on equity = Income before (after) income tax expense ÷ average equity.

Note 3 Net income ratio = Net income after income tax expense ÷ Net revenue.

Note 4 Income before (after) income tax expense refers to income accumulated from January of the current year to the current period end.

(v) Maturity analysis for assets and liabilities

1) Maturity analysis in New Taiwan dollars

December 31, 2025							
	Total	Amount during the maturity period from the balance sheet date to due date					
		0-10days	11-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 2,176,607,638	294,112,730	189,234,692	195,736,319	188,965,538	157,856,158	1,150,702,201
Major maturity capital outflow	2,645,801,954	51,034,084	138,995,061	272,673,698	375,471,234	488,587,399	1,319,040,478
Gap	(469,194,316)	243,078,646	50,239,631	(76,937,379)	(186,505,696)	(330,731,241)	(168,338,277)

Note: Listed amounts are denominated in New Taiwan dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow \$475,371,827.

December 31, 2024							
	Total	Amount during the maturity period from the balance sheet date to due date					
		0-10days	11-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	\$ 2,062,028,075	275,546,802	111,168,658	183,300,924	190,601,135	199,560,713	1,101,849,843
Major maturity capital outflow	2,500,180,857	54,039,652	141,896,057	224,242,889	254,965,444	553,220,800	1,271,816,015
Gap	(438,152,782)	221,507,150	(30,727,399)	(40,941,965)	(64,364,309)	(353,660,087)	(169,966,172)

Note: Listed amounts are denominated in New Taiwan dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow \$443,780,063.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Maturity analysis in US dollars

Unit : In Thousands of US Dollars

<b>December 31, 2025</b>						
	<b>Total</b>	<b>Amount during the maturity period from the balance sheet date to due date</b>				
		<b>0-30days</b>	<b>31-90days</b>	<b>91-180days</b>	<b>181days-1year</b>	<b>Over 1 year</b>
Major maturity capital inflow	\$ 14,485,817	3,422,432	2,358,770	1,554,433	3,765,142	3,385,040
Major maturity capital outflow	14,980,522	4,023,809	3,570,979	2,440,295	2,989,638	1,955,801
Gap	(494,705)	(601,377)	(1,212,209)	(885,862)	775,504	1,429,239

Note: Listed amounts are denominated in US dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow USD \$518,960.

<b>December 31, 2024</b>						
	<b>Total</b>	<b>Amount during the maturity period from the balance sheet date to due date</b>				
		<b>0-30days</b>	<b>31-90days</b>	<b>91-180days</b>	<b>181days-1year</b>	<b>Over 1 year</b>
Major maturity capital inflow	\$ 12,714,577	3,371,963	1,991,120	793,677	3,412,664	3,145,153
Major maturity capital outflow	13,348,668	3,312,719	2,700,650	2,700,382	2,789,305	1,845,612
Gap	(634,091)	59,244	(709,530)	(1,906,705)	623,359	1,299,541

Note: Listed amounts are denominated in US dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow USD \$586,992.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures:**

## (a) Information on significant transactions:

- (i) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 10% of the capital stock: None.
- (ii) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 10% of the capital stock: None.
- (iii) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 10% of the capital stock: None.
- (iv) Service charge discounts on transactions with related parties in an aggregate amount of NT\$5 million or more: None.
- (v) Receivables from related parties with amounts exceeding the lower of NT\$300 million or 10% of the capital stock: None.
- (vi) Information on NPL disposal transaction: None.
- (vii) Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: None.
- (viii) Business relationships and significant intercompany transactions:

No (Note 1)	Trader	Counterparty	Relationship (Note 2)	Transaction status for the year ended December 31, 2025			Percentage accounted for consolidated net revenue or total assets
				Account	Amount	Terms	
0	Taiwan Business Bank, Ltd.	TBB International Leasing Co., Ltd.	1	Deposits and remittances	55,991	No difference with non-related parties	- %
1	TBB International Leasing Co., Ltd.	Taiwan Business Bank, Ltd.	2	Right-of-use assets	1,965	No difference with non-related parties	- %
1	TBB International Leasing Co., Ltd.	Taiwan Business Bank, Ltd.	2	Lease liabilities	2,007	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	TBB International Leasing Co., Ltd.	1	Net revenue other than interest	907	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	TBB Venture Capital Co., Ltd.	1	Deposits and remittances	23,052	No difference with non-related parties	- %
2	TBB Venture Capital Co., Ltd.	Taiwan Business Bank, Ltd.	2	Right-of-use assets	145	No difference with non-related parties	- %
2	TBB Venture Capital Co., Ltd.	Taiwan Business Bank, Ltd.	2	Lease liabilities	149	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	TBB Venture Capital Co., Ltd.	1	Net revenue other than interest	180	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	Taiwan Business Bank International Leasing Co., Ltd.	1	Deposits and remittances	104,294	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	TBB Consulting Co., Ltd.	1	Deposits and remittances	76,401	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	TBB Consulting Co., Ltd.	1	Net revenue other than interest	998	No difference with non-related parties	- %
3	TBB Consulting Co., Ltd.	Taiwan Business Bank, Ltd.	2	Right-to-use assets	805	No difference with non-related parties	- %
3	TBB Consulting Co., Ltd.	Taiwan Business Bank, Ltd.	2	Lease liabilities	827	No difference with non-related parties	- %
2	TBB Venture Capital Co., Ltd.	TBB Consulting Co., Ltd.	3	Business expenses	32,301	No difference with non-related parties	0.09 %

Note: 1. The meaning of the number is as follows.

- (1) Zero stands for the parent company
- (2) Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.
- 2. There are three kinds of relationships with counterparty
  - (1) Parent company to subsidiary
  - (2) Subsidiary to parent company
  - (3) Between subsidiaries

- (ix) Other significant transactions that may have substantial influence upon the decisions made by financial report users: None.

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (b) Information on investees:

## (i) The following is the information on investees (excluding information on investees in Mainland China):

(Unit: thousand shares)

Name of investee	Location	Main business scope	Shareholding ratio	Book value	Investment gain (loss)	The cross holding of the Bank and its related parties				Note
						Number of shares	Number of proforma shares	Total		
								Number of shares	Shareholding ratio	
TBB International Leasing Co., Ltd.	Taiwan	Leasing business	100.00 %	1,729,128	69,925	162,000	-	162,000	100.00 %	Already written-off when preparing the consolidated financial statements
TBB (Cambodia) Microfinance Institution Plc	Cambodia	SMEs and personal finance business	100.00 %	642,327	7,972	20	-	20	100.00 %	"
TBB Venture Capital Co., Ltd.	Taiwan	Investing business	100.00 %	1,465,500	51,735	137,075	-	137,075	100.00 %	"
TBB Consulting Co., Ltd.	Taiwan	Consulting business	100.00 %	73,865	12,398	5,000	-	5,000	100.00 %	"
Media Talk Consulting Co., Ltd.	Taiwan	Investing cultural and creative business	20.00 %	-	-	200	-	200	20.00 %	"

## (ii) Loans to others:

NO.	Creditor	Debtor	Interaction Account	Related party	Highest Amount	Ending balance	Actual drawdown amount	Range of interest rate	Nature of the loan	Dealing amount	The necessary reason for short-term loans	Allowance for bad debts	Guarantee		Limited amount for individual object	Total limited amount for loan
													Name	Value		
1	TBB International Leasing Co., Ltd.	Hsin Chuan Construction Co., Ltd.	Financial receivables	No	79,385	62,844	100,000	2%-10%	2	-	To the lender for buying goods	628	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Xi Quan Restaurant Co., Ltd.	Financial receivables	No	98,827	88,016	153,000	2%-10%	2	-	To the lender for buying goods	880	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Maw Shing Top Co., Ltd.	Financial receivables	No	15,758	5,512	15,000	2%-10%	2	-	To the lender for buying goods	55	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Yu Ding Investment Co., Ltd.	Financial receivables	No	80,000	80,000	130,000	2%-10%	2	-	To the lender for buying goods	800	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	V-Optech Inc.	Financial receivables	No	9,731	-	10,000	2%-10%	2	-	To the lender for buying goods	-	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Wen Ying International Logistics Co., Ltd.	Financial receivables	No	3,853	3,853	3,853	2%-10%	2	-	To the lender for buying goods	193	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Shye Yao Steel Co., Ltd.	Financial receivables	No	30,000	2,561	30,000	2%-10%	2	-	To the lender for buying goods	26	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Flagship Square Enterprise Co Ltd.	Financial receivables	No	25,000	18,607	25,000	2%-10%	2	-	To the lender for buying goods	186	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Weineng Machinery Sheet Metal Co., Ltd.	Financial receivables	No	8,000	6,353	8,000	2%-10%	2	-	To the lender for buying goods	64	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Liang-wei Tobacco & Liquor Co., Ltd.	Financial receivables	No	10,000	1,711	10,000	2%-10%	2	-	To the lender for buying goods	17	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Good Appetite Co., Ltd.	Financial receivables	No	8,000	4,727	8,000	2%-10%	2	-	To the lender for buying goods	47	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Yousing Enterprise Co Ltd.	Financial receivables	No	30,000	24,750	30,000	2%-10%	2	-	To the lender for buying goods	247	None	-	432,271	1,729,086

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

NO.	Creditor	Debtor	Interaction Account	Related party	Highest Amount	Ending balance	Actual drawdown amount	Range of interest rate	Nature of the loan	Dealing amount	The necessary reason for short-term loans	Allowance for bad debts	Guarantee		Limited amount for individual object	Total limited amount for loan
													Name	Value		
1	TBB International Leasing Co., Ltd.	Wisdom International Pet Science CO., LTD.	Financial receivables	No	15,088	2,551	10,000	2%-10%	2	-	To the lender for buying goods	26	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Mr. Mick CO. LTD.	Financial receivables	No	2,000	1,347	2,000	2%-10%	2	-	To the lender for buying goods	13	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Chi Hung Enterprise Co., Ltd.	Financial receivables	No	4,000	1,990	4,000	2%-10%	2	-	To the lender for buying goods	20	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	De Yi Construction Co., Ltd.	Financial receivables	No	20,000	6,141	20,000	2%-10%	2	-	To the lender for buying goods	61	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Guan Lin Electric Engineering Co., Ltd.	Financial receivables	No	5,000	2,955	5,000	2%-10%	2	-	To the lender for buying goods	30	None	-	432,271	1,729,086
1	TBB International Leasing Co., Ltd.	Hermit Crab Rent Co., Ltd.	Financial receivables	No	15,000	5,105	15,000	2%-10%	2	-	To the lender for buying goods	51	None	-	432,271	1,729,086

Note1: The meaning of the number is as follows.

(1) Zero stands for issuer.

(2) Investee companies are numbered in a sequence of Arabic numerals from 1 based on company category.

Note2: The amount of loans is still valid up to now.

Note3: The nature of the loan nature is as follows.

(1) 1 stands for business relation.

(2) 2 stands for the necessity for short-term loans.

Note4: Limited amount for individual object : 25% net worth of the latest TBB International Leasing Co., Ltd.'s audited financial statements.

Note5: Total limited amount for loan : 100% net worth of the latest TBB International Leasing Co., Ltd.'s audited financial statements.

(iii) Endorsements and guarantee for others: None

(iv) Acquisition of securities:

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period				Note
				Number of shares	Carrying amount	Share proportion	Market price	
TBB International Leasing Co., Ltd.	Taiwan Business International Leasing Co., Ltd.	Parent company	Investment under equity method	-	1,102,909	100.00 %	1,102,909	The transaction has been written off when preparing the consolidated financial statements.
TBB International Leasing Co., Ltd.	G12245 · G12246	-	Financial assets at fair value through profit or loss	-	100,000	- %	100,000	Financial debentures
TBB Venture Capital Co., Ltd.	G12245	-	Financial assets at fair value through profit or loss	-	101,936	- %	101,936	"
TBB Venture Capital Co., Ltd.	Energenesis Biomedical Co., Ltd.	-	Financial assets at fair value through profit or loss	548	23,547	0.62 %	23,547	Listed Stocks
TBB Venture Capital Co., Ltd.	Lungteh Shipbuilding Co., Ltd.	-	Financial assets at fair value through profit or loss	479	63,718	0.42 %	63,718	"
TBB Venture Capital Co., Ltd.	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	212	13,698	0.05 %	13,698	"
TBB Venture Capital Co., Ltd.	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	5,532	130,558	0.18 %	130,558	"
TBB Venture Capital Co., Ltd.	Eir Genix, Inc.	-	Financial assets at fair value through profit or loss	845	52,137	0.28 %	52,137	"

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period				Note
				Number of shares	Carrying amount	Share proportion	Market price	
TBB Venture Capital Co., Ltd.	Song Chuan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	804	108,937	1.01 %	108,937	Listed Stocks
TBB Venture Capital Co., Ltd.	Chenfull Precision Co., Ltd	-	Financial assets at fair value through profit or loss	147	15,950	0.25 %	15,950	OTC Stocks
TBB Venture Capital Co., Ltd.	Handa Pharmaceuticals, Inc.	-	Financial assets at fair value through profit or loss	1,539	132,316	0.91 %	132,316	"
TBB Venture Capital Co., Ltd.	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss	1,338	38,468	0.67 %	38,468	Emerging Stocks
TBB Venture Capital Co., Ltd.	TFBS Bioscience, Inc.	-	Financial assets at fair value through profit or loss	260	5,564	0.74 %	5,564	"
TBB Venture Capital Co., Ltd.	Iovtec Co., Ltd.	-	Financial assets at fair value through profit or loss	636	44,835	2.59 %	44,835	"
TBB Venture Capital Co., Ltd.	MegaPro Biomedical Co., Ltd.	-	Financial assets at fair value through profit or loss	141	1,755	0.18 %	1,755	"
TBB Venture Capital Co., Ltd.	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	400	20,480	0.43 %	20,480	"
TBB Venture Capital Co., Ltd.	Ina Energy Corporation	-	Financial assets at fair value through profit or loss	2,179	46,621	0.98 %	46,621	"
TBB Venture Capital Co., Ltd.	aetherAI Co., Ltd.	-	Financial assets at fair value through profit or loss	1,730	58,820	1.95 %	58,820	"
TBB Venture Capital Co., Ltd.	ION Electronic Materials Co., LTD.	-	Financial assets at fair value through profit or loss	300	20,430	0.77 %	20,430	"
TBB Venture Capital Co., Ltd.	Techplasma Technology Co., Ltd	-	Financial assets at fair value through profit or loss	944	78,439	2.84 %	78,439	Unlisted Stocks
TBB Venture Capital Co., Ltd.	Hephas Energy Corporation Ltd.	-	Financial assets at fair value through profit or loss	1,008	90,323	3.00 %	90,323	"
TBB Venture Capital Co., Ltd.	Manford Machinery Co., Ltd	-	Financial assets at fair value through profit or loss	1,195	33,842	2.99 %	33,842	"
TBB Venture Capital Co., Ltd.	E-Fomula Technologies Inc.	-	Financial assets at fair value through profit or loss	760	30,096	2.84 %	30,096	"
TBB Venture Capital Co., Ltd.	Amazing Cool Technology Co., Ltd	-	Financial assets at fair value through profit or loss	390	12,250	1.87 %	12,250	"
TBB Venture Capital Co., Ltd.	Long-Shun Green Energy Technology Ltd	-	Financial assets at fair value through profit or loss	1,135	22,700	2.99 %	22,700	"
TBB Venture Capital Co., Ltd.	Toyo Automation Co., Ltd	-	Financial assets at fair value through profit or loss	289	31,001	0.95 %	31,001	"
TBB Venture Capital Co., Ltd.	Quants AI Inc.	-	Financial assets at fair value through profit or loss	1,600	11,408	8.89 %	11,408	"
TBB Venture Capital Co., Ltd.	Honley Auto. Parts Co., Ltd	-	Financial assets at fair value through profit or loss	7,042	169,008	5.78 %	169,008	"
TBB Venture Capital Co., Ltd.	Juncheng Technology Co., Ltd	-	Financial assets at fair value through profit or loss	600	9,444	1.53 %	9,444	"
TBB Venture Capital Co., Ltd.	Asia Hydrogen Energy Corporation	-	Financial assets at fair value through profit or loss	490	38,474	3.34 %	38,474	"
TBB Venture Capital Co., Ltd.	Eti Ca Battery Inc.	-	Financial assets at fair value through profit or loss	575	42,619	2.76 %	42,619	"
TBB Venture Capital Co., Ltd.	Yi Chuan Technology Co., Ltd	-	Financial assets at fair value through profit or loss	1,189	16,726	0.98 %	16,726	"
TBB Venture Capital Co., Ltd.	How Kan Entertainment Production Co., Ltd	-	Financial assets at fair value through profit or loss	580	15,743	2.87 %	15,743	"

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period				Note
				Number of shares	Carrying amount	Share proportion	Market price	
TBB Venture Capital Co., Ltd.	Maxima Biotech Inc.	-	Financial assets at fair value through profit or loss	1,425	35,084	4.76 %	35,084	Unlisted Stocks
TBB Venture Capital Co., Ltd.	GoodLinker Co., Ltd.	-	Financial assets at fair value through profit or loss	100	5,858	1.67 %	5,858	"
TBB Venture Capital Co., Ltd.	Yiyi Pictures Co., Ltd.	-	Financial assets at fair value through profit or loss	85	4,855	2.94 %	4,855	"
TBB Venture Capital Co., Ltd.	Longwalk social enterprise, Co., Ltd.	-	Financial assets at fair value through profit or loss	120	302	7.48 %	302	"
TBB Venture Capital Co., Ltd.	Carpost Co., Ltd.	-	Financial assets at fair value through profit or loss	330	1,511	2.84 %	1,511	"
TBB Venture Capital Co., Ltd.	Rising FinTech Corp.	-	Financial assets at fair value through profit or loss	38	2,508	1.95 %	2,508	"
TBB Venture Capital Co., Ltd.	Unoscope Technology Inc.	-	Financial assets at fair value through profit or loss	90	420	0.96 %	420	"
TBB Venture Capital Co., Ltd.	QBit Semiconductor LTD.	-	Financial assets at fair value through profit or loss	400	36,800	0.93 %	36,800	"
TBB Venture Capital Co., Ltd.	Pinkoi Inc.	-	Financial assets at fair value through profit or loss	93	15,079	0.53 %	15,079	"
TBB Venture Capital Co., Ltd.	Taiwania Buffalo III Biotechnology Venture Capital LLP.	-	Financial assets at fair value through profit or loss	-	70,320	4.57 %	70,320	Private Fund
TBB Venture Capital Co., Ltd.	Ju He Venture Capital LLP.	-	Financial assets at fair value through profit or loss	-	29,272	2.46 %	29,272	"
TBB Venture Capital Co., Ltd.	TBB No.1 Venture Capital Limited Partnership	-	Financial assets at fair value through profit or loss	-	12,470	1.12 %	12,470	"
TBB Venture Capital Co., Ltd.	Outstanding Capital Limited Partnership	-	Financial assets at fair value through other comprehensive income	-	28,146	4.86 %	28,146	"
TBB Venture Capital Co., Ltd.	Jia Da International Development Co., Ltd.	-	Investment under equity method	2,919	30,613	8.52 %	30,613	Unlisted Stocks
TBB Consulting Co., Ltd.	Media Talk Consulting Co., Ltd.	Associates	Investment under equity method	200	-	20.00 %	-	
TBB Consulting Co., Ltd.	TBB No.1 Venture Capital Limited Partnership	-	Financial assets at fair value through profit or loss	-	1,247	0.11 %	1,247	Private Fund

- (v) Accumulative purchases or sales of the same investee companies amounting to over \$300,000 or 10% of paid-in capital: None.
- (vi) Acquisition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (vii) Disposition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (viii) Discount of commissions and handling fees with related parties amounting to over \$5,000: None.
- (ix) Receivables from related parties amounting to over \$300,000 or 10% of paid-in capital: None.
- (x) Transactions of financial derivatives: None.
- (xi) Sale of non-performing loans information: None.
- (xii) Types of securitization instruments and related information approved by financial assets securitization rules or real estate securitization rules: None.
- (xiii) Other significant transactions that might have substantial influence over the decision making of the financial statement users: None.

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (c) Information on investments in Mainland China:

## (i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee company in Mainland China	Major business	Paid-in capital	Investment method (Note 1)	Accumulated amount transferred from Taiwan, beginning of the period	Investment transferred out or recovered		Accumulated amount transferred from Taiwan, end of the period	The current profit or loss of the investee (Note 2)	Shares directly or indirectly possessed by the Bank	Investment income for the period (Notes 2 and 4)	Ending carrying value of investment	Accumulated inward remittance of earnings as of the end of period
					Transferred out	Recovered						
Taiwan Business Bank, Ltd. Shanghai branch	Banking business	3,910,537 (CNY800 million) (Operating capital)	(3)	3,910,537 (CNY800 million)	-	-	3,910,537 (CNY800 million)	-	Shanghai branch of the Bank, not an investee company	- Note 4	4,715,362	None
Taiwan Business Bank, Ltd. Wuhan branch	Banking business	3,942,815 (CNY800 million) (Operating capital)	(3)	3,942,815 (CNY800 million)	-	-	3,942,815 (CNY800 million)	-	Wuhan branch of the Bank, not an investee company	- Note 4	4,573,718	"
Taiwan Business Bank International Leasing Co., Ltd.	Leasing business	838,305 (CNY170 million) (Operating capital)	(1)	838,305 (CNY170 million)	-	-	838,305 (CNY170 million)	46,045 (2)c	100%	46,045 (2)c	1,102,909	"

Note 1: Investment method is divided into three categories and are listed as follows:

- (1) Directly invest in Mainland China.
- (2) Investment in Mainland China companies through a third region.
- (3) Others: establishment of oversea branches

Note 2: The column of "Investment gains (losses)":

- (1) If the company is still in the preparation process, and does not have any investment gain or loss, please specify.
- (2) The bases for recognition of investment income or loss have three methods, please specify.
  - a. The audited financial reports that are issued by an international accounting firm which is connected to an accounting firm in Taiwan.
  - b. The audited financial reports that are issued by the Taiwan parent company's designated accounting firm.
  - c. Others
- (3) Please specify if information regarding current gains or losses of an investee is not retrievable.

Note 3: The number is expressed in New Taiwan Dollars.

Note 4: The operating result of Shanghai and Wuhan branch have been included in the Bank.

## (ii) Limitation on investment in Mainland China:

Name of Company	Accumulated outflow of investment from Taiwan to Mainland China, as of the end of period	Investment amount authorized by Investment Commission, MOEA	Upper limit on investment authorized by Investment Commission, MOEA
Taiwan Business Bank, Ltd. (Note)	8,691,657 (CNY 1,770 million)	8,691,657 (CNY 1,770 million)	88,147,624

Note: The investment amount in China of the subsidiary TBB International Leasing Co., Ltd. is included.

## (d) Information of major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Bank of Taiwan		1,575,653,636	16.21 %
National Development Fund, Executive Yuan		570,126,700	5.87 %

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

(a) General information

The chief operating decision maker is the general manager of the Bank and subsidiaries who is in charge of all major projects' approval, budget review and performance measurement. In order to express operating activities legitimately, the reportable segments of the Bank are Bank segment, Securities segment, Trust segment, Insurance agency segment and Others. Securities segment, Trust segment, Insurance agency segment and Other segments don't meet the quantitative thresholds, therefore regarded as the same reporting segment. The main operations of the banking segment are engaged in the deposits, remittance and loans in New Taiwanese Dollars or foreign currencies, as well as securities investments. The major operating activities of securities segment are securities brokerage, financing, ancillary business of futures trading and providing clients a platform for securities investment. The trust segment mainly provides customers relevant financial services, including securities under writing, custodian bank service, new type trust business and specific trust funds investing in domestic or foreign securities. Insurance agency segment primarily provides life and property insurance products to clients. Other segments include all the business of subsidiaries, which main operations are leasing, financing, consulting, and venture capital. The profit or loss of the operating segments of the Bank and subsidiaries are measured by income from continuing operation before tax. The reported amount is consistent with the financial statements which were provided to the chief operating decision maker in order to use it as the base of resource allocation and performance measurement.

(b) Segment information

<b>For the year ended December 31, 2025</b>	<b>Banking Segment</b>	<b>Securities, Trust, Insurance agent and Others</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
Net interest revenue	\$ 20,276,499	329,426	-	20,605,925
Net revenue other than interest	10,313,565	4,342,879	(174,330)	14,482,114
Net revenue	30,590,064	4,672,305	(174,330)	35,088,039
Bad debt expense, commitment and guarantee liability provision	(2,325,021)	599	-	(2,324,422)
Operating expenses	(16,576,253)	(974,703)	32,301	(17,518,655)
Income from continuing operation before tax	<u>\$ 11,688,790</u>	<u>3,698,201</u>	<u>(142,029)</u>	<u>15,244,962</u>
Total assets	<u>\$ 2,494,982,954</u>	<u>18,203,372</u>	<u>(4,173,541)</u>	<u>2,509,012,785</u>
Total liabilities	<u>\$ 2,351,913,434</u>	<u>10,449,367</u>	<u>(262,722)</u>	<u>2,362,100,079</u>

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**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>For the year ended December 31, 2024</b>	<b>Banking Segment</b>	<b>Securities, Trust, Insurance agent and Others</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
Net interest revenue	\$ 18,763,514	352,256	-	19,115,770
Net revenue other than interest	11,116,285	4,101,439	(218,907)	14,998,817
Net revenue	29,879,799	4,453,695	(218,907)	34,114,587
Bad debt expense, commitment and guarantee liability provision	(3,423,415)	(18,233)	-	(3,441,648)
Operating expenses	(15,698,138)	(970,897)	58,760	(16,610,275)
Income from continuing operation before tax	<u>\$ 10,758,246</u>	<u>3,464,565</u>	<u>(160,147)</u>	<u>14,062,664</u>
Total assets	<u>\$ 2,358,810,044</u>	<u>20,038,738</u>	<u>(4,092,732)</u>	<u>2,374,756,050</u>
Total liabilities	<u>\$ 2,231,148,169</u>	<u>12,431,116</u>	<u>(257,017)</u>	<u>2,243,322,268</u>

(c) Geographic information:

The Bank and subsidiaries, based on the geographic location of foreign operating segments, to disclose the information as below:

Net income before tax:

<b>Area</b>	<b>For the years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Taiwan	\$ 13,269,296	11,901,137
USA	702,006	790,627
Hong Kong	420,296	469,233
Australia	556,016	617,949
China	208,030	237,652
Cambodia	13,811	4,225
Japan	75,507	41,841
Total	<u>\$ 15,244,962</u>	<u>14,062,664</u>

(Continued)

**TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Non-current assets:

<u>Area</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Taiwan	\$ 23,857,281	28,114,515
USA	80,165	103,979
Hong Kong	55,963	86,667
Australia	36,898	57,182
China	78,598	95,259
Cambodia	46,646	56,876
Japan	<u>17,664</u>	<u>19,451</u>
Total	<u>\$ 24,173,215</u>	<u>28,533,929</u>

(d) Significant client information:

No single customer represents 10% or more of the Bank and subsidiaries operating revenue. Therefore, no disclosure of major customer information is required.