

**COTA COMMERCIAL BANK CO., LTD.****Financial Statements****with Independent Auditors' Report  
For the Years Ended December 31, 2024 and 2023**

Address: No.59, Shifu Rd., Central Dist., Taichung City 400, Taiwan (R.O.C)  
Telephone: (04)2225-2589

The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所  
KPMG

台中市407544西屯區文心路二段201號7樓  
7F, No.201, Sec.2, Wenxin Road,  
Taichung City 407059, Taiwan (R.O.C.)

電話 Tel +886 4 2415 9168  
傳真 Fax +886 4 2259 0196  
網址 Web kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors of COTA Commercial Bank Co., Ltd. :

### Opinion

We have audited the financial statements of COTA Commercial Bank Co., Ltd. (“the Company”), which comprise the balance sheet as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Public Held Banks” and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, the permit No. 10802731571 as issued by the Financial Supervisory Commission 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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.

#### Impairment of loan and receivables

Please refer to Note 4(e) “Financial Instrument”, Note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(g), 6(h), 6(ak)(iii) of the financial statements.

#### Description of key audit matter:

The Company mainly engages in providing loans to its clients; hence, the recoverability of loans and receivables has a significant influence on its business operation which can result in its exposure to credit risk. Therefore, the evaluation of impairment of loans and receivables has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter mentioned above, our principal audit procedures included testing the Company's internal controls on the credit rating of its clients and its supervising procedure; assessing whether the collateral assets and the crediting documents are thoroughly examined; assessing whether the loans and receivables are properly classified based on the status of credit guarantees and the length of time overdue; examining whether the measurement and the assumption the management has adopted to evaluate the expected credit loss (ECL) of loans and receivables are appropriate; evaluating whether the 12-month ECL and lifetime expected credit loss recognized are reasonable; analyzing the recognized impairment to make sure that it complies with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans".

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Held Banks" and 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chen, Yen-Hui and Wu, Chun-Yuan.

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2025

#### **Notes to Readers**

The accompanying financial statements are intended only to present the financial position, financial performance and 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 financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying 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' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
COTA COMMERCIAL BANK CO., LTD.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2024</u>		<u>December 31, 2023</u>				<u>December 31, 2024</u>		<u>December 31, 2023</u>	
<b>Assets</b>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<b>Liabilities and Equity</b>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
11000	Cash and cash equivalents (note 6(a))	\$ 3,933,436	2	2,588,203	1	<b>Liabilities:</b>					
11500	Due from the Central Bank and call loans to banks (note 6(b))	13,824,008	7	11,843,735	6	21000	Deposits from the Central Bank and banks (note 6(n))	\$ 38,336	-	52,904	-
12000	Financial assets at fair value through profit or loss (note 6(c))	4,980,813	2	5,744,901	3	22000	Financial liabilities at fair value through profit or loss (note 6(c))	2,160	-	2,443	-
12100	Financial assets at fair value through other comprehensive income (note 6(d))	11,410,746	5	9,119,574	5	23000	Payables (note 6(o))	961,972	1	989,958	1
12200	Financial assets at amortized cost (note 6(e) and 8)	19,740,595	10	22,831,750	12	23200	Current income tax liabilities	-	-	81,570	-
12500	Securities purchased under resell agreements (note 6(f))	998,561	1	8,599,491	4	23500	Deposits and remittances (note 6(p) and 7)	183,523,623	90	178,587,564	91
13000	Receivables, net (note 6(g))	598,570	-	613,670	-	24000	Subordinate financial debentures (note 6(q))	2,250,000	1	2,250,000	1
13200	Current income tax assets	44,437	-	-	-	25600	Provisions (note 6(r) and (t))	128,975	-	127,726	-
13500	Discounts and loans, net (note 6(h) and 7)	144,696,790	71	132,733,353	67	26000	Lease liabilities (note 6(s))	149,692	-	157,300	-
15500	Other financial assets, net (note 6(j))	487,206	-	487,206	-	29300	Deferred income tax liabilities (note 6(u))	119,960	-	111,517	-
18500	Property and equipment, net (note 6(j))	1,292,290	1	1,252,907	1	29500	Other liabilities	601,225	-	536,620	-
18600	Right-of-use assets (note 6(k))	144,939	-	153,022	-		<b>Total liabilities</b>	187,775,943	92	182,897,602	93
18700	Investment property, net (note 6(m))	1,148,368	1	1,149,552	1		<b>Equity attributable to owners of parent (note 6(v)):</b>				
19000	Intangible assets, net (note 6(m))	129,911	-	127,205	-	31101	Common stock	11,814,810	6	10,530,487	5
19300	Deferred income tax assets (note 6(u))	110,310	-	148,299	-	31500	Capital reserve	927,130	-	923,705	-
19500	Other assets (note 6(t))	445,918	-	324,340	-		Retained earnings:				
						32001	Legal reserve	2,514,874	1	2,222,207	1
						32003	Special reserve	11,929	-	138,296	-
						32005	Unappropriated retained earnings	964,258	1	977,876	1
								3,491,061	2	3,338,379	2
						32500	Other items in stockholders' equity	(22,046)	-	27,035	-
							<b>Total equity</b>	16,210,955	8	14,819,606	7
	<b>Total assets</b>	<u>\$ 203,986,898</u>	<u>100</u>	<u>197,717,208</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 203,986,898</u>	<u>100</u>	<u>197,717,208</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
COTA COMMERCIAL BANK CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2024		2023		Change
		Amount	%	Amount	%	%
41000	Interest income (note 6(y) and 7)	\$ 5,124,593	137	4,749,934	141	8
51000	Less: Interest expenses (note 6(y) and 7)	<u>2,190,222</u>	<u>59</u>	<u>1,925,346</u>	<u>57</u>	14
	Net sales revenue	2,934,371	78	2,824,588	84	4
49100	Service fees income, net (note 6(z))	457,697	12	343,106	10	33
49200	Gains and losses on financial assets or liabilities measured at fair value through profit and loss (note 6(c) and (aa))	195,825	5	110,562	3	77
49310	Realized gains and losses on financial assets measured at fair value through other comprehensive income (note 6(d) and (ab))	48,459	2	25,013	1	94
49410	Gains arising from derecognition of financial assets measured at amortized cost	10	-	1,848	-	(99)
49600	Foreign exchange gain (loss), net	75,454	2	20,714	1	264
49700	Impairment (loss) gain and reversal of impairment loss on assets (note 6(d), (e) and (ac))	1,080	-	8,278	-	(87)
49800	Other non-interest income, net (note 6(ad))	<u>27,648</u>	<u>1</u>	<u>42,412</u>	<u>1</u>	(35)
	<b>Operating revenue, net</b>	<u>3,740,544</u>	<u>100</u>	<u>3,376,521</u>	<u>100</u>	11
	<b>Operating costs:</b>					
58200	Provisions for bad debt expenses and guarantee reserve (note 6(g), (h), (r) and (ae))	<u>553,188</u>	<u>15</u>	<u>85,375</u>	<u>3</u>	548
58500	Personnel expenses (note 6(t), (af) and (ag))	1,469,765	39	1,475,383	44	-
59000	Depreciation and amortization expense (note 6(ah))	112,307	3	108,811	3	3
59500	Other general and administrative expense (note 6(ai))	<u>589,188</u>	<u>16</u>	<u>551,384</u>	<u>16</u>	7
	<b>Total operating expenses</b>	<u>2,171,260</u>	<u>58</u>	<u>2,135,578</u>	<u>63</u>	2
61001	<b>Profit from continuing operations before tax</b>	1,016,096	27	1,155,568	34	(12)
61003	Less: Income tax expenses (note 6(u))	<u>144,206</u>	<u>4</u>	<u>197,793</u>	<u>6</u>	(27)
	<b>Profit</b>	<u>871,890</u>	<u>23</u>	<u>957,775</u>	<u>28</u>	(9)
	<b>Other comprehensive income:</b>					
65200	<b>Components of other comprehensive income that may not be reclassified subsequently to profit or loss</b>					
65201	Gains (losses) on remeasurements of defined benefit plans (note 6(t))	60,494	2	(27,761)	(1)	318
65204	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(v))	26,364	1	139,315	4	(81)
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(u))	<u>(12,099)</u>	<u>(1)</u>	<u>5,552</u>	<u>-</u>	(318)
		<u>74,759</u>	<u>2</u>	<u>117,106</u>	<u>3</u>	(36)
65300	<b>Other components of other comprehensive income that may be reclassified subsequently to profit or loss (note 6(v))</b>					
65301	Exchange differences of overseas subsidiaries financial reports translation	5,042	-	(2,710)	-	286
65309	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	<u>(37,243)</u>	<u>(1)</u>	<u>56,787</u>	<u>2</u>	(166)
		<u>(32,201)</u>	<u>(1)</u>	<u>54,077</u>	<u>2</u>	(160)
65000	<b>Other comprehensive income (after tax)</b>	<u>42,558</u>	<u>1</u>	<u>171,183</u>	<u>5</u>	(75)
	<b>Total comprehensive income</b>	<u>\$ 914,448</u>	<u>24</u>	<u>1,128,958</u>	<u>33</u>	(19)
	<b>Earning per share (NT dollars) (note 6(x))</b>					
67500	Basic	<u>\$ 0.80</u>		<u>0.92</u>		
67700	Diluted	<u>\$ 0.80</u>		<u>0.91</u>		

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**COTA COMMERCIAL BANK CO., LTD.****Statements of Changes in Equity****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

							Other equity			
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings				
Balance at January 1, 2023	\$ 9,785,841	917,324	1,948,997	11,929	910,761	2,871,687	652	(127,019)	(126,367)	13,448,485
Profit 2023	-	-	-	-	957,775	957,775	-	-	-	957,775
Other comprehensive income for 2023	-	-	-	-	(22,209)	(22,209)	(2,710)	196,102	193,392	171,183
Total comprehensive income	-	-	-	-	935,566	935,566	(2,710)	196,102	193,392	1,128,958
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	273,210	-	(273,210)	-	-	-	-	-
Special reserve appropriated	-	-	-	126,367	(126,367)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(264,218)	(264,218)	-	-	-	(264,218)
Stock dividends of ordinary share	244,646	-	-	-	(244,646)	(244,646)	-	-	-	-
Other changes in capital surplus:										
Compensation cost of employee stock option certificates	-	345	-	-	-	-	-	-	-	345
Shareholders' odd lot excess payment	-	21	-	-	-	-	-	-	-	21
Dividends not received overtime by shareholders	-	6,015	-	-	-	-	-	-	-	6,015
Issuance of ordinary shares for cash	500,000	-	-	-	-	-	-	-	-	500,000
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	39,990	39,990	-	(39,990)	(39,990)	-
Balance at December 31, 2023	\$ 10,530,487	923,705	2,222,207	138,296	977,876	3,338,379	(2,058)	29,093	27,035	14,819,606
Balance at January 1, 2024	\$ 10,530,487	923,705	2,222,207	138,296	977,876	3,338,379	(2,058)	29,093	27,035	14,819,606
Profit 2024	-	-	-	-	871,890	871,890	-	-	-	871,890
Other comprehensive income for 2024	-	-	-	-	48,395	48,395	5,042	(10,879)	(5,837)	42,558
Total comprehensive income	-	-	-	-	920,285	920,285	5,042	(10,879)	(5,837)	914,448
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	292,667	-	(292,667)	-	-	-	-	-
Special reserve appropriated	-	-	-	(126,367)	126,367	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(526,524)	(526,524)	-	-	-	(526,524)
Stock dividends of ordinary share	284,323	-	-	-	(284,323)	(284,323)	-	-	-	-
Other changes in capital surplus:										
Compensation cost of employee stock option certificates	-	2,613	-	-	-	-	-	-	-	2,613
Shareholders' odd lot excess payment	-	36	-	-	-	-	-	-	-	36
Dividends net received overtime by shareholders	-	776	-	-	-	-	-	-	-	776
Issuance of ordinary shares for cash	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	43,244	43,244	-	(43,244)	(43,244)	-
Balance at December 31, 2024	\$ 11,814,810	927,130	2,514,874	11,929	964,258	3,491,061	2,984	(25,030)	(22,046)	16,210,955

See accompanying notes to financial statements.



(English Translation of Financial Statements Originally Issued in Chinese)  
COTA COMMERCIAL BANK CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,016,096	1,155,568
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	104,283	101,859
Amortization expense	8,024	6,952
Provision for bad debt expense	553,188	85,375
Interest expense	2,190,222	1,925,346
Interest income	(5,124,593)	(4,749,934)
Dividend income	(106,364)	(34,624)
Gain on disposal of property and equipment	(899)	(691)
Gain from reversal of impairment on financial assets	(1,080)	(8,278)
Profit from lease revised	(85)	(156)
Compensation cost of employee stock option certificates	2,613	345
Net change in for other provisions	-	(21,232)
<b>Total adjustments to reconcile profit (loss)</b>	<b>(2,374,691)</b>	<b>(2,695,038)</b>
<b>Changes in operating assets and liabilities:</b>		
Increase in due from the Central Bank and call loans to banks	(525,242)	(240,011)
Decrease (increase) in financial assets at fair value through profit or loss	764,088	(2,978,893)
(Increase) decrease in financial assets at fair value through other comprehensive income	(2,301,786)	694,464
Decrease (increase) in financial assets at amortized cost	3,091,970	(1,075,319)
Increase in receivables	(5,938)	(33,366)
Increase in discounts and loans	(12,516,056)	(1,614,861)
Increase in other financial assets	(61,210)	(50,593)
<b>Total changes in operating assets</b>	<b>(11,554,174)</b>	<b>(5,298,579)</b>
<b>Changes in operating liabilities:</b>		
Decrease in deposits from Central Bank and banks	(14,568)	(16,470)
Decrease (increase) in financial liabilities at fair value through profit or loss	(283)	2,241
Decrease in payables	(32,298)	(29,155)
Increase in deposits and remittances	4,936,059	9,031,103
Increase in provisions for employee benefits	1,228	5,155
Increase in other liabilities	64,626	87,714
<b>Total changes in operating liabilities</b>	<b>4,954,764</b>	<b>9,080,588</b>
<b>Total changes in operating assets and liabilities</b>	<b>(6,599,410)</b>	<b>3,782,009</b>
<b>Total adjustments</b>	<b>(8,974,101)</b>	<b>1,086,971</b>
Cash outflow used in operations	(7,958,005)	2,242,539
Interest received	5,145,654	4,629,834
Dividends received	105,772	33,225
Interest paid	(2,185,910)	(1,847,078)
Income taxes paid	(235,880)	(190,313)
<b>Net cash flows from (used in) operating activities</b>	<b>(5,128,369)</b>	<b>4,868,207</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property equipment	(89,451)	(48,033)
Proceeds from disposal of property equipment	1,468	1,087
Acquisition of intangible assets	(10,220)	(8,504)
Decrease (increase) in other assets	(4,892)	5,104
<b>Net cash flows used in investing activities</b>	<b>(103,095)</b>	<b>(50,346)</b>
<b>Cash flows from (used in) financing activities:</b>		
Issuance of financial bonds	-	1,050,000
Repayment of financial bonds	-	(1,800,000)
Payment of lease liabilities	(48,532)	(49,686)
Overdue dividend transferred to capital surplus	776	6,015
Shareholders' odd lot excess payment	36	21
Cash dividends paid	(526,524)	(264,218)
Capital increase by cash	1,000,000	500,000
<b>Net cash flows used in financing activities</b>	<b>425,756</b>	<b>(557,868)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>5,042</b>	<b>(2,710)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(4,800,666)</b>	<b>4,257,283</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>15,923,994</b>	<b>11,666,711</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 11,123,328</b>	<b>15,923,994</b>
<b>Components of cash and cash equivalents</b>		
Cash and cash equivalents reported in the balance sheet	\$ 3,933,436	2,588,203
Due from the Central Bank and call loans to banks following the definition of cash and cash equivalents under IAS 7 as accepted by FSC	6,191,331	4,736,300
Securities purchased under resell agreements following the definition of cash and cash equivalents under IAS 7 as accepted by FSC	998,561	8,599,491
<b>Cash and cash equivalents at end of period</b>	<b>\$ 11,123,328</b>	<b>15,923,994</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

**For the years ended December 31, 2024 and 2023**

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

**(1) Company history**

COTA COMMERCIAL BANK CO., LTD. (the “Company”) was established in 1915 as a credit cooperative bank. Effective from January 1, 1999, the Company changed its status to commercial bank and its name to COTA Commercial Bank Co., Ltd. in accordance with the Company Law and the Banking Law. Pursuant to the resolution decided during the shareholders' meeting held on September 17, 2005 and as approved by the regulatory authorities, the Company merged with Fengyuan Credit Cooperative on January 1, 2006. The Company merged with Cota Insurance Broker Co., Ltd. on May 1. Currently, the Company has 32 domestic branches and one offshore banking unit.

The Company is engaged in:

- ◆ Receiving deposits, extending loans, investing in bills and bonds, processing funds remittance, acceptances and guarantees, issuing letters of credit and providing other agency business (except for issuing foreign letters of credit and providing foreign guarantees);
- ◆ Buying and selling foreign currencies and traveler’s checks;
- ◆ Credit card related services;
- ◆ Trust and fiduciary services;
- ◆ Foreign exchange service as authorized by the Central Bank;
- ◆ Commercial banking business related to international trade.

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

The financial Statements were authorized for issuance by the Board of Directors on March 10, 2025.

**(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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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

The following new and amended standards, which may be relevant to the Company, 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> <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> </ul>	January 1, 2027

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
	<ul style="list-style-type: none"> <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>	January 1, 2027

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

The Company 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 financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

**(a) Statement of compliance**

These 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, R.O.C. (hereinafter referred to as IFRS endorsed by the FSC).

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value (including Derivative financial instruments);
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured a fair value of plan assets less the present value of the defined benefit obligation and the effect of the effect of the asset ceiling in Note 4(n).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which recognized in other comprehensive income is an investment in equity securities designated as at fair value through other comprehensive income.

(ii) Foreign operations

Regarding offshore banking unit (OBU), the assets and liabilities reported in functional currencies are translated into New Taiwan Dollars at the exchange rates on reporting date; the income and expenses, excluding in hyperinflationary economic situation, are translated into New Taiwan Dollars at the rate of exchange prevailing on the date of the transaction date. Exchange differences are recognized as other comprehensive income.

When the settlement of monetary receivables/payables to OBU is neither planned nor likely to happen in the foreseeable future, gains and losses arising from currency exchange are valued as part of net investment and are recognized as other comprehensive income.

(Continued)

## **COTA COMMERCIAL BANK CO., LTD.**

### **Notes to the Financial Statements**

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, checks for clearance, checking and demand deposits due from other banks, money deposited in other financial institutions without designated purposes or with unrestricted access and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents reported in the statement of cash flows are assets that reported in the statement of financial positions, due from central bank and call loans to banks and securities purchased under resell agreements following the definition of cash and cash equivalents under IAS 7 as accepted by FSC.

(e) 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 Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade 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.

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 Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A. Investments in debt instruments at amortised 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 the 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 (SPPI) on the principal amount outstanding.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

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.

**B. Securities purchased under resell agreements**

Securities sold/purchased, with a commitment, are treated as financing transactions, which are recorded at cost. The difference between the cost and the repurchase/resell price is treated as interest expenses/revenue and recognized over the term of the agreement.

**C. Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market, including receivables and loans. At initial recognition, these assets are recognized at fair value, plus, any directly attributable transaction costs subsequent to initial recognition.

Interest income is recognized in profit or loss, and it is included in statement of comprehensive income account.

Loans and receivables shall be transferred to overdue loans account if either of the following situation qualifies:

- Collection of payment of principal or interest accrued is considered highly unlikely; or
- Payment of principal or interest accrued is over 3 or 6 months past due; or

According to “ Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans” , non-performing loans with interest accrued shall be transferred to overdue loans after 6-month-additional extension of overdue payment. However, the reclassification does not apply to those of agreed installment payments, consultative consumer credit, and cases executed by the “Statute for Consumer Debt Clearance”.

Reclassified overdue loans are assorted into discounts and loans, while other overdue receivables reclassified from guarantees, acceptances, factoring accounts receivable, and receivables-other credit card, are classified as other financial assets.

Outstanding balances of overdue loans' unrecoverable parts are written-off under approval of Board of Directors.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

#### 2) 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 Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument 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 Company's right to receive payment is established.

#### 3) 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 Company may irrevocably designate a financial asset, which 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) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables and notes receivable, other receivables, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

(Continued)



## **COTA COMMERCIAL BANK CO., LTD.**

### **Notes to the Financial Statements**

The Company measures loss allowances at an amount equal to lifetime 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 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 a 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 instrument is less than 12 months).

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment, as well as forward looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's, twA or higher per Taiwan Ratings'. A(twn) and BBB- or higher per Fitch.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI 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 assets is credit impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than a year past due ;

(Continued)

## **COTA COMMERCIAL BANK CO., LTD.**

### **Notes to the Financial Statements**

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

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.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### 5) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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.

#### (ii) Financial liabilities

##### 1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

#### 2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. 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.

#### (iii) 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 Company 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.

#### (iv) Interest rate benchmark reform financial liability financial instruments modifications

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Group will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Group will apply applied the policies on accounting for modifications to the additional changes.

#### (f) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(g) Property, plant, and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Any gain or loss on disposal of an item of property, plant 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 Company.

(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, plant and equipment.

Land is not depreciated.

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

- 1) Buildings : 5 years ~ 80 years
- 2) Machinery equipment : 1 year ~ 20 years
- 3) Transportation equipment : 4 years ~ 10 years
- 4) Miscellaneous equipment : 3 year ~ 50 years
- 5) The significant portion of buildings and their useful life are as follow :

<u>Item</u>	<u>useful life</u>
Buildings	
Main building	60 years ~ 80 years
Premises Renovation	5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date adjusted if appropriate.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(h) Lease

At inception of a contract, the Company 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
  - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
  - the relevant decisions about how and for what purpose the asset is used are predetermined and:
    - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
    - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(i) As a lease

The Company 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.

(Continued)

## **COTA COMMERCIAL BANK CO., LTD.**

### **Notes to the Financial Statements**

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) 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:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) 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
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modification

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 Company 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 recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets for the location of ATM. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

(i) Intangible assets

(i) Computer software

Computer software system expenses, which are recorded based on the cost of acquisition less accumulated depreciation and accumulated impairment, are amortized using a straight-line method over a period of 1 to 10 years. The amortization is recognized in profit or loss.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(ii) Goodwill

Goodwill derives from enterprise acquisition is included in intangible assets.

Goodwill is cash generating units, indefinite useful life intangible assets and intangible assets which are not available for use. There are regular impairment tests every year and the impairment losses are recognized and non-reversible if the recoverable amount is lower than the book value.

(j) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets and assets arising from employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

(k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable 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 finance cost.

(l) Financial guarantee contract

The Company recognized financial guarantee liabilities initially at their fair value at the date of providing guarantee. The Company receives commission income with arm's-length transaction at contract date; this is the income could represent the fair value of financial guarantee contract. The advanced service fee is recognized as deferred item and amortized by straight-line method over the contract period of the financial guarantee.

(m) Revenue recognition

Interest revenue arised from credits is estimated on an accrual basis. All interest accrued shall be suspended from the date the loans are classified as nonperforming loans. Interest earned from nonperforming loans shall be recognized as interest income when the interest has been collected by the Company. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue, classified into other liability and recognized as income when collected.

Service fee income is recognized when collected or when the majority of project is completed. Service fee income is received when loans and receivables are recognized. The service fee income which are caused by loans or receivables shall be recognized as interest revenue when they meet a suggested policy announced by the Bankers Association of the Republic of China. This policy requires an individual loan that meets the materiality criteria to have its effective interest rate be consistent with its interest revenue. Overall, the service fees shall be adjusted from the original agreed interest rate to the effective interest rate.

Rental income of a property is incurred during the lease term. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

(n) Employee benefits

(i) Short-term employee benefit

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)



## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

- (ii) Post-employment benefit: The Company's pension plan comprises defined contribution plan and defined benefit plan.

1) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which the related service is provided by employees.

2) Defined benefit plans

The Company's 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 the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to 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. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Company's defined benefit pension plan follows the Labor Standards Act. Pension payments to employees are calculated based on years of service and average salary upon retirement. The Company will make monthly contributions to the employees' pension accounts, which are managed by the Employee Pension Fund Committee, and the contributions are deposited in the employees' pension accounts with Bank of Taiwan. The pension fund for management is contributed 8% of salaries to individual pension accounts monthly.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

(iii) Deposits with favorable rate

The Company provides deposits with favorable rate to employees, which include fix amount deposits with favorable rate for current employees and post-employment fix amount deposits with favorable rate for retired and current employees. The rate difference between the favorable rate and the market rate is considered employee benefit.

According to article 30 of “Regulations Governing the Preparation of Financial Report by Public Banks”, the additional interests resulted from the difference between deposit with favorable rate and the deposits with market interest rate need actuary per the regulations related to defined benefit plan in IAS 19 . The parameters of actuarial assumptions should obey the competent authority if any regulation is applicable.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(p) 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 taxable profits (losses) for the year and any adjustments to the tax payable or receivable in respect of previous year. The amount of current tax payable or receivables are the best estimate of the tax amount expected to be paid or received.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

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; such reductions are reversed when the probability of future taxable profits improves.

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.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (q) Earnings per share (EPS)

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company 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 Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares.

- (r) Operating segment

An operating segment is a component of the Company 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 Company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. The Company's chief operating decision maker is the Board of Directors.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

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

In preparing these consolidated 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 Company'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 judgments made in applying accounting policies that have the significant effects or uncertainty over estimate on the amounts recognized in the financial statements is as follows:

**Impairment loss on loans and receivables**

When the Company decide whether to recognize impairment loss, they mainly assess if there are any observable evidence indicating possible impairment. The evidence may include observable information indicating unfavorable changes in debtor payment status, or sovereign or local economic situation related to debt payment in arrears. When analyzing expected cash flow, the estimates by the management are based on past losses experience on assets of similar credit risk characteristics. The Company quarterly reviews methods and assumptions behind the amount and schedule of expected cash flow, to reduce the difference between expected and actual loss. Please refer to Note 6(aj) for impairment loss on loans.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted 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).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

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

**(a) Cash and cash equivalents**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash on hand	\$ 2,909,118	1,654,521
Checks for clearance	175,163	178,950
Deposits from other banks	<u>849,155</u>	<u>754,732</u>
	<b><u>\$ 3,933,436</u></b>	<b><u>2,588,203</u></b>

The cash and cash equivalents presented in the statement of cash flows had the following components, please refer to note 6(b).

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents reported in the balance sheet	\$ 3,933,436	2,588,203
Due from the Central Bank and call loans to banks following the definition of cash and cash equivalents under IAS 7 as accepted by FSC	6,191,331	4,736,300
Securities purchased under resell agreements following the definition of cash and cash equivalents under IAS 7 as accepted by FSC	<u>998,561</u>	<u>8,599,491</u>
Cash and cash equivalents reported in the statement of cash flows	<b><u>\$ 11,123,328</u></b>	<b><u>15,923,994</u></b>

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Deposit reserve - checking accounts	\$ 4,985,388	3,296,888
Deposit reserve - demand accounts	6,455,844	5,746,703
Deposit reserve - foreign currency deposits	6,556	6,147
Call loans to banks	1,205,943	1,439,412
Deposits with Financial Information Service Co., Ltd.	<u>1,170,277</u>	<u>1,354,585</u>
	<b><u>\$ 13,824,008</u></b>	<b><u>11,843,735</u></b>

The reserves for deposits are calculated at prescribed rates, using the average monthly balances of various deposit accounts, and are appropriated and deposited in the reserve account of the Central Bank of the Republic of China (Taiwan). Deposits reserve—demand accounts cannot be withdrawn except for the monthly adjustment to the required reserve permitted by relevant regulations.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

Due from Central Bank and call loans to banks following the definition of cash and cash equivalents under IAS 7 as accepted by FSC are as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Call loans to banks	\$ 1,205,943	1,439,412
Deposit reserve - checking accounts	4,985,388	3,296,888
	<b><u>\$ 6,191,331</u></b>	<b><u>4,736,300</u></b>

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Mandatorily measured at fair value through profit or loss:		
Securities of listed companies	\$ 62,849	52,056
Beneficiary certificates (including ETF)	804,377	859,829
Short-term bills	2,948,444	3,550,197
Convertible bonds	1,163,710	1,279,625
Derivatives	1,433	3,194
	<b><u>\$ 4,980,813</u></b>	<b><u>5,744,901</u></b>
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Hold-for-trading financial liabilities:		
Derivatives	<b><u>\$ 2,160</u></b>	<b><u>2,443</u></b>

The Company engages in derivative transactions to mitigate exchange rate risks and interest rate risks. The Company's financial hedging policy is to minimize its market price or cash flow exposures.

The nominal amount information of outstanding derivative contracts as of December 31, 2024 and 2023 was as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Derivative contracts	<b><u>\$ 528,518</u></b>	<b><u>442,940</u></b>

The net gains on financial assets at fair value through profit or loss for the years ended December 31, 2024 and 2023, were \$195,542 thousand and \$112,710 thousand, respectively. The net gains on financial liabilities at fair value through profit or loss for the years ended December 31, 2024 and 2023, were \$(283) thousand and \$2,148 thousand, respectively.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

(d) Financial assets at fair value through other comprehensive income

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Debt investments at fair value through other comprehensive income :		
Corporate bonds	\$ 10,564,332	8,361,520
Equity investments at fair value through other comprehensive income :		
Domestic listed stock	620,642	553,732
Domestic unlisted stock	<u>225,772</u>	<u>204,322</u>
Total	<b><u>\$ 11,410,746</u></b>	<b><u>9,119,574</u></b>

(i) Debt investments at fair value through other comprehensive income

The Company has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

During the years ended December 31, 2024 and 2023, the dividends of \$48,459 thousand and \$25,105 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

On December 31, 2024 and 2023, the Company has sold its shares held in the equity investments at fair value through other comprehensive income as a result of investment strategy. The shares sold had a fair value of \$794,045 thousand and \$243,373 thousand and the Company realized a gain of \$43,244 thousand and \$39,990 thousand, which were already included in other comprehensive income. The gain has been transferred to retained earnings.

(iii) For credit risk (including the impairment of debt investments) and market risk, please refer to note 6(aj).

(iv) The financial assets of the Company had not been pledged as collateral.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

- (v) The movement in the allowance for debt investments at fair value through other comprehensive income was as follows:

	<b>2024</b>	<b>2023</b>
Balance on January 1	\$ 889	1,133
Reversal during the period	(265)	(244)
Balance on December 31	<u><u>\$ 624</u></u>	<u><u>889</u></u>

- (e) Financial assets measured at amortized cost

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Government bonds	\$ 980,633	1,166,960
Corporate bonds	6,871,310	5,906,040
Negotiable certificates of deposits	11,625,000	15,500,000
Financial bonds	<u>265,562</u>	<u>261,470</u>
Subtotal	19,742,505	22,834,470
Less: the allowance for impairment loss	<u>(1,910)</u>	<u>(2,720)</u>
Total	<u><u>\$ 19,740,595</u></u>	<u><u>22,831,750</u></u>

- (i) The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.
- (ii) For credit risk, please refer to note 6(ak).
- (iii) As of December 31, 2024 and 2023, the government bonds had been pledged as collateral. Please refer to note (8).
- (iv) The movement in the allowance for financial assets measured at amortized cost was as follows:

	<b>2024</b>	<b>2023</b>
Balance on January 1	\$ 2,720	10,748
(Reversal) provision during the period	(815)	(8,034)
Effect of exchange rate changes	<u>5</u>	<u>6</u>
Balance on December 31	<u><u>\$ 1,910</u></u>	<u><u>2,720</u></u>

(Continued)



**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

(f) Securities purchased under resell agreements

Securities purchased under resell agreements, and their sold back amounts, using determined price were as follow:

<b>December 31, 2024</b>				
<b>Item</b>	<b>Book value</b>	<b>Resell agreement</b>	<b>Resell price</b>	<b>Resell price</b>
Commercial papers	<u>\$ 1,000,000</u>	<u>998,561</u>	<u>998,730</u>	Resell gradually before 2025.01.08

  

<b>December 31, 2023</b>				
<b>Item</b>	<b>Book value</b>	<b>Resell agreement</b>	<b>Resell price</b>	<b>Resell price</b>
Commercial papers	<u>\$ 8,665,100</u>	<u>8,599,491</u>	<u>8,601,584</u>	Resell gradually before 2024.01.11

(g) Receivables, net

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Accounts receivable purchase-non-recourse	\$ 11,438	9,642
Credit card accounts receivable	179,594	159,834
Interest receivable	393,026	414,087
Accrued income	14,385	14,772
Dividends receivable	2,233	1,641
Guarantee payments receivable	751	2,208
Spot exchange receivable	180	121
Others	<u>27,901</u>	<u>40,052</u>
Subtotal	629,508	642,357
Less: allowance for doubtful accounts	<u>(30,938)</u>	<u>(28,687)</u>
	<u><b>\$ 598,570</b></u>	<u><b>613,670</b></u>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

The movement in the allowance for receivables (including overdue receivables) during the year ended December 31, 2024 was as follows:

	12-month ECL	Lifetime ECL-group	Lifetime ECL- individual	Lifetime ECL- not new financial assets acquired or credit-impaired	Lifetime ECL- new financial assets acquired or credit- impaired	expected credit loss accordance with IFRS9	Difference of impairment loss in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal	Total
Balance on January 1	\$ 1,677	1,001	-	4,848	-	7,526	211,183	218,709
Reconciliation arising from financial instruments recognized at the beginning of the year:								
-Transfer to lifetime ECL	(24)	57	-	(33)	-	-	-	-
-Transfer to credit-impaired financial assets	(25)	(106)	-	131	-	-	-	-
-Transfer to 12-month ECL	83	(50)	-	(33)	-	-	-	-
-Financial assets repaid	(542)	(431)	-	(2,467)	-	(3,440)	-	(3,440)
New financial assets acquired	566	177	-	46	-	789	-	789
Difference of impairment in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal							2,949	2,949
Bad debts	(2,603)	(494)	-	(276)	-	(3,373)	(7)	(3,380)
Recovered bad debts	164	83	-	4,202	-	4,449	382	4,831
Foreign exchange gains (losses) and others	2,259	1,506	-	(3,285)	-	480	-	480
Balance on December 31	<u>\$ 1,555</u>	<u>1,743</u>	<u>-</u>	<u>3,133</u>	<u>-</u>	<u>6,431</u>	<u>214,507</u>	<u>220,938</u>

The movement in the allowance for receivables during the year ended December 31, 2023 was as follows:

	12-month ECL	Lifetime ECL-group	Lifetime ECL- individual	Lifetime ECL- not new financial assets acquired or credit-impaired	Lifetime ECL- new financial assets acquired or credit- impaired	expected credit loss accordance with IFRS9	Difference of impairment loss in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal	Total
Balance on January 1	\$ 1,474	501	-	2,745	-	4,720	210,324	215,044
Reconciliation arising from financial instruments recognized at the beginning of the year:								
-Transfer to lifetime ECL	(69)	77	-	(8)	-	-	-	-
-Transfer to credit-impaired financial assets	(8)	(210)	-	218	-	-	-	-
-Transfer to 12-month ECL	25	(16)	-	(9)	-	-	-	-
- Financial assets repaid	(347)	(148)	-	(623)	-	(1,118)	-	(1,118)
New financial assets acquired	743	403	-	1,940	-	3,086	-	3,086
Difference of impairment in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal							717	717
Bad debts	(1,318)	(307)	-	(14)	-	(1,639)	-	(1,639)
Recovered bad debts	229	4	-	4,486	-	4,719	142	4,861
Foreign exchange gains (losses) and others	948	697	-	(3,887)	-	(2,242)	-	(2,242)
Balance on December 31	<u>\$ 1,677</u>	<u>1,001</u>	<u>-</u>	<u>4,848</u>	<u>-</u>	<u>7,526</u>	<u>211,183</u>	<u>218,709</u>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

(h) Discounts and loans, net

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Overdrafts	\$ 5,548	927
Short-term loans	24,400,075	22,864,063
Medium-term loans	86,004,969	79,913,544
Long-term loans	35,727,907	31,728,063
Overdue loans	489,427	211,864
Accounts receivable-financing	102,947	86,784
Subtotal	146,730,873	134,805,245
Less: allowance for bad debts	(1,771,600)	(1,811,502)
adjustment of discount and premium	(262,483)	(260,390)
	<b><u>\$ 144,696,790</u></b>	<b><u>132,733,353</u></b>

The movement in the allowance for discounts and loans during the year ended December 31, 2024 was as follows:

	<b>12-month ECL</b>	<b>Lifetime ECL- group</b>	<b>Lifetime ECL- individual</b>	<b>Lifetime ECL- not new financial assets acquired or credit- impaired</b>	<b>Lifetime ECL- new financial assets acquired or credit- impaired</b>	<b>expected credit loss accordanc e with IFRS9</b>	<b>Difference of impairment loss in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal</b>	<b>Total</b>
Balance on January 1	\$ 269,165	23,667	-	553,106	-	845,938	965,564	1,811,502
Reconciliation arising from financial instruments recognized at the beginning of the year:								
-Transfer to lifetime ECL	(1,005)	4,258	-	(3,252)	-	-	-	-
-Transfer to credit-impaired financial assets	(2,354)	(6,790)	-	9,144	-	-	-	-
Transfer to 12-month ECL	4,050	(595)	-	(3,454)	-	-	-	-
- Financial assets repaid	(134,103)	(11,089)	-	(386,041)	-	(531,232)	-	(531,232)
New financial assets acquired	115,976	5,987	-	11,866	-	133,829	-	133,829
Difference of impairment in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal							836,550	836,550
Bad debts	-	-	-	-	-	-	(813,579)	(813,579)
Recovered bad debts	-	-	-	-	-	-	207,211	207,211
Foreign exchange gains (losses) and others	(34,718)	79,009	-	83,027	-	127,319	-	127,319
Balance on December 31	<b><u>\$ 217,011</u></b>	<b><u>94,447</u></b>	<b><u>-</u></b>	<b><u>264,396</u></b>	<b><u>-</u></b>	<b><u>575,854</u></b>	<b><u>1,195,746</u></b>	<b><u>1,771,600</u></b>

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**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

The movement in the allowance for discounts and loans during the year ended December 31, 2023, was as follows:

	12-month ECL	Lifetime ECL- group	Lifetime ECL- individual	Lifetime ECL- not new financial assets acquired or credit- impaired	Lifetime ECL- new financial assets acquired or credit- impaired	expected credit loss accordance with IFRS9	Difference of impairment loss in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal	Total
Balance on January 1	\$ 229,287	297,095	-	259,020	-	785,402	982,431	1,767,833
Reconciliation arising from financial instruments recognized at the beginning of the year:								
-Transfer to lifetime ECL	(418)	3,508	-	(3,090)	-	-	-	-
-Transfer to credit-impaired financial assets	(2,090)	(282,102)	-	284,192	-	-	-	-
-Transfer to 12-month ECL	1,481	(809)	-	(672)	-	-	-	-
- Financial assets repaid	(104,522)	(10,307)	-	(113,579)	-	(228,408)	-	(228,408)
New financial assets acquired	146,355	8,319	-	45,123	-	199,797	-	199,797
Difference of impairment in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal							23,096	23,096
Bad debts	-	-	-	-	-	-	(273,784)	(273,784)
Recovered bad debts	-	-	-	-	-	-	206,821	206,821
Foreign exchange gains (losses) and others	(928)	7,963	-	82,112	-	89,147	27,000	116,147
Balance on December 31	<u>\$ 269,165</u>	<u>23,667</u>	<u>-</u>	<u>553,106</u>	<u>-</u>	<u>845,938</u>	<u>965,564</u>	<u>1,811,502</u>

(i) Other Financial Assets, Net

	December 31, 2024	December 31, 2023
Overdue receivables	\$ 677,206	677,228
Less: allowance for bad debt	(190,000)	(190,022)
	<u>\$ 487,206</u>	<u>487,206</u>

The movement in the allowance for bad debt during the year ended December 31, 2024 and 2023. Please refer to note 6(g).

(j) Property and equipment, net

The cost, depreciation, and impairment of the property and equipment of the Company, were as follows:

Cost:	Land	Buildings	Machinery equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Total
Balance at January 1, 2024	\$ 799,819	627,596	188,481	42,854	277,504	112,434	2,048,688
Additions	-	460	33,704	7,494	47,793	-	89,451
Disposals	-	-	(7,358)	(5,230)	(3,445)	-	(16,033)
Reclassification	-	-	3,588	-	920	-	4,508
Balance at December 31, 2024	<u>\$ 799,819</u>	<u>628,056</u>	<u>218,415</u>	<u>45,118</u>	<u>322,772</u>	<u>112,434</u>	<u>2,126,614</u>

(Continued)

# **COTA COMMERCIAL BANK CO., LTD.**

## **Notes to the Financial Statements**

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Balance at January 1, 2023	\$ 815,829	629,421	173,985	40,543	262,137	109,283	2,031,198
Additions	-	-	19,811	6,154	18,868	3,200	48,033
Disposals	-	-	(6,333)	(3,843)	(3,501)	(49)	(13,726)
Reclassification	(16,010)	(1,825)	1,018	-	-	-	(16,817)
Balance at December 31, 2023	<u>\$ 799,819</u>	<u>627,596</u>	<u>188,481</u>	<u>42,854</u>	<u>277,504</u>	<u>112,434</u>	<u>2,048,688</u>
<b>Depreciation and impairment losses :</b>							
Balance at January 1, 2024	\$ -	(344,812)	(127,253)	(22,984)	(207,112)	(93,620)	(795,781)
Depreciation for the period	-	(11,760)	(18,813)	(3,636)	(14,613)	(5,185)	(54,007)
Disposals	-	-	7,358	4,661	3,445	-	15,464
Balance at December 31, 2024	<u>\$ -</u>	<u>(356,572)</u>	<u>(138,708)</u>	<u>(21,959)</u>	<u>(218,280)</u>	<u>(98,805)</u>	<u>(834,324)</u>
Balance at January 1, 2023	\$ -	(331,418)	(116,656)	(23,335)	(199,169)	(86,253)	(756,831)
Depreciation for the period	-	(11,748)	(16,930)	(3,095)	(11,445)	(7,416)	(50,634)
Disposals	-	-	6,333	3,446	3,502	49	13,330
Reclassification	-	(1,646)	-	-	-	-	(1,646)
Balance at December 31, 2023	<u>\$ -</u>	<u>(344,812)</u>	<u>(127,253)</u>	<u>(22,984)</u>	<u>(207,112)</u>	<u>(93,620)</u>	<u>(795,781)</u>
<b>Carrying amounts:</b>							
Balance at December 31, 2024	<u>\$ 799,819</u>	<u>271,484</u>	<u>79,707</u>	<u>23,159</u>	<u>104,492</u>	<u>13,629</u>	<u>1,292,290</u>
Balance at January 1, 2023	<u>\$ 815,829</u>	<u>298,003</u>	<u>57,329</u>	<u>17,208</u>	<u>62,968</u>	<u>23,030</u>	<u>1,274,367</u>
Balance at December 31, 2023	<u>\$ 799,819</u>	<u>282,784</u>	<u>61,228</u>	<u>19,870</u>	<u>70,392</u>	<u>18,814</u>	<u>1,252,907</u>

No property and equipment was pledged as collateral.

### (k) Right-of-use assets

The Company leases many assets including land and buildings, vehicles and ATM placement.

Information about leases for which the Company as a lessee was presented below :

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Superficies</u>	<u>Total</u>
<b>Cost:</b>				
Balance at January 1, 2024	\$ 259,939	4,360	6,614	270,913
Additions	36,151	4,858	-	41,009
Disposal	(42,141)	(4,359)	-	(46,500)
Balance at December 31, 2024	<u>\$ 253,949</u>	<u>4,859</u>	<u>6,614</u>	<u>265,422</u>
Balance at January 1, 2023	\$ 250,959	4,360	6,261	261,580
Additions	76,454	-	2,283	78,737
Disposal	(67,474)	-	(1,930)	(69,404)
Balance at December 31, 2023	<u>\$ 259,939</u>	<u>4,360</u>	<u>6,614</u>	<u>270,913</u>
<b>Accumulated depreciation:</b>				
Balance at January 1, 2024	\$ (111,707)	(3,633)	(2,551)	(117,891)
Depreciation for the year	(46,233)	(1,536)	(1,323)	(49,092)
Disposal for the year	42,141	4,359	-	46,500
Balance at December 31, 2024	<u>\$ (115,799)</u>	<u>(810)</u>	<u>(3,874)</u>	<u>(120,483)</u>

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

## Notes to the Financial Statements

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Superficies</u>	<u>Total</u>
Balance at January 1 , 2023	\$ (129,011)	(2,180)	(3,206)	(134,397)
Depreciation for the year	(47,340)	(1,453)	(1,275)	(50,068)
Disposal for the year	64,644	-	1,930	66,574
Balance at December 31, 2023	<u>\$ (111,707)</u>	<u>(3,633)</u>	<u>(2,551)</u>	<u>(117,891)</u>
<b>Carrying amount:</b>				
Balance at December 31, 2024	<u>\$ 138,150</u>	<u>4,049</u>	<u>2,740</u>	<u>144,939</u>
Balance at January 1, 2023	<u>\$ 121,948</u>	<u>2,180</u>	<u>3,055</u>	<u>127,183</u>
Balance at December 31, 2023	<u>\$ 148,232</u>	<u>727</u>	<u>4,063</u>	<u>153,022</u>

## (l) Investment property, net

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of three to eight years, the rental income is fixed under the contracts.

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b>Cost:</b>			
Balance at December 31, 2024 (Balance at January 1, 2024)	<u>\$ 1,122,530</u>	<u>71,102</u>	<u>1,193,632</u>
Balance at January 1, 2023	\$ 1,106,520	69,277	1,175,797
Reclassification	16,010	1,825	17,835
Balance at December 31, 2023	<u>\$ 1,122,530</u>	<u>71,102</u>	<u>1,193,632</u>
<b>Depreciation and impairment losses:</b>			
Balance at January 1, 2024	\$ (1,765)	(42,315)	(44,080)
Depreciation for the period	-	(1,184)	(1,184)
Balance at December 31, 2024	<u>\$ (1,765)</u>	<u>(43,499)</u>	<u>(45,264)</u>
Balance at January 1, 2023	\$ (1,765)	(42,804)	(44,569)
Depreciation for the period	-	(1,157)	(1,157)
Reclassification	-	1,646	1,646
Balance at December 31, 2023	<u>\$ (1,765)</u>	<u>(42,315)</u>	<u>(44,080)</u>
<b>Carrying amounts:</b>			
Balance at December 31, 2024	<u>\$ 1,120,765</u>	<u>27,603</u>	<u>1,148,368</u>
Balance at January 1, 2023	<u>\$ 1,104,755</u>	<u>26,473</u>	<u>1,131,228</u>
Balance at December 31, 2023	<u>\$ 1,120,765</u>	<u>28,787</u>	<u>1,149,552</u>

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of one to five years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

(Continued)

# COTA COMMERCIAL BANK CO., LTD.

## Notes to the Financial Statements

The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by the market comparison approach to compare the market value of real estate with similar conditions in adjacent areas and the development land analysis approach. The valuation is based on the remaining amount of the saleable amount minus the relevant costs and reasonable profits of the maximum floor area that can be used on the land. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3. The fair value of investment property as of December 31, 2024 and 2023 are \$1,344,443 thousand and \$1,338,107 thousand, respectively.

Related rent revenue and direct operating expenses are as below:

	2024	2023
Rent revenue	\$ <u>18,681</u>	<u>18,139</u>
Direct operating expenses	\$ <u>1,184</u>	<u>1,157</u>

No investment property was pledged as collateral.

### (m) Intangible assets

The costs amortization, and the impairment of the intangible assets of the Company for the years ended December 31, 2024 and 2023, were as follows:

	Goodwill	Software	Total
<b>Cost:</b>			
Balance at January 1, 2024	\$ 154,027	48,497	202,524
Additions	-	10,220	10,220
Decreases	-	(5,627)	(5,627)
Reclassification	-	510	510
Balance at December 31, 2024	\$ <u>154,027</u>	<u>53,600</u>	<u>207,627</u>
Balance at January 1, 2023	\$ 154,027	41,571	195,598
Additions	-	8,504	8,504
Decreases	-	(2,628)	(2,628)
Reclassification	-	1,050	1,050
Balance at December 31, 2023	\$ <u>154,027</u>	<u>48,497</u>	<u>202,524</u>
<b>Amortization:</b>			
Balance at January 1, 2024	\$ 51,738	23,581	75,319
Amortization for the period	-	8,024	8,024
Decreases	-	(5,627)	(5,627)
Balance at December 31, 2024	\$ <u>51,738</u>	<u>25,978</u>	<u>77,716</u>
Balance at January 1, 2023	\$ 51,738	19,257	70,995
Amortization for the period	-	6,952	6,952
Decreases	-	(2,628)	(2,628)
Balance at December 31, 2023	\$ <u>51,738</u>	<u>23,581</u>	<u>75,319</u>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.****Notes to the Financial Statements**

	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
<b>Carrying amounts:</b>			
Balance at December 31, 2024	\$ <u>102,289</u>	<u>27,622</u>	<u>129,911</u>
Balance at January 1, 2023	\$ <u>102,289</u>	<u>22,314</u>	<u>124,603</u>
Balance at December 31, 2023	\$ <u>102,289</u>	<u>24,916</u>	<u>127,205</u>

Goodwill represents the excess of consideration over the net fair value of acquired tangible assets, identifiable intangible assets and liabilities in the acquisition of Fengyuan Credit Cooperative on January 1, 2006.

Fengyuan Credit Cooperative's original business and goodwill are identified as one cash-generating unit (CGU) in impairment test. The recoverable value of the CGU is based on the key assumptions such as operating revenues, operating costs, operating expenses and discount rate.

The Company's goodwill has been tested for impairment, where the recoverable amount is determined based on the value in use. The accumulated goodwill impairment loss amounted to \$51,738 thousand.

No intangible assets were pledged as collateral.

(n) Deposits from the Central Bank and other banks

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Postal deposits accepted	\$ 25,670	25,670
Call loans to banks	12,666	27,234
	<u>\$ 38,336</u>	<u>52,904</u>

(o) Payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Interest payable	\$ 221,525	217,213
Tax payable	45,491	41,722
Collections payable	59,435	54,138
Accrued expenses	392,386	445,017
Dividends payable	1,533	1,398
Checks for clearance	175,163	178,950
Others	66,439	51,520
	<u>\$ 961,972</u>	<u>989,958</u>

(Continued)



**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

(p) Deposits and remittances

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Checking accounts	\$ 2,061,975	2,309,163
Cashiers' checks	1,455,121	1,294,084
Demand deposits	33,614,692	31,235,254
Time deposits	26,540,725	28,311,549
Demand savings deposits	50,738,172	49,478,841
Term savings deposits	69,111,037	65,958,670
Remittances outstanding	<u>1,901</u>	<u>3</u>
	<b><u>\$ 183,523,623</u></b>	<b><u>178,587,564</u></b>

(q) Subordinate financial debentures

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Subordinate financial debentures:		
112-1	\$ 1,050,000	1,050,000
107-2	600,000	600,000
107-1	<u>600,000</u>	<u>600,000</u>
	<b><u>\$ 2,250,000</u></b>	<b><u>2,250,000</u></b>

- (i) In order to increase the capital adequacy and raise medium-term and long-term operating funds, the Board of Directors of the Company resolved to issue subordinate financial debentures in a total amount of \$1,050,000 thousand on June 29, 2022, which was approved by the regulation authorities on August 11, 2022 and August 16, 2022. The Company issued these debentures on April 25, 2023, and the subscription was completed during the year.

The details were as follows:

- 1) Issue price: At face value.
- 2) Issue period: From April 25, 2023 to April 25, 2030.
- 3) Interest rate: For 112-1A, 2.65%.
- 4) Interest accrual: Annually accrued and paid since the issued date.
- 5) Repayment of principal: Except for the liquidation, bankruptcy and reorganization, the holder of the debenture shall not request early repayment.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

- (ii) In order to increase the capital adequacy and raise medium-term and long-term operating funds, the Board of Directors of the Company resolved to issue subordinate financial debentures in a total amount of \$600,000 thousand on November 9, 2017, which was approved by the regulation authorities on August 31, 2018. The Company issued these debentures on December 12, 2018, and the subscription was completed during the year.

The details were as follows:

- 1) Issue price: At face value.
- 2) Issue period: From December 12, 2018 to December 12, 2025.
- 3) Interest rate: For 107-2A, 1.95%.
- 4) Interest accrual: Annually accrued and paid since the issued date.
- 5) Repayment of principal: Except for the liquidation, bankruptcy and reorganization, the holder of the debenture shall not request early repayment.

- (iii) In order to increase the capital adequacy and raise medium-term and long-term operating funds, the Board of Directors of the Company resolved to issue subordinate financial debentures in a total amount of \$600,000 thousand on November 9, 2017, which was approved by the regulation authorities on March 5, 2018. The Company issued these debentures on June 21, 2018, and the subscription was completed during the year.

The details were as follows:

- 1) Issue price: At face value.
- 2) Issue period: From June 21, 2018 to Null.
- 3) Interest rate: For 107-1A, 3.06%, based on the Company's term deposits regular rate plus 1.65%.
- 4) Interest accrual: Annually accrued and paid since the issued date.
- 5) Repayment of principal: After the expiration of 5 years after the issuance of this bond, if the ratio of the Company's own capital to the risky assets after the redemption is calculated meets the minimum ratio requirements set by the competent authority, the Company may redeem it with the consent of the competent authority; Announcement on the 30th day of the redemption date, the interest payable plus the denomination, and all redemption.

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**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(r) Provisions

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Provisions for guarantees	\$ 24,532	24,511
Provisions of loan commitments	37,500	37,500
Provisions for other	5,000	5,000
Provisions for employee benefits	61,943	60,715
	<b><u>\$ 128,975</u></b>	<b><u>127,726</u></b>

Provisions were as follows:

	<b>January 1, 2024</b>	<b>Current reclassification</b>	<b>Current reclassify</b>	<b>Exchange rate differences</b>	<b>December 31, 2024</b>
Provisions for guarantees	\$ 24,511	-	-	21	24,532
Provisions of loan commitments	37,500	-	-	-	37,500
Provisions for other	5,000	-	-	-	5,000

  

	<b>January 1, 2023</b>	<b>Current reclassification</b>	<b>Current reclassify</b>	<b>Exchange rate differences</b>	<b>December 31, 2023</b>
Provisions for guarantees	\$ 44,511	(20,000)	-		24,511
Provisions of loan commitments	44,500	(7,000)	-	-	37,500
Provisions for other	5,000	-	-	-	5,000
Provisions for other operation (Note 9(b))	21,232	-	(21,232)	-	-

Provisions for employee benefits please refer to Note 6 (t).

(s) Lease Liabilities

The Company's lease liabilities was as follows :

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Less than one year	\$ 43,202	45,181
More than one year	106,490	112,119
	<b><u>\$ 149,692</u></b>	<b><u>157,300</u></b>

For the maturity analyses, please refer to note 6 (ak).

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

The amounts recognized in profit or loss was as follows :

	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	\$ <u><u>3,314</u></u>	<u><u>2,926</u></u>
Expenses relating to leases of low-value assets	\$ <u><u>5,700</u></u>	<u><u>5,146</u></u>

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

	<b>2024</b>	<b>2023</b>
Total cash outflow for leases (Including payment of lease liabilities, interest paid, and the amounts recognized above in profit or loss)	\$ <u><u>57,546</u></u>	<u><u>57,758</u></u>

(i) Real estate leases

The Company leases land and buildings for its office space. The leases of office space typically run for five to seven years.

(ii) Other leases

The Company leases vehicles and equipment, with lease terms of three years. The leases term of superficies right is five years, and some cases are lease liabilities for leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(t) Employee benefits

(i) Defined benefit plans:

The reconciliation in the present value of defined benefit obligations and fair value of plan assets as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total present value of obligations	\$ 1,007,786	1,010,522
Fair value of plan assets	<u>(1,310,217)</u>	<u>(1,207,449)</u>
Recognized assets for defined benefit obligations (Other assets)	\$ <u><u>(302,431)</u></u>	<u><u>(196,927)</u></u>

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

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

1) Composition of plan assets

The Company's employee retirement benefits are based on the policy of the labor dismission and the implementation rules of the labor pension. The actual retirement pension entitlement of employees is calculated by applying the above two methods in stages according to their periods of service, and the payment base is determined according to the number of years in service, and the amount is determined by the hourly retirement salary.

According to the Labor Standards Law, the Company provides labor retirement reserves to 15% of the total monthly salary of employees (except for appointed managers) to the pension fund account in the Bank of Taiwan to meet the needs of employee pensions. In addition, to support the pension of the appointed managers, a special bank account is set up, which is paid monthly based on 8% of the total salary of the appointed managers.

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the financial statements shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to 1,310,217 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Change in present value of the defined benefit obligations

The change in present value of the defined benefit obligations were as follows:

	<b>2024</b>	<b>2023</b>
Defined benefit obligations at January 1	\$ 1,010,522	1,011,059
Current service costs and interest	33,246	35,078
Remeasurements of the net defined benefit asset :		
— Actuarial loss (gain) arising from financial assumptions	43,464	32,364
Benefits paid by the plan assets	(79,446)	(67,979)
Defined benefit obligations at December 31	\$ <u><u>1,007,786</u></u>	<u><u>1,010,522</u></u>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

3) Change in fair value of defined benefit plan assets

The change in the fair value of the defined benefit plan assets were as follows:

	<b>2024</b>	<b>2023</b>
Fair value of plan assets at January 1	\$ 1,207,449	1,199,497
Interest income	19,412	20,919
Remeasurements of the net defined benefit liability (asset) :		
— Return on plan assets excluding interest income	103,958	4,602
Contributions made	46,703	48,657
Benefits paid by the plan assets	<u>(67,305)</u>	<u>(66,226)</u>
Fair value of plan assets at December 31	<b><u>\$ 1,310,217</u></b>	<b><u>1,207,449</u></b>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	<b>2024</b>	<b>2023</b>
Current service costs	\$ 17,431	17,889
Net Interest on the net defined benefit liability (asset)	<u>(3,597)</u>	<u>(3,730)</u>
	<b><u>\$ 13,834</u></b>	<b><u>14,159</u></b>
Administration expenses	<b><u>\$ 13,834</u></b>	<b><u>14,159</u></b>
Actual return on assets	<b><u>\$ 123,370</u></b>	<b><u>25,521</u></b>

5) Actuarial gains and losses recognized in other comprehensive income recognized in other comprehensive income

The Company's actuarial gains and losses recognized in other comprehensive income were as follows:

	<b>2024</b>	<b>2023</b>
Cumulative amount at January 1	\$ 50,954	23,193
Recognized during the period	<u>(60,494)</u>	<u>27,761</u>
Cumulative amount at December 31	<b><u>\$ (9,540)</u></b>	<b><u>50,954</u></b>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

6) Actuarial assumptions

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

Actuarial assumptions in deciding the present value of the defined benefit obligations:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Discount rate	1.750 %	1.625 %
Future salary increases	3.0 %	2.0 %

Actuarial assumptions in deciding cost of defined benefit plans:

	<b>2024</b>	<b>2023</b>
Discount rate	1.625 %	1.750 %
Future salary increases	2.0 %	2.0 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$53,065 thousand.

The weighted average duration of the defined benefit plan is 9.9 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of defined benefit obligation shall be as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>
December 31, 2024		
Discount rate	\$ (15,827)	16,250
Future salary increases	15,368	(15,048)
December 31, 2023		
Discount rate	\$ (16,791)	17,260
Future salary increases	16,488	(16,123)

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.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(ii) Employee Promotions Deposits plans

The Company was obligated to pay present employees and retired employees fixed preferential interest rate for their deposits in conformity with “Rules Employee Preferential Deposit for Retired Employees for COTA commercial Bank”. If the Company’s preferential deposit interest rate for an employee as stated in the employment contract exceeds the market interest rate, the excess will be subject to IAS 19 “Employee Benefits” upon the employees’ retirement.

The recognized defined benefit liabilities were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Present value of defined benefit obligation	\$ 61,943	60,715
Fair value of plan assets	-	-
Recognized liabilities for defined benefit obligations (Provisions)	<u><b>\$ 61,943</b></u>	<u><b>60,715</b></u>

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

	<b>2024</b>	<b>2023</b>
Defined benefit obligation on January 1	\$ 60,715	55,560
Current service cost and interest	3,036	2,778
Remeasurement of the net defined benefit liability (asset):		
— Actuarial loss (gain) arising from financial assumptions	6,074	6,346
Past service cost	5,738	9,171
Benefits paid by the plan assets	<u>(13,620)</u>	<u>(13,140)</u>
Defined benefit obligation on December 31	<u><b>\$ 61,943</b></u>	<u><b>60,715</b></u>

2) Expenses recognized in profit or loss

As of December 31, 2024 and 2023, the Company’s expenses recognized in profit or loss were \$14,848 thousand and \$18,295 thousand, respectively.

(Continued)



**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(iii) Defined contribution plans

The Company allocates 6% of each employee's monthly salaries to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$35,801 thousand and \$33,406 thousand for the years ended December 31, 2024 and 2023, respectively.

(u) Income tax

(i) The components of income tax were as follows:

	<u>2024</u>	<u>2023</u>
Current tax expense		
Current period		
Corporate income tax	\$ 109,018	208,270
Additional tax on undistributed earnings	-	113
Adjustment for prior periods	855	-
	<u>109,873</u>	<u>208,383</u>
Deferred tax expense		
Origination and reversal of temporary differences	34,333	(10,590)
Income tax expense	<u>\$ 144,206</u>	<u>197,793</u>

The amount of income tax recognized in other comprehensive income for 2024 and 2023 was follows:

	<u>2024</u>	<u>2023</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ 12,099</u>	<u>(5,552)</u>

Reconciliation of income tax and profit before tax for 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Profit before income tax	<u>\$ 1,016,096</u>	<u>1,155,568</u>
Income tax using the Company's domestic tax rate	\$ 203,219	231,113
Tax effect of tax-exempt gains from sale of marketable securities	(7,192)	(9,433)
Changes in unrecognized temporary differences	(9,000)	2,000
Additional tax on undistributed earnings	-	113
Changes in provision in prior periods	855	-
Other adjustments	(43,676)	(26,000)
Tax expense	<u>\$ 144,206</u>	<u>197,793</u>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(ii) Deferred tax asset and liability

1) Unrecognized deferred tax assets

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Tax effect of deductible temporary differences	\$ <u><u>31,000</u></u>	<u><u>40,000</u></u>

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2024 and 2023 were as follows:

	<b>Defined benefit plans</b>	<b>Fair value losses</b>	<b>Allowance of impairment loss</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax assets:</b>					
Balance at January 1, 2024	\$ 3,909	24,292	93,876	26,222	148,299
Recognized in profit or loss	246	-	(22,383)	(3,753)	(25,890)
Recognized in other comprehensive income	<u>(12,099)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,099)</u>
Balance at December 31, 2024	\$ <u><u>(7,944)</u></u>	<u><u>24,292</u></u>	<u><u>71,493</u></u>	<u><u>22,469</u></u>	<u><u>110,310</u></u>
Balance at January 1, 2023	\$ (2,674)	24,292	89,831	35,378	146,827
Recognized in profit or loss	1,031	-	4,045	(9,156)	(4,080)
Recognized in other comprehensive income	<u>5,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,552</u>
Balance at December 31, 2023	\$ <u><u>3,909</u></u>	<u><u>24,292</u></u>	<u><u>93,876</u></u>	<u><u>26,222</u></u>	<u><u>148,299</u></u>
	<b>Accrued land value increment tax</b>	<b>Fair value profit</b>	<b>Others</b>	<b>Total</b>	
<b>Deferred tax liabilities:</b>					
Balance at January 1, 2024	\$ 83,799	415	27,303	111,517	
Recognized in profit or loss	<u>-</u>	<u>8,460</u>	<u>(17)</u>	<u>8,443</u>	
Balance at December 31, 2024	\$ <u><u>83,799</u></u>	<u><u>8,875</u></u>	<u><u>27,286</u></u>	<u><u>119,960</u></u>	
Balance at January 1, 2023	83,799	15,099	27,289	126,187	
Recognized in profit or loss	<u>-</u>	<u>(14,684)</u>	<u>14</u>	<u>(14,670)</u>	
Balance at December 31, 2023	\$ <u><u>83,799</u></u>	<u><u>415</u></u>	<u><u>27,303</u></u>	<u><u>111,517</u></u>	

3) Assessment of tax

The Company's tax returns for the years through 2022 were examined and approved by the Tax Authorities.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(v) Share capital and other equity accounts

As of December 31, 2024 and 2023, the Company's authorized capital consisted of \$12,000,000 thousand shares and issued shares worth \$11,814,810 thousand and \$10,530,487 thousand, respectively, with par value of \$10 per share.

Outstanding shares reconciliation as below:

(thousand shares)	<b>Ordinary Share</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1,053,049	978,584
Common stock dividend	28,432	24,465
Issuance of ordinary share for cash	100,000	50,000
Balance at December 31	<u><u>\$ 1,181,481</u></u>	<u><u>1,053,049</u></u>

(i) Share capital

The Company issued 100,000 thousand new shares for cash, at a par value of \$10 per share, amounting to \$1,000,000 thousand, based on the resolution approved during the board meeting held on June 26, 2024. The relevant statutory registration procedures had been completed.

The Company increased its capital through a capitalization of its retained earnings amounting to \$284,323 thousand based on a resolution approved during the shareholders' meeting held on June 25, 2024. With the approval of the government authorities on August 13, 2024.

The Company increased its capital through a capitalization of its retained earnings amounting to \$244,646 thousand based on a resolution approved during the shareholders' meeting held on June 27, 2023. With the approval of the government authorities on September 4, 2023.

The Company issued 50,000 thousand new shares for cash, at a par value of \$10 per share, amounting to \$500,000 thousand, based on the resolution approved during the board meeting held on December 28, 2022. The relevant statutory registration procedures had been completed.

(ii) Capital surplus

The components of capital surplus were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Statutory reserve and special reserve transferred in	\$ 742,056	742,056
Share capital	172,596	169,983
Shareholders' odd lot excess payment	369	333
Dividends not received overtime by shareholders	12,109	11,333
	<u><u>\$ 927,130</u></u>	<u><u>923,705</u></u>

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

In accordance with the ROC Company Law, capital reserve is exclusively used for offsetting prior losses and conversion to capital and cannot be distributed as cash dividends. According to the ROC Company Law and relevant securities exchange regulations, a capital increase using capital reserve has to be reserves arisen from issuing stock or donated assets received and cannot exceed 10% of a Company's paid-in capital in any year. Capital reserve arisen from long-term equity investments cannot be used to offset prior losses or converted to capital.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 30% is to be appropriated as legal reserve but the legal reserve has reached its total capital, or the financial business is sound and raise the legal reserve who under the ROC Bank Act, Have unrestricted preceding paragraph; And the operation needs of the Company with the Act provides for the extension or rotation of the special reserve, If there are reserve, together with the unallocated surplus at the beginning of the period, Drafted by the Board of Directors for distribution of profits brought to the shareholders' meeting dispatch shareholders dividends.

According to the Banking Law, cash dividends are limited to 15% of total capital until the balance of statutory reserve reaches the amount of capital.

Except as otherwise provided by law, cash dividend shall not be lower than 10% of the total dividend distributed. If the cash dividend distributed per share is lower than \$0.1, expect for otherwise resolved by the shareholder's meeting, it is not distributed.

1) Legal reserve

Under the ROC Bank Act, the Company must retain 10% of its earnings as legal reserve until such retention equals the amount of the total capital. According to the amendment of the ROC Bank Act as of January 2012, legal reserve is limited to the extent of 25% of the share capital. In addition, under the ROC Bank Act, the Bank shall retain 30% of its after-tax earnings as the legal reserve before distributing them. Before the amount of legal reserves reaches the amount of the total capital, the maximum amount of distributing earnings in cash shall not exceed 15% of the total capital. The restriction is not applied if the amount of legal reserves equals the amount of the total capital, or if the Bank is in a sound financial condition and when it complies the ROC Bank Act.

2) Special reserve

In accordance with permit NO.10510001510 as issued by the Financial Supervisory Commission, the Company shall retain 0.5% to 1% of its after-tax earnings as the special reserve before distributing the earning for 2016 to 2018. The special reserve from this as of December 31, 2024 and 2023 were approximately the same as \$11,929 thousand.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

According to the regulation stipulated by the Securities and Futures Bureau, an amount equal to the net debit balance of other items of the shareholders' equity (including the exchange differences on translating foreign operations, unrealized gain or loss on financial assets at FVTOCI, the amount of items other than the current after-tax net profit, plus the current after-tax net profit included in the undistributed earnings of the current period, and the undistributed earnings of the previous period) are added to the special surplus reserve. However, supplementary undistributed surplus listed as special surplus reserve shall not be distributed. Thereafter, if there is any reversal of the decrease in shareholders' equity, the Bank is allowed to appropriate the retained earnings from the reversed amount.

The amounts of reversal special reserve as of December 31, 2024 and 2023 were \$(126,367) thousand and \$126,367 thousand, respectively.

3) Appropriation of earnings

Earning distribution for 2023 and 2022 was decided via the general meeting of shareholders held on June 25, 2024 and June 27, 2023, respectively. The details were as follows:

	<b>2023</b>		<b>2022</b>	
	<b>Amount per share</b>	<b>Total amount</b>	<b>Amount per share</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders				
Cash	\$ 0.50	526,524	0.27	264,218
Shares	0.27	<u>284,323</u>	0.25	<u>244,646</u>
Total		<b><u>\$ 810,847</u></b>		<b><u>508,864</u></b>

On March 10, 2025, the company's Board of Directors resolved to appropriate the 2024 earnings. These earnings were appropriated as follows:

	<b>2024</b>	
	<b>Amount per share</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders		
Cash	\$ 0.55	<b><u>\$ 649,815</u></b>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

4) Other equity accounts

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance, January1, 2024	\$ (2,058)	29,093	27,035
Disposed of investments in equity instruments designated at fair vlue through other comprehensive income	-	(43,244)	(43,244)
Unrealized gains (losses) on financial assets, measured at fair value through other comprehensive income	-	(10,879)	(10,879)
Foreign currency translation differences (net of tax):	5,042	-	5,042
Balance, December 31, 2024	<u>\$ 2,984</u>	<u>(25,030)</u>	<u>(22,046)</u>
Balance, January1, 2023	\$ 652	(127,019)	(126,367)
Disposed of investments in equity instruments designated at fair vlue through other comprehensive income	-	(39,990)	(39,990)
Unrealized gains (losses) on financial assets, measured at fair value through other comprehensive income	-	196,102	196,102
Foreign currency translation differences (net of tax):	(2,710)	-	(2,710)
Balance, December 31, 2023	<u>\$ (2,058)</u>	<u>29,093</u>	<u>27,035</u>

(w) Share-based payment

On the Board of Directors' meeting on June 26, 2024, and December 28, 2022, the Company decided to award 10,000 thousand and 5,000 thousands new shares of common stock to those full-time employees who meet the Company's requirements. The unvested shares are authorized managing director to search specific people to pay at fair value.

As of December 31, 2024 and 2023, the Company has the following share-based payment transactions.

	Equity-settled	Equity-settled
	Cash capital increase reserved for employee subscription	Cash capital increase reserved for employee subscription
Grant date	2024.10.28	2023.09.04
Number of shares granted	10,000thousand shares	5,000thousand shares
Contract term	-	-
Recipients	full-time employees	full-time employees
Vesting conditions	Immediately vested	Immediately vested

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(i) Determining the fair value of equity instruments granted

The Company used the market-based evaluation method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	<u>2024</u>	<u>2023</u>
	<b>Cash capital increase reserved for employee subscription</b>	<b>Cash capital increase reserved for employee subscription</b>
Fair value at grant date	10.67 dollars	9.71 dollars
Share price at grant date	10.22~11.12 dollars	8.69~10.74 dollars
Exercise price	10.00 dollars	10.00 dollars
Expected volatility(%)	15.65%	16.34%
Expected life (years)	0.104 year	0.118 year
Expected dividend	-	-
Risk-free interest rate (%)	1.225%	1.10%

The expected life is between the grant date and the payment date. The determination of fair value doesn't include service from the trade and non-market profitability condition.

(ii) Expense recognized in profit or loss

The Company incurred expenses of share-based arrangements in 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Expenses resulting from cash-settled share-based payment to employees	\$ <u><u>2,613</u></u>	<u><u>345</u></u>

(x) Earnings per share

The basic and diluted earnings per share for were calculated as follows:

	<u>2024</u>	<u>2023</u>
<b>Basic earnings per share:</b>		
Profit of the Company for the year	\$ <u><u>871,890</u></u>	<u><u>957,775</u></u>
Weighted-average number of ordinary shares at 31 December	<u><u>1,087,765</u></u>	<u><u>1,041,618</u></u>
Basic Earnings per share (in NT dollars)	\$ <u><u>0.80</u></u>	<u><u>0.92</u></u>
<b>Diluted earnings per share:</b>		
Profit of the Company for the year	\$ <u><u>871,890</u></u>	<u><u>957,775</u></u>
Weighted-average number of ordinary shares at 31 December	1,087,765	1,041,618
Effect of dilutive potential ordinary shares:		
Employee share bonuses	<u>5,857</u>	<u>6,256</u>
Weighted-average number of ordinary shares (diluted) at 31 December	<u><u>1,093,622</u></u>	<u><u>1,047,874</u></u>
Diluted earnings per share (in NT dollars)	\$ <u><u>0.80</u></u>	<u><u>0.91</u></u>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.****Notes to the Financial Statements****(y) Net interest income**

	<b>2024</b>	<b>2023</b>
<b>Interest income</b>		
Discount and loans	\$ 4,318,774	4,015,068
Due from banks	144,679	173,609
Short-term bills and bonds	481,443	384,164
Other	<u>179,697</u>	<u>177,093</u>
Subtotal	<u>5,124,593</u>	<u>4,749,934</u>
<b>Interest expense</b>		
Deposit	2,112,378	1,821,931
Deposits from the Central Bank and banks and due to the Central Bank and banks	1,194	1,572
Financial bonds	67,971	91,351
Interest on lease liabilities	3,314	2,926
Other	<u>5,365</u>	<u>7,566</u>
Subtotal	<u>2,190,222</u>	<u>1,925,346</u>
	<b><u>\$ 2,934,371</u></b>	<b><u>2,824,588</u></b>

**(z) Service fee income**

	<b>2024</b>	<b>2023</b>
<b>Service fee income</b>		
Insurance agency service fee	\$ 252,765	202,476
Fund service fee	46,098	33,995
Guarantee service fee	25,764	22,338
Consumer financial center service fee	23,329	23,497
Remittance service fee	11,416	10,907
Credit card service fee	13,318	11,922
Oversea Bonds Service fee	81,837	33,815
Oversea bonds service fee	<u>29,441</u>	<u>27,247</u>
Subtotal	<u>483,968</u>	<u>366,197</u>
Service fee expense	<u>26,271</u>	<u>23,091</u>
	<b><u>\$ 457,697</u></b>	<b><u>343,106</u></b>

(Continued)



**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

(aa) Gains and losses on financial assets or liabilities measured at fair value through profit or loss

	<u>2024</u>	<u>2023</u>
Disposal gains (losses)		
Convertible bonds	\$ 28,552	34,186
Listed securities	9,027	7,122
Beneficiary certificates	<u>53,937</u>	<u>8,394</u>
Subtotal	<u>91,516</u>	<u>49,702</u>
Valuation gains (losses)		
Convertible bonds	485	831
Listed securities	656	1,582
Short-term bills	419	2,091
Beneficiary certificates	(27,086)	27,203
Derivative	<u>(1,478)</u>	<u>(73)</u>
Subtotal	<u>(27,004)</u>	<u>31,634</u>
Dividend and interest income	<u>131,313</u>	<u>29,226</u>
	<u><b>\$ 195,825</b></u>	<u><b>110,562</b></u>

(ab) Realized gains and losses on financial assets measured at fair value through other comprehensive income

	<u>2024</u>	<u>2023</u>
Dividend income	\$ 48,459	25,105
Loss on the disposal of debt instruments	<u>-</u>	<u>(92)</u>
	<u><b>\$ 48,459</b></u>	<u><b>25,013</b></u>

(ac) Asset impairment (loss) revolving interest

	<u>2024</u>	<u>2023</u>
Financial assets at fair value through other comprehensive income	\$ 265	244
Financial assets at amortized cost	<u>815</u>	<u>8,034</u>
	<u><b>\$ 1,080</b></u>	<u><b>8,278</b></u>

(ad) Other net non-interest income, net

	<u>2024</u>	<u>2023</u>
Rental income	\$ 18,681	18,139
Net gains on disposal of premises and equipment	899	691
Other operating reserves	-	21,232
Other revenues-net	<u>8,068</u>	<u>2,350</u>
	<u><b>\$ 27,648</b></u>	<u><b>42,412</b></u>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(ae) Bad debt expenses and provision for guarantee reserve

	<b>2024</b>	<b>2023</b>
Discounts and loans	\$ 552,619	84,936
Receivables	569	439
	<b>\$ 553,188</b>	<b>85,375</b>

(af) Employee compensation and directors' remuneration

In accordance with the Articles of incorporation, the Company should contribute no less than 6% of the profit as employee compensation and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors.

For the year ended December 31, 2024 and 2023, the Company estimated its employee remuneration at \$66,267 thousand and \$75,363 thousand, and directors' remuneration at \$22,089 thousand and 25,121 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2024 and 2023. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2024 and 2023.

(ag) Employee benefits expenses

	<b>2024</b>	<b>2023</b>
Salary expenses	\$ 1,178,102	1,191,009
Insurance expenses	99,878	97,982
Retirement expenses	49,635	47,565
Remuneration of directors	40,471	42,941
Other employee benefits	101,679	95,886
	<b>\$ 1,469,765</b>	<b>1,475,383</b>

(ah) Depreciation and amortization expenses

	<b>2024</b>	<b>2023</b>
Depreciation of property and equipment	\$ 54,007	50,634
Depreciation of right-of-use assets	49,092	50,068
Depreciation of investment property	1,184	1,157
Amortization of intangible assets	8,024	6,952
	<b>\$ 112,307</b>	<b>108,811</b>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

(ai) Other general and administrative expenses

	<b>2024</b>	<b>2023</b>
Taxes and fees	\$ 278,490	255,827
Insurance expense	52,764	50,981
Rental expense	5,700	5,146
Occupational group membership fee	21,952	28,887
Advertising and printing expense	19,556	17,204
Security fees	25,981	25,340
Other	184,745	167,999
	<b>\$ 589,188</b>	<b>551,384</b>

(aj) Financial instruments

(i) Fair value Measurement

1) Overview

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.

Financial instruments are measured at fair value on initial recognition, which, in most cases, refers to the entry price. Subsequent valuation is based on the fair value basis except for financial instruments measured at amortized cost. The optimal evidence in deciding fair value is the exit price of an active market. Considering those financial instruments without an active market, the Company adopts the valuation techniques, or the references of the exit price offered by Bloomberg, Reuters and counterparties in fair value valuation.

2) Definition of three—level fair value hierarchy

a) Level 1

Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. The definition of active market has all of the following conditions: the products traded in the market are homogeneous, willing parties are available anytime in the market, and price information is available for the public. The Company's investments in listed and TPEX securities, beneficiary certificates, popular Taiwan central government bonds, and derivative financial instruments which had the quoted price in an active market, are classified to Level 1.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

b) Level 2

Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than quoted price in an active market including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company's investments in government bonds not in popular demand, corporate bonds, financial debentures, convertible bonds, and majority derivative instruments, are classified to Level 2.

c) Level 3

Input for a fair value measurement for a financial instrument classified in Level 3 is not based on obtainable data from the market (an unobservable input, such as volatility for a share option derived from the share's historical prices, as it does not generally represent current market expectations about future volatility). The equity instruments with no active market which the Company invested are Level 3.

3) Fair value hierarchy

a) The table below analyses recurring financial instruments carried at fair value

<u>Fair value measurement for financial instruments</u>	<u>December 31, 2024</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b><u>Non-derivative financial instruments</u></b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss				
Investment in stocks	\$ 62,849	62,849	-	-
Investment in bonds	1,163,710	-	1,163,710	-
Short-term bills	2,948,444	2,948,444	-	-
Others	804,377	804,377	-	-
Financial assets at fair value through other comprehensive income				
Investment in stocks	846,414	620,642	-	225,772
Investment in bonds	10,564,332	10,564,332	-	-
<b><u>Derivative financial instruments</u></b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss	1,433	-	1,433	-
<b>Liabilities:</b>				
Financial liabilities at fair value through profit or loss	2,160	-	2,160	-

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

<u>Fair value measurement for financial instruments</u>	<u>December 31, 2024</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u><b>Instruments not measured at fair value</b></u>				
Financial assets at amortized cost	19,643,276	11,625,000	8,018,276	-
<u>Fair value measurement for financial instruments</u>	<u>December 31, 2023</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u><b>Non-derivative financial instruments</b></u>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss				
Investment in stocks	\$ 52,056	52,056	-	-
Investment in bonds	1,279,625	-	1,279,625	-
Short-term bills	3,550,197	3,550,197	-	-
Others	859,829	859,829	-	-
Financial assets at fair value through other comprehensive income				
Investment in stocks	758,054	553,732	-	204,322
Investment in bonds	8,361,520	8,361,520	-	-
<u><b>Derivative financial instruments</b></u>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss	3,194	-	3,194	-
<b>Liabilities:</b>				
Financial liabilities at fair value through profit or loss	2,443	-	2,443	-
<u><b>Instruments not measured at fair value</b></u>				
Financial assets at amortized cost	22,768,130	15,500,000	7,268,130	-
Investment property	1,338,107	-	-	1,338,107

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

b) Valuation techniques of financial assets and liabilities measured by fair value

If there is a quoted price in an active market for non-derivative financial assets and liabilities measured at fair value through profit or loss, financial assets at fair value through other comprehensive income, the quoted price is regarded as its fair value. Financial instruments with public market prices (except for stocks and depositary receipt), such as government bonds, use the latest trade price TPEX Electronic Bond Trading System (EBTS) or reference theory price under as fair value. Foreign currency bonds use the latest trade price as fair value. If no quoted price available, the fair value is estimated using the valuation techniques of which the assumptions and estimates are in conformity with those information (available for the Company) used in pricing the financial instruments. Financial derivative instruments with an active market price use the market value as fair value. When there is no active market price, the valuation model is mainly adopted in evaluation. Derivative instruments — non-option use the discounted cash flow method; Derivative instruments — options mainly use the Black — Scholes Model in evaluation.

c) Fair value adjustment

i) Limitations to Evaluation Models and uncertain inputs

The outputs of evaluation models are estimated, while the model is possibly incapable of reflecting all relevant factors relating to financial instruments held by the Company. In such circumstances, the estimates are hence adjusted according to suitable extra parameters, such as model risk or liquidity risk. The Company's operation process of financial instrument evaluation policy considers the adjustment to evaluation, which is adequate and necessary so as to fairly present the financial instrument's fair value in statement of financial position. In the evaluation process, the pricing information and parameters are deliberately assessed and modulated in light of market situation.

ii) Credit risk valuation adjustment

Credit risk valuation adjustment can be classified into Credit value adjustments and Debit value adjustments. The adjustments reflect the possibility of delayed repayment by the counterparty or the Company in fair value and of failure in transaction's entire market value collected (paid) by the Company.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

d) Reconciliation of Level 3 fair values

		2024						
		profit or loss		Increase		Decrease		
account	Opening balance	In profit or loss	In other comprehensive income	Purchased or issued	Transfers in Level 3	Sell or Disposal	Transfers out of Level 3	Ending Balance
Financial assets at fair value through other comprehensive income	\$ 204,322	-	21,450	-	-	-	-	225,772

		2023						
		profit or loss		Increase		Decrease		
account	Opening balance	In profit or loss	In other comprehensive income	Purchased or issued	Transfers in Level 3	Sell or Disposal	Transfers out of Level 3	Ending Balance
Financial assets at fair value through other comprehensive income	\$ 173,728	-	30,594	-	-	-	-	204,322

e) Profit and loss for Level 3

The total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	2024	2023
Recognized as “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ <u>21,450</u>	<u>30,594</u>

f) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

December 31, 2024				
	fair value	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Financial assets at fair value through other comprehensive income</b>				
Stocks unlisted	\$ 225,772	Market Method	value growth rate	The estimated fair value would increase (decrease) if:
		Net Asset Value	Net Asset Value	<ul style="list-style-type: none"> <li>the value growth rate was higher</li> <li>the Net Asset Value was higher</li> </ul>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

		December 31, 2023		
	<u>fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
<b>Financial assets at fair value through other comprehensive income</b>				
Stocks unlisted	\$ 204,322	Market Method	value growth rate	The estimated fair value would increase (decrease) if:
		Net Asset Value	Net Asset Value	· the value growth rate was higher
				· the Net Asset Value was higher

- g) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions by 5% to reflect reasonably possible alternative assumptions would have the following effects:

- i) market method

		<u>Profit or loss</u>	
		<u>Favorable (5%)</u>	<u>Unfavorable (5%)</u>
December 31, 2024			
Financial assets at fair value through other comprehensive income			
Stocks unlisted	\$	<u>11,317</u>	<u>(11,317)</u>
December 31, 2023			
Financial assets at fair value through other comprehensive income			
Stocks unlisted	\$	<u>10,033</u>	<u>(10,088)</u>

- ii) Net Asset Value

		<u>Profit or loss</u>	
		<u>Favorable (5%)</u>	<u>Unfavorable (5%)</u>
December 31, 2024			
Financial assets at fair value through other comprehensive income			
Stocks unlisted	\$	<u>250</u>	<u>(300)</u>
December 31, 2023			
Financial assets at fair value through other comprehensive income			
Stocks unlisted	\$	<u>2,750</u>	<u>(2,750)</u>

(Continued)



**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(ii) Methods and assumptions used by the Company for fair value evaluation of financial instruments were as follows:

- 1) Fair value of short-term financial instruments are estimated by their book value on the balance sheet date. Since these instruments have short maturities, the book value is adopted as a reasonable basis in estimating the fair value. The method is applied to cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under reverse repurchase agreements, receivables, other assets, deposits from Central Bank and other banks, and payables.
- 2) If there is a quoted price in an active market for the financial asset, including financial instruments at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets 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 based on the result of a valuation technique that refers to quoted prices provided by financial institutions. The discounted cash flow technique is used to estimate the fair value of a debt instrument where an active market does not exist. The estimates and assumptions made by the Company using the valuation method are consistent with the information made by the market participants, in which the Company can obtain, to estimate and assume the financial instruments.
- 3) Loans and deposits are both classified as interest-bearing financial assets; therefore, the book value of financial assets is equivalent to their fair value. The net book value of the nonaccrual account, after deducting provision for credit loss, is adopted as the fair value.
- 4) Financial Bonds Payable: It refers to the financial bonds issued by the Company. Their coupon rates are almost equal to the market interest rate, so it is reasonable to using the discounted present values of the expected future cash flow to estimate their fair values. The present values are almost equal to the carrying amounts.
- 5) Except those with quoted price in an active market, the fair values of the other financial instruments are attained by valuation techniques or quoted prices from countered parties. The fair value calculated using valuation techniques can refer to the present fair values of financial instruments with similar conditions and characteristics, the discounted cash flow method or other valuation techniques, including the modular valuation method of which the calculated values are computed using attainable market information (such as the commercial paper fixing rates of Reuters.)

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

#### (ak) Financial risk information

##### (i) Overview

The main risks that the Company faced, and the management strategies are as follows:

##### 1) Management of capital adequacy ratio

The Company risk management considers the Bank as a continuous operation and is being based on the best practice of Basel III, to develop a complete risk management structure and capital adequacy management to ensure the Bank fulfills the minimum capital requirements and enable to bear pressure of capital shock.

##### 2) Credit risk management

Credit strategy includes returns and risk diversification. The asset portfolio includes qualified retail bonds, corporate credit and mortgages. It is also distinguished based on the level of client risk to control the acceptable range of the overall credit risk. The Bank also made use of the risk transfer in credit guarantee fund to strengthen the collateral of small-and-medium enterprises, reduce breach of contract risk and accomplish benefits of risk capital at the same time. To effectively maintain the asset quality and risk return, the Bank has improved its credit investigation and review procedures. It has also managed its collateral and strengthened the development use of risk management instruments and credit risk management schemes.

##### 3) Liquidity risk and market risk management

Assets and liabilities committee is responsible of the liquidity, security and profitability of assets and liabilities. The committee not only conducts regular assessment on the duration and the maturity analysis of assets and liabilities but also set limit structure and the related liquidity limits to control index, adjust capital gap in order to conform with the objective of risk appetite. Profitability is strengthened through the optimization of assets and liabilities structure. Market risk management includes investment in trading book and banking book. To prevent financial instruments from suffering from excessive fluctuations in market price, management measures and restrictions on investment are set, sensitivity index on market risk factors.

##### 4) Operational risk management

In order to integrate risk management culture with employees, the Company not only restricts employees by undertaking regulations, discipline and incentive and penalty measures, but also adopts standard operating procedures and internal control systems to enhance capability of information systems control and the timeliness and accuracy of information on risk management. Risk is controlled and reviewed regularly through the risk appetite, key risk indicator and warning system of risk events for early planning to improve measures.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

#### (ii) Organizational structure of risk management

The organizational structure of risk management includes BOD, Risk Committee, Risk Management Committee, Assets and Liabilities Committee, Loan Review Committee, Department of Risk Management, Department of Audit, Department of Law, Credit Management Headquarter and Department of Credit Analysis and Appraisal and other management departments, with BOD as the ultimate responsible unit. The risk committee is subordinated to the BOD, and the member of risk committee is elected from the Board of Directors, who monitor risks on behalf of the BOD. The BOD and risk committee will delegate authorities to the general manager and committees in setting management rules as regards to risk identification, measurement, disclosure, report, monitoring and offsetting. The Company also established independent risk management department to monitor the credit risk, market risk, operational risk and liquidity risk. At the same time, the Company promotes the framework of new Basel capital agreement that identifies measures, discloses and reports management system and proposes each risk management report for management decision on a regular basis. Also, the law department is set up to carry out law risk management and procedures on review of legal compliance. The business units, which are subordinated to the general manager, ensure the coordination of each risk management policies; establish appropriate internal control and standard operating procedures and support the risk management project based on the business needs. The audit department is responsible for auditing the compliance of all internal and external business norms in all units, as well as the implementation of internal control in practice.

#### (iii) Credit risk

##### 1) The source and definition of credit risk

Credit risk is the risk of financial loss to the Company if a creditor or counterparty fails to meet its contractual obligations. Credit risk management should be adopted in all operating activities that involved in credit risk, including loans, investment in banking book, financial derivatives, transactions in repurchase agreement and other operating activities in relation to the credit risk.

##### 2) Management policy of credit risk

The Company has set standard control procedures on credit risk identification, measurement, and information on disclosures and reports to conduct rational identification, measurement, disclosures and effective control on credit risk. The Company also deliberates the fluctuation in economics and adjusts the credit risk structure accordingly to control the risks in credit portfolio within the risk appetite. These procedures include criteria for targeted client, credit investigation, credit approval or rejection, approval on exceptions, risk control and management, credit review, management on non-performing loans and requests and control of all related documents and information. Based on the risk management policies, the illustration of management process carried out by the competent authority is as follows:

##### a) Credit investigation

With respect to the criteria for targeted client, the Company should ask for all necessary documents from the clients in order to filter client accurately and control credit portfolio within the acceptable range.

(Continued)

## **COTA COMMERCIAL BANK CO., LTD.**

### **Notes to the Financial Statements**

b) Credit approval

Cases that have passed through the credit investigation are reviewed by the credit authority of each level. The credit authorities authorize credits in compliance with the credit limitation structure and authorization policies of the Company. The credit limitation structure and authorization policies of the Company are not only based on banking act and the rules stipulated by the authority, concerning the credit extended to same person or same affiliated enterprises/groups, stock collateral, industry and country, but also based on the professionalism of the credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities on occasional basis.

c) Post-lending loan review mechanisms

The corporate banking business of the Company strengthens the tracking control of the financial and business conditions on creditors, carry out risk assessment report of credit asset portfolio on a regular basis, set-up warning system and adjust business development strategy to cope with economic conditions and changes in asset quality through the account management scheme and regular reassessment system. As regards to delinquent loans, the Company uses concentration management method, together with information systems and analysis model to conduct regular review to improve the performance on overdue to expedite the collection of nonperforming loans.

d) Development, application and verification of risk information system

The Company has actively developed quantify risk assessment model as a reference for credit decision. The Bank develops the credit rating model based on products and characteristics of counterparties and use the results from the model to filter new clients, risk pricing and limit management, to analyze and develop overdue management strategy on overdue loans based on client behavior pattern. To improve the effectiveness of credit investigation and ensure the consistency with the investigation standards, the Company built a credit investigation operating system, which not only strengthen the effectiveness of the Company operation and information system, but also improve the development of model for quantifying risk. The Company conducts verification on the risk assessment model on a regular basis and evaluates the effectiveness of the model and made necessary amendments.

The methods of risk measurement in the main operating departments are as follows:

i) Loans (including credit commitment and guarantee)

Classifications in credit assets and level of credit quality are illustrated as follows:

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

#### 1. Classification of credit assets

The credit assets are classified into 5 categories, where the normal credit assets are classified as Category 1. After nonperforming credit assets are evaluated by assessing the status of the loan collaterals and the length of time overdue, they are classified under Category 2 assets that require special mention. Assets that are substandard are classified as Category 3, assets that are doubtful are classified as Category 4 and assets for which incurred a loss are classified as Category 5. The Bank has set “Regulations Governing the Procedures to Evaluate Credit Assets, Set Aside Loss Reserves and Handle Non-performing Credit, Non-accrual Loans and Bad Debts” as management for doubtful loans and as a basis for handling overdue loans.

#### 2. Level of credit quality

The level of credit quality is set to accommodate the characteristics and the scale of operating business and conduct risk management.

#### ii) Due from the Central Banks and call loans to banks, investments in debt instruments and financial derivatives instruments

The Company always assesses the credit situation of the counterparty before entering into a transaction. The counterparty's rating and information on financial condition from domestic and international credit rating agency are being considered and different credit risk limits are set. The credit risk limits are approved by the BOD or the authority level. Overall, most of the investments are above investment grade ratings.

#### 3) Determination that credit risk has increased significantly since the initial recognition

The Company assesses the change in the probability of default of loans during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Company's considerations show the reasonable and supportable information that the credit risk has increased significantly since the initial recognition. The main considerations include: The borrowers of various types of credit assets that have not paid their principal and interest over the contract for more than 30 days and less than 90 days, and the recent credit rating of the debt instruments on the reporting date that has dropped by more than 3 grades (inclusive) from the original rating. Non-investment grades, financial guarantees, and letters of credit, not classified as reference indicators for significant increase in credit risk, are therefore, temporarily classified as a significant increase in credit risk.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

- 4) Credit risk that has not increased significantly or is judged as low credit risk on the reporting date

The Company assesses that there is no significant increase in the risk of default in the expected renewal period of each type of credit assets or low credit risk on each reporting date. The 12-month expected credit loss is used as the risk change if the credit risk of the credit asset is low on the reporting date. It is also assumed that the credit risk of the credit assets has not increased significantly since the original recognition. The credit assets of the low credit risk refer to the credit rating of the borrower's principal and interest and debt instruments as above than BBB-.

- 5) Reversal policy

The merger Company shall determine the unrecoverable creditor's rights, report it to the Board of Directors for approval, and then resell it. Afterwards, the balance of the allowance will be adjusted.

- 6) Impairment of financial assets

If the financial assets are deducted from the objective evidence, the difference between the book value of the financial assets and the present value of the original effective interest rate of the estimated future cash flows should be recognized as the impairment loss. The impairment loss should be included in the current profit and loss. When determining the amount of the impairment, the estimated future cash flows are estimated to include the collateral and other credit enhancements.

The objective impairment certificate includes the following information:

- The issuer or the debtor's credit rating is reduced to the default level or the principal and interest are not settled.
- The loan has been overdue for 90 days or has been procured to the principal and clerk for the collateral, which is the overdue loan of Class A and Class B.

- 7) Measurement of expected credit losses

- a) Assumption of adoption

After considering the factors, such as the attributes of financial assets and credit assets and the adequacy of default experience, the internal risk data or institutional information, such as external credit ratings, are used to estimate the credit risk component factors, such as the debtor's probability of default (PD), the loss given default (LGD), and the exposure at default (EAD).

For credit assets that have not significantly increased credit risk or low credit risk since the original recognition, the allowance loss is measured by the 12-month expected credit loss amount; the credit risk has been significantly increased or credit has been deducted since the original recognition production, expected credit losses during the existence of a measure of the amount.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

The difference between all the cash flows expected to be received by the combined companies is based on all the contractual cash flows receivable during the expected period of the financial instrument and all the contractual terms of the consideration period (including the collateral held by the sale or other credit enhancements, etc.) The difference between all cash flows that are expected to be charged is the credit risk loss measured by the amount discounted at the original effective interest rate as follows:

- The amount that is determined to be unbiased and weighted by chance, as assessed by each possible outcome.
- Time value of money.
- Reasonable and corroborative information relating to past facts, current conditions and future economic forecasts.

In addition, when the Company can obtain reasonable and corroborative information that is more forward-looking than the historical overdue information without undue cost or investment, it must use this information to assess changes in credit risk, that is, when assessing the risk of default, factors that take into consideration changes in overall economic indicators.

b) Forward-looking information considerations

Forward-looking information is taken into account when determining whether credit risk has significantly increased after the original recognition of credit assets and measures expected credit losses. The Company performs analysis with historical data and adjusts the probability of default based on "Taiwan business indicators" issued regularly by National Development Council, in which five light signals are used to indicate the current economy. The analysis is further taken into account when the Company assesses the overall expected credit loss.

8) Mitigation or hedging of risk

Based on the risk assessment of the credit counterparty and transactions, the Bank requires high liquidity and sufficient collateral or transfer of credit guarantee and guarantee association (for instance, Small and Medium Enterprise Credit Guarantee Fund) to strengthen the guarantee of loans. In order to avoid and control risks, the Company not only requires the provision of necessary legal documents, but also conducts field survey on the status of collateral and determines whether to reassess the value of collateral and demand for additional collateral or adjust the credit amount. The lists of management conduct by the Company are as follows:

- a) Setting the value of collateral and management measures, including types of acceptable collateral, valuation process and methods, frequency of revaluation, market assessment and law enforcement procedures.
- b) The liquidity and value of collateral and the degree of law enforcement should be assessed by independent party.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

- c) The selection of appraise or appraisal institute, the requirements of appraisal and its related fees should be in compliance with the internal management procedures.
  - d) Transfer of collateral, authority setting, and other insurance procedures should be completed before being appropriated, and the amount set, insured and other legal aspects should be complied with the Company regulations.
- 9) Maximum exposure of credit risk

Without taking collateral or other credit enhancement mitigation effect into account, the maximum exposure to credit risk of on-balance sheet financial assets are equal to their carrying values and the maximum exposure of credit risk of off-balance sheet financial instruments were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Irrevocable loan commitment	\$ 21,850,763	16,660,083
Credit card commitment	26,734	23,984
Unused credit card limit	1,947,218	1,837,451
Guarantees	334,308	68,613
	<b><u>\$ 24,159,023</u></b>	<b><u>18,590,131</u></b>

The Company believe the adopting stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure of their off-balance sheet items.

10) Concentrations of credit risk

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

Credit risk concentration can arise in a bank's assets, liabilities, or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credit, loan and deposits, call loan to banks, investment, receivables and derivatives. The Bank maintains a diversified portfolio, limits its exposure on a continuous basis. The Company's most significant concentrations of credit risk are summarized as follows:

(Continued)



# COTA COMMERCIAL BANK CO., LTD.

## Notes to the Financial Statements

### a) By Industry

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Private enterprise	\$ 37,880,235	25.82	38,565,422	28.61
Public Sector	10,471,450	7.14	8,815,479	6.54
Non-profit organization	333,237	0.23	359,392	0.27
Individuals	96,393,789	65.69	85,886,391	63.71
Financial institutions	1,652,162	1.12	1,178,561	0.87
	<u>\$ 146,730,873</u>	<u>100.00</u>	<u>134,805,245</u>	<u>100.00</u>

### b) By Geography

Not applicable since the Company conducts its business domestically.

### c) By Collateral

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Non-secured	\$ 26,368,983	17.97	25,407,907	18.85
Securities				
Bond	116,886	0.08	149,227	0.11
Real estate	82,590,254	56.29	74,643,493	55.37
Chattel	30,785,966	20.98	27,790,507	20.61
Notes receivables	18,738	0.01	11,600	0.01
Guarantee	6,844,709	4.67	6,762,056	5.02
Other	5,337	-	40,455	0.03
	<u>\$ 146,730,873</u>	<u>100.00</u>	<u>134,805,245</u>	<u>100.00</u>

### 11) Credit quality and overdue impairment loss of financial assets of the Company

Part of the financial assets, such as cash and cash equivalent, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, bills and bonds purchased under resell agreement, guarantee deposits paid and operation guarantee deposits and settlement funds are considered of minimum credit risk due to the good credit ratings of the trade counterparties.

Expect for the abovementioned items, the credit quality analysis of the rest of the financial assets are as follows:

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

a) Credit quality analysis of discounts and loans as well as receivables

December 31, 2024	Neither past due nor impaired (A)	Past due not impaired (B)	Impaired(C)		Total (A)+(B)+ (C)	Impairment allowance (D)	Net (A)+(B)+ (C)-(D)
			Individual	Group			
Receivables							
— Credit card	175,726	1,752	-	2,116	179,594	18,963	160,631
— Revenue	14,385	-	-	-	14,385	-	14,385
— Interest	385,651	4,094	483	2,798	393,026	6,211	386,815
— Accounts receivable factoring without recourse	11,438	-	-	-	11,438	200	11,238
— Others	27,840	61	-	751	28,652	5,564	23,088
Subtotal	615,040	5,907	483	5,665	627,095	30,938	596,157
Discounts and loans	144,809,920	480,024	545,578	895,351	146,730,873	1,771,600	144,959,273
Overdue receivables - other	-	-	677,206	-	677,206	190,000	487,206
Off balance sheet items							
— Guarantee	-	1,919,149	-	-	1,919,149	24,532	1,894,617
— Letter of credit	-	54,764	-	-	54,764	5,000	49,764
— Agreed financing amount	24,158,818	205	-	-	24,159,023	37,500	24,121,523

  

December 31, 2023	Neither past due nor impaired (A)	Past due not impaired	Impaired(C)		Total (A)+(B)+ (C)	Impairment allowance (D)	Net (A)+(B)+ (C)-(D)
			Individual	Group			
Receivables							
— Credit card	156,855	1,176	-	1,803	159,834	17,297	142,537
— Revenue	14,772	-	-	-	14,772	-	14,772
— Interest	405,667	1,811	3,984	2,625	414,087	6,001	408,086
— Accounts receivable factoring without recourse	9,642	-	-	-	9,642	200	9,442
— Others	40,029	23	-	2,208	42,260	5,189	37,071
Subtotal	626,965	3,010	3,984	6,636	640,595	28,687	611,908
Discounts and loans	132,729,594	161,241	1,143,509	770,901	134,805,245	1,811,502	132,993,743
Overdue receivables - other	-	-	677,228	-	677,228	190,022	487,206
Off balance sheet items							
— Guarantee	-	1,815,051	-	-	1,815,051	24,511	1,790,540
— Letter of credit	-	70,616	-	-	70,616	5,000	65,616
— Agreed financing amount	18,589,913	217	-	-	18,590,130	37,500	18,552,630

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

b) Credit quality analysis of security investments

December 31, 2024	Neither past due nor impaired				Past due Not Impaired (B)	Impaired (C)	Total (A)+(B)+ (C)	Impairment Allowance (D)	Net (A)+(B)+ (C)-(D)
	Very Good	Good	Normal	Total(A)					
Fair value through other comprehensive income									
— Bond	10,564,332	-	-	10,564,332	-	-	10,564,332	-	10,564,332
— Other	846,414	-	-	846,414	-	-	846,414	-	846,414
Amortized cost									
— Bond	8,117,505	-	-	8,117,505	-	-	8,117,505	1,899	8,115,606
— Other	11,625,000	-	-	11,625,000	-	-	11,625,000	11	11,624,989

December 31, 2023	Neither past due nor impaired				Past due Not Impaired(B)	Impaired (C)	Total (A)+(B)+ (C)	Impairment Allowance (D)	Net (A)+(B)+ (C)-(D)
	Very Good	Good	Normal	Total(A)					
Fair value through other comprehensive income									
— Bond	8,361,520	-	-	8,361,520	-	-	8,361,520	-	8,361,520
— Other	758,054	-	-	758,054	-	-	758,054	-	758,054
Amortized cost									
— Bond	22,469,205	365,265	-	22,834,470	-	-	22,834,470	2,720	22,831,750

12) Management of Foreclosed Collateral

Foreclosed collateral is recorded at cost, using lower-at-cost or market approach as at balance sheet date. If collateral is not disposed of within the statutory period, the Bank should apply for an extension of the disposal period and increase its provision for possible losses if necessary.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

- 13) Disclosures required in the "Regulations Governing the Preparation of Financial Reports by Public Banks"

a) Asset quality of nonperforming loan and overdue credits

			December 31, 2024				
Period			Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Items							
Corporate Banking	Secured		139,830	27,239,390	0.51 %	348,076	248.93%
	Unsecured		30,659	23,097,693	0.13 %	173,554	566.06%
Consumer Banking	Mortgage loans(Note 4)		26,931	20,848,544	0.13 %	258,244	958.91%
	Cash card		-	-	- %	-	- %
	Small-scale credit loans (Note 5)		43,197	9,944,912	0.43 %	145,939	337.84%
	Other (Note 6)	Secured	382,095	65,529,513	0.58 %	840,964	220.09%
		Unsecured	151	70,821	0.21 %	4,823	3,194.10%
Total loans			622,863	146,730,87	0.42 %	1,771,600	284.43%
			Overdue Receivables	Receivables	Delinquency Ratio	Allowance for Possible Losses	Coverage Ratio
Credit cards			460	179,594	0.26 %	18,963	4,122.39%
Accounts receivable factoring without recourse			-	11,438	- %	200	- %

			December 31, 2023			
Period		Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate Banking	Secured		178,263	27,081,696	0.66 %	346,332
	Unsecured		28,150	21,837,157	0.13 %	391,190
Consumer Banking	Mortgage loans(Note 4)		10,409	16,575,552	0.06 %	202,657
	Cash card		-	-	- %	-
	Small-scale credit loans (Note 5)		31,837	8,757,005	0.36 %	123,792
	Other (Note 6)	Secured	43,449	60,481,136	0.07 %	738,602
		Unsecured	172	72,699	0.24 %	8,929
Total loans			292,280	134,805,245	0.22 %	1,811,502
			Overdue Receivables	Receivables	Delinquency Ratio	Allowance for Possible Losses
Credit cards			183	159,834	0.11 %	17,297
Accounts receivable factoring without recourse			-	9,462	- %	200

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming / Non-accrued Loans."

Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL ratio= Nonperforming loans ÷ Total loan balance.

For credit card business: Delinquency ratio= Overdue credit card receivables ÷ Credit card receivables balance.

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

- Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.  
 Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Overdue credit card receivables.
- Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower or the spouse or the minor children of the borrower.
- Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts, and exclude credit cards and cash cards.
- Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude mortgages, cash cards, credit cards and small-scale credit loans.
- Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 094000494), accounts receivable factoring without recourse are reported as overdue receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

#### b) Exemption of NPLs and overdue receivables

	December 31, 2024		December 31, 2023	
	Amount exempted from reporting as non-performing loans	Amount exempted from reporting as overdue account receivable	Amount exempted from reporting as non-performing loans	Amount exempted from reporting as overdue account receivable
Amounts of executed contracts on negotiated debts not reported (Note 1)	419	88	675	137
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	162,895	1,471	173,644	1,239
Total	163,314	1,559	174,319	1,376

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

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

#### c) Concentration of credit extensions

December 31, 2024			
Rank (Note 1)	Business Groups' Standard Industrial Classification and Symbol (Note 2)	Total Amount of Credit Endorsement or Other Transactions (note 3)	Percentage of the Bank's Equity (%)
1	i Company -Private pulp, paper and paper products manufacturing industry	457,000	2.82
2	x Company -Real Estate	435,790	2.70
3	t Company -Real Estate	342,700	2.10
4	AG Company -Private real Estate	322,850	1.99
5	I Company -Civil Engineering	311,821	1.92
6	AE Company -Private real Estate	307,990	1.90
7	AL Company -Private construction Industry	258,450	1.58
8	X Company -Private real Estate	243,680	1.50
9	AM Company -Private Financial Services Industry	242,010	1.49
10	w Company -Private real Estate	228,650	1.41

(Continued)

# COTA COMMERCIAL BANK CO., LTD.

## Notes to the Financial Statements

December 31, 2023			
Rank (Note 1)	Business Groups' Standard Industrial Classification and Symbol (Note 2)	Total Amount of Credit Endorsement or Other Transactions (note 3)	Percentage of the Bank's Equity (%)
1	i Company -Private pulp, paper and paper products manufacturing industry	465,600	3.14
2	x Company -Real Estate	433,290	2.93
3	I Company -Civil Engineering	349,260	2.35
4	t Company -Private real Estate	346,300	2.34
5	AA Company -Real Estate	326,000	2.20
6	Z Company -Private real Estate	310,000	2.09
7	AE Company -Private real Estate	290,390	1.95
8	AG Company -Private real Estate	286,350	1.93
9	v Company -Private Wholesales	265,166	1.79
10	AI Company -Private real Estate	249,880	1.69

Note 1 : The top ten enterprise groups other than government or state-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.

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 (foreign currency imports financing, foreign currency export financing, notes discounted, customer overdrafts, short-term unsecured loans, short-term secured loans, receivables from securities lending, medium-term unsecured loans, medium-term secured loans, long-term unsecured loans loan-term secured loans, non-performing loans), foreign currency long positions, accounts receivable-factoring discount, bankers' acceptance receivable, guarantees receivable.

### (iv) Liquidity risk

#### 1) Causes and definition of liquidity risk

The Company's definition for liquidity risk is the risk the Company encounter difficulty in meeting the obligations with its financial liabilities and cause the losses, for example, a saving account cancels its saving ahead of time, the ways or conditions to call loans to banks drop, creditors' credit become worsen and cause an exceptional condition, financial instruments cannot be financed and etc. The situation mentioned above may reduce the money for lending, trading, and investing activities. In some extreme situation, the lack of liquidity may decrease the level of balance sheet, sale assets, or the possibility of could not fulfill the promise of loan. Liquidity risk is containing in the inherent risk of bank operating, and could be affected by every industry individual or whole market's incident, which are included but not only as: credit event, consolidation or merger and acquisition, system shock, and natural disaster.

(Continued)

## **COTA COMMERCIAL BANK CO., LTD.**

### **Notes to the Financial Statements**

#### 2) Management policy of liquidity risk

The Company carries out its management procedures respectively and is monitored by their respective independent risk management department. The procedures include:

- a) Daily capital movement: monitoring future cash flows in order to ensure all requirements are fulfilled.
- b) Maintain adequate stock of liquid assets to buffer unexpected events that may interrupt cash flows.
- c) Monitor liquidity ratios of balance sheets in accordance with the internal management purposes and external regulatory requirements.

The monitoring and reporting procedures are based on the estimation of future 1 month, 1-3 months, 3-6 months, 6-12 months and more than one-year capital flow (The time interval is used to manage the liquidity risk). The estimation of future cash flow is based on the contract maturity date of financial liabilities and the estimated collection date of financial assets. The Bank monitors the interest rate risk, structure of assets and liabilities, and the liquidity conditions based on the related report and indices in ALCO and set alert and limits or MAT based on the key indices.

Related information is regularly provided to the risk management committee and BOD.

#### 3) To manage liquidity risk of financial assets hold and non-derivative financial liabilities maturity analysis

##### a) To manage liquidity risk of financial assets held

The financial assets include cash and assets that are of highly liquid and high quality for the purpose of paying liabilities and capital movement during emergency. The assets held for managing liquidity risk include cash and cash equivalents, due from the central bank and call loans to banks, financial assets at FVTPL, discounts and loans, financial assets at fair value through other comprehensive income and financial assets at amortized cost.

##### b) Maturity analysis for non-derivative financial liabilities

The Company's non-derivative financial liabilities are based both on the maturing of assets and liabilities, and the corresponding interest rate and controlled gaps that do not match. As the transaction conditions are uncertain and are of different types, the maturity of assets and liabilities usually does not match. This may result in gains or losses. The following table shows the maturity analysis of liquidity based on liabilities.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

<b>December 31, 2024</b>	<b>0~30 days</b>	<b>31~90 days</b>	<b>91~180 days</b>	<b>181 days~ 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Deposits from Central Bank and other banks	12,666	25,670	-	-	-	38,336
Due to the Central Bank and banks	635,831	49,185	169,442	80,139	27,375	961,972
Current tax liabilities	12,089,563	20,071,889	26,494,184	53,862,689	71,005,298	183,523,623
Deposit and remittance	-	-	-	600,000	1,650,000	2,250,000
Financial debentures	3,937	7,544	10,614	21,107	106,490	149,692

<b>December 31, 2023</b>	<b>0~30 days</b>	<b>31~90 days</b>	<b>91~180 days</b>	<b>181 days~ 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Deposits from Central Bank and other banks	27,234	25,670	-	-	-	52,904
Other loans from Central Bank	427,074	259,571	182,948	95,059	25,306	989,958
Payables	-	-	81,570	-	-	81,570
Current tax liabilities	11,559,929	19,183,658	26,001,649	54,587,627	67,254,701	178,587,564
Deposit and remittance	-	-	-	-	2,250,000	2,250,000
Financial debentures	4,014	7,739	11,660	21,768	112,119	157,300

4) The maturity analysis of lease agreement

The derivative instruments of the Company's possession which are settled by net amount include foreign derivative instruments, such as non-delivery forward contracts, foreign exchange options settled by net amount. After evaluation the Company concluded that the maturity date is the basic element to comprehend all the derivative financial instruments listed in the financial statement.

The maturity analysis of derivative financial liabilities settled by net amount is as follows:

<b>December 31, 2024</b>						
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>180-365 days</b>	<b>Over 365 days</b>	<b>Total</b>
Financial assets at fair value through profit or loss, Derivative instruments						
— Foreign exchange	\$ 2,140	-	-	-	-	2,140
— Interest exchange	20	-	-	-	-	20
	<b>\$ 2,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,160</b>

(Continued)



**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

December 31, 2023						
	0-30 days	31-90 days	91-180 days	180-365 days	Over 365 days	Total
Financial assets at fair value through profit or loss, Derivative instruments						
— Foreign exchange	\$ 2,438	-	-	-	-	2,438
— Interest exchange	5	-	-	-	-	5
	<u>\$ 2,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,443</u>

5) Maturity analysis for off balance sheet items

The table below shows the maturity analysis of the off-balance sheet items of the Bank based on the remaining days from the financial statement date to the contract maturity date. For the financial guarantee contracts issued, the maximum amount of the guarantee is listed in the earliest time zone that the guarantee may be executed. 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 financial statement.

December 31, 2024	0~30 days	31~90 days	91~180days	181~365 days	Over 356 days	Total
Commitment of loans	2,875,185	5,440,870	8,622,556	4,912,152	-	21,850,763
Commitment for letter of credit card	-	318	115	2,091	24,210	26,734
Unused cycle quota of credit cards	-	40,533	22,326	243,419	1,640,940	1,947,218
Guarantees	-	309,500	3,000	21,808	-	334,308

December 31, 2023	0~30 days	31~90 days	91~180days	181~365 days	Over 356 days	Total
Commitment of loans	2,218,225	4,396,992	6,654,675	3,390,191	-	16,660,083
Commitment for letter of credit card	69	141	536	1,530	21,708	23,984
Unused cycle quota of credit cards	-	9,707	32,673	110,445	1,684,626	1,837,451
Guarantees	-	39,458	-	29,155	-	68,613

(Note): Since the year 2004, the main of statistics is the credit card and cash card cardholders who have drawn recycle credit, and the balance after deducting the amount of recycle credit from the credit limit approved by the previous cardholders .

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

- 6) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

- a) Maturity analysis of assets and liabilities in New Taiwan Dollars

(in thousands of New Taiwan Dollars)

<b>December 31, 2024</b>							
	<b>Total</b>	<b>Amount for each remaining period to maturity</b>					
		<b>0~10 days</b>	<b>11~30 days</b>	<b>31~90 days</b>	<b>91~180 days</b>	<b>181 days ~ 1 year</b>	<b>Over 1 year</b>
Main capital inflow on maturity	199,688,052	17,581,716	10,429,917	6,620,315	12,394,587	24,972,537	127,688,980
Main capital outflow on maturity	221,873,570	6,077,762	9,505,092	25,553,844	35,006,892	58,808,646	86,921,334
Gap	(22,185,518)	11,503,954	924,825	(18,933,529)	(22,612,305)	(33,836,109)	40,767,646

(in thousands of New Taiwan Dollars)

<b>December 31, 2023</b>							
	<b>Total</b>	<b>Amount for each remaining period to maturity</b>					
		<b>0~10 days</b>	<b>11~30 days</b>	<b>31~90 days</b>	<b>91~180 days</b>	<b>181 days ~ 1 year</b>	<b>Over 1 year</b>
Main capital inflow on maturity	193,511,844	23,003,990	13,283,758	4,623,705	11,854,935	20,975,269	119,770,187
Main capital outflow on maturity	210,321,074	5,633,442	8,351,469	23,497,595	32,562,463	57,654,204	82,621,901
Gap	(16,809,230)	17,370,548	4,932,289	(18,873,890)	(20,707,528)	(36,678,935)	37,148,286

Note: The table show the whole amount of the Company in NTD.

- b) Maturity analysis of assets and liabilities in US Dollars

(in thousands of USD)

<b>December 31, 2024</b>						
	<b>Total</b>	<b>Amount for each remaining period to maturity</b>				
		<b>0~30 days</b>	<b>31~90 days</b>	<b>91~180 days</b>	<b>181 days ~ 1 year</b>	<b>Over 1 year</b>
Main capital inflow on maturity	128,631	36,459	13,336	15,020	10,038	53,778
Main capital outflow on maturity	128,631	46,632	12,501	8,530	18,834	42,134
Gap	-	(10,173)	835	6,490	(8,796)	11,644

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(in thousands of USD)

December 31, 2023						
	Total	Amount for each remaining period to maturity				
		0~30 days	31~90 days	91~180 days	181 days ~1 year	Over 1 year
Main capital inflow on maturity	143,398	50,407	11,831	20,089	16,443	44,628
Main capital outflow on maturity	143,398	66,003	13,839	10,817	12,554	40,185
Gap	-	(15,596)	(2,008)	9,272	3,889	4,443

Note: The table show the whole amount of the Company in USD.

(v) Financial risk information

1) Market risk

Market risk means the changes in market price that lead to the fair value and future cash flow volatility risk of the held financial instruments, even if it is not included in the financial statements. The risk factors usually refer to interest rate, exchange rate, equity investment and price. When the factors change, the Company's net operating income and the value of investment portfolio will have volatility risk.

The main market risks of the Company and its subsidiary are interest rate risk, exchange rate risk and equity investment risk. The main position of interest rate risk includes transactions with conditions, bonds, securities investments, interest rate swaps and so on. The main position of exchange risks includes forward exchange, foreign exchange swaps, and FX options and so on. The main position of equity investment risk includes stocks, funds, and stock market index futures and so on.

The major objective of the risk management of the Company is to control the risk under the scope approved by the Board of Directors by using effective management methods to utilize resource and create maximum economic profit. For major risks, the Company had established the risk management policies to serve as its primary principle, which covers managerial objective, organizational structure, accountability, and risk management procedures, and by implementing these mechanisms, operational risks can be controlled at an acceptable level.

Market risk is the risk that the Company's earnings or capital or its ability to meet business objectives will be adversely affected by changes in the level, volatility or correlation of market risk factors, such as interest rate (including credit spread), foreign exchange rate, securities price and commodity price. The market correlation and liquidity of these types of instruments are also covered.

The Company divides market risk exposures into either trading or non-trading portfolios. The trading portfolio includes positions arising from trading activities, which aim at benefiting from short-term price movements, such as proprietary trading and market making. The non-trading portfolio includes positions not held for the purpose of earning capital gains.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

Sensitivity analysis for exchange rate risk, interest rate risk and equity security price risk are as follows:

<b>December 31, 2024</b>			
<b>Main risk</b>	<b>Range</b>	<b>Amount influence</b>	
		<b>Equity</b>	<b>Gain or loss</b>
Exchange rate risk	USD/NTD, EUR/NTD increase 3%, other currency/NTD decrease 5%	-	26,641
Exchange rate risk	USD/NTD, EUR/NTD decrease 3%, other currency/NTD increase 5%	-	(26,641)
Interest rate risk	Interest rate curve rise 20BPS	(60,219)	(4,207)
Interest rate risk	Interest rate curve fall 20BPS	60,219	4,207
Price of equity stock risk	Price of equity stock rise 15%	126,962	130,084
Price of equity stock risk	Price of equity stock fall 15%	(126,962)	(130,084)

<b>December 31, 2023</b>			
<b>Main risk</b>	<b>Range</b>	<b>Amount influence</b>	
		<b>Equity</b>	<b>Gain or loss</b>
Exchange rate risk	USD/NTD, EUR/NTD increase 3%, other currency/NTD decrease 5%	-	21,205
Exchange rate risk	USD/NTD, EUR/NTD decrease 3%, other currency/NTD increase 5%	-	(21,205)
Interest rate risk	Interest rate curve rise 20BPS	(44,313)	(3,796)
Interest rate risk	Interest rate curve fall 20BPS	44,313	3,796
Price of equity stock risk	Price of equity stock rise 15%	113,708	136,783
Price of equity stock risk	Price of equity stock fall 15%	(113,708)	(136,783)

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

## Notes to the Financial Statements

## 2) Exchange rate risk concentration information

All held foreign financial assets and liabilities are classified by currencies and represented using the carrying amounts.

(in thousands of New Taiwan Dollars)

December 31, 2024			
	Foreign currency (in thousands)	Exchange Rate	NTD
<b>Financial assets</b>			
<b>Monetary items</b>			
USD	129,139	32.781	4,233,303
HKD	3,966	4.2221	16,743
CAD	778	22.8137	17,750
JPY	2,680,093	0.2098	562,283
CHF	42	36.2822	1,510
AUD	24,475	20.3931	499,112
NZD	2,090	18.4655	38,593
ZAR	95,035	1.7507	166,377
GBP	269	41.1762	11,058
EUR	3,013	34.1316	102,843
CNY	37,427	4.4778	167,591
<b>Financial liabilities</b>			
<b>Monetary items</b>			
USD	102,045	32.781	3,345,145
HKD	3,817	4.2221	16,114
CAD	766	22.8137	17,482
JPY	2,703,773	0.2098	567,252
CHF	11	36.2822	398
AUD	24,520	20.3931	500,030
NZD	1,931	18.4655	35,652
ZAR	94,218	1.7507	164,948
GBP	307	41.1762	12,644
EUR	3,054	34.1316	104,246
CNY	37,356	4.4778	167,273

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

## Notes to the Financial Statements

	December 31, 2023		
	Foreign currency (in thousands)	Exchange Rate	NTD
<b>Financial assets</b>			
<b>Monetary items</b>			
USD	138,352	30.735	4,252,249
HKD	3,392	3.9339	13,344
CAD	604	23.2155	14,022
JPY	2,189,180	0.2174	475,928
CHF	43	36.5284	1,571
AUD	10,942	21.0012	229,795
NZD	1,953	19.4952	38,074
ZAR	37,643	1.6594	62,465
GBP	297	39.1779	11,636
EUR	2,443	34.0114	83,090
CNY	38,322	4.3312	165,980
<b>Financial liabilities</b>			
<b>Monetary items</b>			
USD	115,128	30.735	3,538,459
HKD	3,126	3.9339	12,297
CAD	669	23.2155	15,531
JPY	2,180,207	0.2174	473,977
CHF	7	36.5284	256
AUD	10,897	21.0012	228,850
NZD	1,853	19.4952	36,125
ZAR	37,639	1.6594	62,458
GBP	338	39.1779	13,242
EUR	2,365	34.0114	80,437
CNY	37,937	4.3312	164,313

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

- 3) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

- a) The analysis table of interest rate sensitivity in New Taiwan Dollars

**December 31, 2024**

(in thousands of New Taiwan Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest-rate-sensitive assets	128,052,948	7,270,477	2,240,908	47,983,001	185,547,334
Interest-rate-sensitive liabilities	70,179,823	89,091,689	16,509,826	2,357,459	178,138,797
Interest rate sensitivity gap	57,873,125	(81,821,212)	(14,268,918)	45,625,542	7,408,537
Net worth					16,210,955
Ratio of interest-rate-sensitive assets to liabilities (%)					104.16
Ratio of interest rate sensitivity gap to net worth (%)					45.70

**December 31, 2023**

(in thousands of New Taiwan Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest-rate-sensitive assets	130,630,163	7,050,150	4,280,360	40,596,604	182,557,277
Interest-rate-sensitive liabilities	72,643,020	83,886,777	14,636,959	2,433,318	173,600,074
Interest rate sensitivity gap	57,987,143	(76,836,627)	(10,356,599)	38,163,286	8,957,203
Net worth					14,819,606
Ratio of interest-rate-sensitive assets to liabilities (%)					105.16
Ratio of interest rate sensitivity gap to net worth (%)					60.44

Note 1: The above amount included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate sensitivity assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues and costs affected by interest rate changes.

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

Note 4: Ratio of interest-rate-sensitivity assets to liabilities=Interest-rate-sensitivity assets / Interest-rate-sensitivity liabilities.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

b) The analysis table of interest rate sensitivity in US Dollars

**December 31, 2024**

(in thousands of USD)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest-rate-sensitive assets	35,304	15,020	10,038	53,778	114,140
Interest-rate-sensitive liabilities	20,860	8,519	18,834	40,089	88,302
Interest rate sensitivity gap	14,444	6,501	(8,796)	13,689	25,838
Net worth					2,045
Ratio of interest-rate-sensitive assets to liabilities (%)					129.26
Ratio of interest rate sensitivity gap to net worth (%)					1,263.47

**December 31, 2023**

(in thousands of USD)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest-rate-sensitive assets	43,318	19,910	16,394	44,628	124,250
Interest-rate-sensitive liabilities	23,347	10,711	12,495	38,259	84,812
Interest rate sensitivity gap	19,971	9,199	3,899	6,369	39,438
Net worth					1,924
Ratio of interest-rate-sensitive assets to liabilities (%)					146.50
Ratio of interest rate sensitivity gap to net worth (%)					2,049.79

Note 1: The above amount included only U.S. dollar amounts held by the Bank, and excluded contingent assets and contingent liabilities.

Note 2: Interest rate sensitivity assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues and costs affected by interest rate changes.

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

Note 4: Ratio of interest-rate-sensitivity assets to liabilities=Interest-rate-sensitivity assets/Interest-rate-sensitivity liabilities.

(Continued)



## COTA COMMERCIAL BANK CO., LTD.

### Notes to the Financial Statements

#### (al) Capital management

##### (i) Introduction

In accordance with the “Regulations Governing the Capital Adequacy and Capital Category of Banks” announced by FSC, regular calculation and preparation of related reports and report to the authorities for review are required in order to perform financial disclosures and conduct internal capital adequacy management. In accordance with the operation plans and budget targets, also considering the Company’s development strategy, capital adequacy, liabilities ratios, and increased of return on equity.

- 1) Comply with the Company's business development strategy and balance risk control.
- 2) It meets the basic requirements for capital management (the minimum statutory capital adequacy ratio).
- 3) It is in line with the international capital management trend, which is better to gear to international standards.
- 4) Increase the rate of return to shareholders.

##### (ii) Regulatory capital

Based on the “Regulations Governing the Capital Adequacy and Capital Category of Banks” announced by FSC, self-owned capital is classified into Tier 1 capital and Tier 2 capital:

- 1) Tier 1 capital: includes common equity and other Tier 1 capital.
  - a) Common equity: Common equity includes common stock, capital surplus (excluding premium on preference shares issuance), accumulated surplus and equity adjustments, less the following items: intangible assets (including goodwill), unamortized loss on disposal of non-performing loans, major investments, deferred tax assets, deferred pension costs and the items originally deducted from Tier 1 capital and Tier 2 capital (excluding the major investment on financial related business).
  - b) Other Tier 1 capital including cumulative perpetual preferred stock, cumulative perpetual subordinated debts, revaluation, convertible bonds, operating reserve and allowance for doubtful account.
- 2) Tier 2 capital: includes cumulative perpetual preferred stock, cumulative perpetual subordinated debts, revaluation appreciation, convertible debt, operational provisions and loan-loss reserves.

- (iii) The following table shows the calculation of the Company's own capital, risk-weighted assets and capital adequacy ratio. On December 31, 2024 and 2023, the Company complied with the capital management regulations of the competent authorities.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(iv) Capital adequacy ratio:

Year			December 31, 2024	December 31, 2023
Item				
Eligible Capital	Common stock capital		15,902,384	14,501,790
	Other tier 1 capital		600,000	600,000
	Tier 2 Capital		2,620,571	2,670,213
	Eligible capital		19,122,955	17,772,003
Risk- weighted Assets	Credit risk	Standardized approach	113,108,319	107,049,501
		Internal-rating-based approach	-	-
		Secularization	-	-
	Operational risk	Basic indicator approach	6,385,457	5,822,659
		Standardized approach / Alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	10,192,290	6,789,752
		Internal model approach	-	-
	Total Risk-weighted assets		129,686,066	119,661,912
Capital adequacy ratio			14.75 %	14.85 %
Ratio of common stock equity to risk-weighted assets (%)			12.26 %	12.12 %
Ratio of tier 1 capital to risk-weighted assets (%)			12.72 %	12.62 %
Leverage Ratio%			7.92 %	7.50 %

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

Note 2: Formulas used were as follows:

- 1) Eligible capital = Common equity capital + Other tier 1 capital excluding common stock equity + Tier 2 capital
- 2) Risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) x 12.5.
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 4) Ratio of common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.
- 5) Ratio of tier 1 capital to risk-weighted assets = (Common equity capital + additional tier 1 capital) ÷ Risk-weighted assets.
- 6) Leverage = Tier 1 capital ÷ Exposure measurement.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

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

The Company's investing and financing activities which did not affect the current cash flow to get the right-of-use assets by lease in the years ended December 31, 2024 and 2023, please refer to note6(k).

	January 1, 2024	Cash flows	Non-cash changes			December 31, 2024
			Add	Fair value changes	Changes in other	
Financial liability at fair value through profit or loss	\$ 2,443	(283)	-	-	-	2,160
Subordinate financial debentures	2,250,000	-	-	-	-	2,250,000
Lease liabilities	157,300	(48,532)	41,009	-	(85)	149,692
Total liabilities from financing activities	<u>\$ 2,409,743</u>	<u>(48,815)</u>	<u>41,009</u>	<u>-</u>	<u>(85)</u>	<u>2,401,852</u>

  

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Add	Fair value changes	Changes in other	
Financial liability at fair value through profit or loss	\$ 202	2,241	-	-	-	2,443
Subordinate financial debentures	3,000,000	(750,000)	-	-	-	2,250,000
Lease liabilities	131,235	(49,686)	75,751	-	-	157,300
Total liabilities from financing activities	<u>\$ 3,131,437</u>	<u>(797,445)</u>	<u>75,751</u>	<u>-</u>	<u>-</u>	<u>2,409,743</u>

**(7) Related-party transactions**

(a) Relations parties of Name and Relationship

Relations parties of Name	Relationship
Third Credit Cooperative Educational Foundation	Same director with the Company.(Note)
Other	Director, supervisors, managers of the Company and their relatives.

Note: As of June 27, 2023, the foundation was no longer related-party after the Company has newly elected its board members.

(b) Significant transactions with related parties

(i) Loans

December 31, 2023							
Type	Account Volume (Number of Names)	Highest Balance	Ending Balance	Loan classification		Collateral (note2)	Differences in Transaction Terms from Those for Unrelated Parties
				Normal Loans	Non- performing loans		
Private housing mortgage loan	4	\$ 20,027	19,303	19,303	-	Real estate	None
Other loans	11	161,099	133,784	133,784	-	Real estate/cars	None

(Continued)

## COTA COMMERCIAL BANK CO., LTD.

## Notes to the Financial Statements

December 31, 2023							
Type	Account Volume (Number of Names)	Highest Balance	Ending Balance	Loan classification		Collateral (note2)	Differences in Transaction Terms from Those for Unrelated Parties
				Normal Loans	Non-performing loans		
Consumer loans	1	\$ 737	-	-	-	No guarantee	None
Private housing mortgage loan	4	6,808	5,601	5,601	-	Real estate	None
Other loans	15	165,190	132,761	132,761	-	Real estate/cars	None

Loans for related parties are \$153,087 thousand and \$138,362 thousand on December 31, 2024 and 2023, and the ratio of it to total loan is 0.10% and 0.10%, respectively. Interest income from related parties is \$3,445 thousand and 2,895 thousand for 2024 and 2023 and the ratio of it to total interest income is the same as 0.07% and 0.06%, respectively. The range for related parties' loan interest rate is 2.230%~2.575% and 2.105%~2.950% for 2024 and 2023, respectively.

Loans for main management are \$2,486 thousand and \$4,414 thousand on December 31, 2024 and 2023, and the ratio of it to total loan is 0.001694% and 0.003275%, respectively. Interest income from main management is \$65 thousand and \$90 thousand for 2024 and 2023 respectively, and the ratio of it to total interest income is the same as 0.0013% and 0.0019%. The range for related parties' loan interest rate is 2.23%~2.25% and 2.105%~2.25%.

## (ii) Deposits

December 31, 2024			
Name of related parties	Ending Balance	%	The range of interest rate
The sum of separate accounts balances related parties' is lower than 1% of total deposits.	\$ <u>661,730</u>	<u>0.36</u>	0.53%~1.71%
December 31, 2023			
Name of related parties	Ending Balance	%	The range of interest rate
The sum of separate accounts balances related parties' is lower than 1% of total deposits.	\$ <u>762,740</u>	<u>0.43</u>	0.43%~1.57%

Interest resulting from such deposits was \$12,923 thousand and \$9,764 thousand for 2024 and 2023. The range for employee demand savings deposits interest rate were all 8.1% for 2024 and 2023.

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**  
**Notes to the Financial Statements**

(c) Compensation information for main management

	<b>2024</b>	<b>2023</b>
Salary and other short-term employee benefits	\$ 61,981	63,892
Post-employment benefits	463	478
Termination benefits	-	-
Other long-term employee benefits	-	-
Share-based payment	74	8
	<u><u>\$ 62,518</u></u>	<u><u>64,378</u></u>

(8) Pledged assets:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Financial assets measured at amortized cost:		\$	
Government bonds	Placed as deposits in courts	58,200	61,500
Government bonds	Deposited as trust compensation	50,000	50,000
		<u><u>\$ 108,200</u></u>	<u><u>111,500</u></u>

(9) Significant commitments and contingencies:

(a) The commitments and contingencies were as follows :

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Collections received	\$ 4,402,745	5,452,056
Handled several guarantees	1,919,149	1,815,051
Letter of credit	54,764	70,616
Undrawn loan commitments	22,211,805	16,752,680
Unused cycle quota of credit cards	1,947,218	1,837,450
Underwriting of securities on a consignment	206,688	-

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

(b) Others

Mr. Lin, together with five more individuals, jointly filed a lawsuit to the Taiwan High Court Taichung Branch against Mr. Chen, a former employee of the Company, for violating the Futures Trading Act, demanding for compensation for the damage. The above lawsuit has been approved by the 109 Civil Judgment of the Taiwan High Court Taichung Branch and the 111th Civil Judgment of the Supreme Court. On December 19, 2022, out of the above five individuals, three individuals, including Mr. Lee, were jointly compensated for a total principal, with interest, amounting to NTD\$21,460 thousand. However, the remaining two individuals failed to obtain any compensation, hence, filed an appeal to the Taiwan High Court Taichung Branch. On July 17, 2023, the court ruled in favor of the Company, whose business operation remained normal, without causing any significant changes on its business policies and decisions.

**(10) Significant Disasters Loss:None**

**(11) Significant Subsequent Events:None**

**(12) Other:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	For the year ended December 31					
	2024			2023		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Personnel Expenses						
Salaries	-	1,178,102	1,178,102	-	1,191,009	1,191,009
Labor and health insurance	-	99,878	99,878	-	97,982	97,982
Pension	-	49,635	49,635	-	47,565	47,565
Remuneration of directors	-	40,471	40,471	-	42,941	42,941
Others	-	101,679	101,679	-	95,886	95,886
Depreciation expenses	-	104,283	104,283	-	101,859	101,859
Amortization expenses	-	8,024	8,024	-	6,952	6,952

- (b) Balance sheet and trust property under the Company's trust accounts are disclosed as follows:

**Trust Balance Sheets**  
**December 31, 2024**

Trust Assets		Trust Liabilities	
Cash in bank	\$ 1,151,632	Trust capital—money	\$ 8,564,826
Investment in mutual fund	3,936,959	Trust capital—PP&E	1,616,393
Land	1,467,546	Provisions and accumulated	
Oversea debt	<u>3,632,061</u>	profit or loss	<u>6,979</u>
Total Trust Assets	<b><u>\$ 10,188,198</u></b>	Total Trust Liabilities	<b><u>\$ 10,188,198</u></b>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.****Notes to the Financial Statements****December 31, 2023**

<b>Trust Assets</b>		<b>Trust Liabilities</b>	
Cash in bank	\$ 1,100,833	Trust capital—Money	\$ 6,315,809
Investment in mutual fund	3,813,807	Trust capital—PP&E	1,425,274
Land	1,174,366	Provisions and accumulated	
Oversea debt	<u>1,656,045</u>	profit or loss	<u>3,968</u>
Total Trust Assets	<u><b>\$ 7,745,051</b></u>	Total Trust Liabilities	<u><b>\$ 7,745,051</b></u>

**Trust Property list of trust account****December 31, 2024**

<b>Investment Item</b>	<b>Book Amounts</b>
Cash in bank	\$ 1,151,632
Investment in mutual fund	3,936,959
Land	1,467,546
Overseas debt	<u>3,632,061</u>
	<u><b>\$ 10,188,198</b></u>

**December 31, 2023**

<b>Investment Item</b>	<b>Book Amounts</b>
Cash in bank	\$ 1,100,833
Investment in mutual fund	3,813,807
Land	1,174,366
Oversea debt	<u>1,656,045</u>
	<u><b>\$ 7,745,051</b></u>

**Trust Income Statement****December 31, 2024**

<b>Investment Item</b>	<b>Book Amounts</b>
Trust income	
Interest income	\$ 280,691
Rental income	185
Gains on trust investments	<u>155,769</u>
Total trust income	<u>436,645</u>
Trust expense	
Management fees	9,053
Losses on trust investments	<u>91,504</u>
Total trust expense	<u>100,557</u>
Loss before income taxes	336,088
Income tax expense	-
Net profit	<u><b>\$ 336,088</b></u>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

**Trust Income Statement**

**December 31, 2023**

<b>Investment Item</b>	<b>Book Amounts</b>
Trust Income	
Interest income	\$ 170,971
Gain on trust investments	<u>78,004</u>
Total trust income	<u>248,975</u>
Trust Expense	
Management fees	6,059
Losses on trust investments	<u>105,526</u>
Total trust expense	<u>111,585</u>
Profit before income taxes	137,390
Income tax expense	<u>-</u>
Net loss	<u><u>\$ 137,390</u></u>

(c) Profitability:

		Unit: %	
<b>Items</b>		<b>December 31, 2024</b>	<b>December 31, 2023</b>
Return on assets ratio	Before income tax	0.51	0.60
	After income tax	0.43	0.50
Return on equity ratio	Before income tax	6.55	8.18
	After income tax	5.62	6.78
Net Income ratio		23.31	28.37

Note 1: Return on assets ratio = Net income before/after income tax ÷ average total assets.

Note 2: Return on equity ratio = Net income before/after income tax ÷ average total stockholders' equity.

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

(Continued)



**COTA COMMERCIAL BANK CO., LTD.****Notes to the Financial Statements****(13) Other disclosures:**

- (a) Information on significant transactions: None
  - (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: None
  - (ix) Other significant transactions that may have substantial influence upon the decisions made by financial report users: None
- (b) Information on investees: None
- (c) Information on investment in mainland China: None

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

**(14) Segment information:**

- (a) The Company has set up three major business divisions, departments and offices to manage various business matters: 1. Individual Banking Business Division: In charge of policy formulation of individual financial, marketing planning, business promotion, sales personnel performance management and counseling, credit investigation, and operation management of individual financial business and optimization. The individual banking business includes consumer finance, investment and wealth management, credit card, trust, personal and property insurance agency business. 2. Corporate Banking Business Division: Responsible for policy formulation of corporation, marketing planning, business promotion, sales personnel performance management and counseling, credit investigation, and operation management of corporation banking business and optimization. The corporation banking products and services include enterprise loans, national syndicated loans, structured finance and other project loan. 3. Branch Banking Business Division: In charge of the overall policy formulation of the branch banking business office, branch banking business strategy planning, channel sales performance management and guidance, channel customer relationship management, financial channel trend and practice research, government financial policy implementation, operation management and optimization and so on.

The reportable department of the Company is a strategic business unit to provide different products and services. Since each strategic business unit requires different technology and marketing strategies, it must be managed separately.

- (b) The operation businesses of the segments which need to be disclosed were as follow:

	<b>Individual Banking Business Division</b>	<b>Corporate Banking Business Division</b>	<b>Branch Banking Business Division</b>	<b>Others</b>	<b>Subtotal</b>	<b>Elimination</b>	<b>Total</b>
<b>2024</b>							
<b>Revenue</b>							
Net interest income	\$ 1,459,750	274,853	648,908	550,860	2,934,371	-	2,934,371
Net service income	319,895	979	137,195	(372)	457,697	-	457,697
Other income-net	-	70,664	329	277,483	348,476	-	348,476
Income between segments	(843,586)	(90,669)	1,311,908	(377,653)	-	-	-
Total	<u>936,059</u>	<u>255,827</u>	<u>2,098,340</u>	<u>450,318</u>	<u>3,740,544</u>	<u>-</u>	<u>3,740,544</u>
<b>Expenses</b>							
Bad debt	\$ 95,581	27,791	171,654	258,162	553,188	-	553,188
Operating expenses	<u>453,439</u>	<u>78,108</u>	<u>881,103</u>	<u>758,610</u>	<u>2,171,260</u>	<u>-</u>	<u>2,171,260</u>
Total	<u>549,020</u>	<u>105,899</u>	<u>1,052,757</u>	<u>1,016,772</u>	<u>2,724,448</u>	<u>-</u>	<u>2,724,448</u>
Income before tax	<u>\$ 387,039</u>	<u>149,928</u>	<u>1,045,583</u>	<u>(566,454)</u>	<u>1,016,096</u>	<u>-</u>	<u>1,016,096</u>
<b>December 31, 2024</b>							
<b>Assets</b>	<u>\$ 46,484,667</u>	<u>7,619,608</u>	<u>181,229,817</u>	<u>(31,347,194)</u>	<u>203,986,898</u>	<u>-</u>	<u>203,986,898</u>
<b>Liabilities</b>	<u>\$ 46,097,628</u>	<u>7,466,971</u>	<u>180,164,233</u>	<u>(45,952,889)</u>	<u>187,775,943</u>	<u>-</u>	<u>187,775,943</u>

(Continued)

**COTA COMMERCIAL BANK CO., LTD.**

**Notes to the Financial Statements**

<b>2023</b>	<b>Individual Banking Business Division</b>	<b>Corporate Banking Business Division</b>	<b>Branch Banking Business Division</b>	<b>Others</b>	<b>Subtotal</b>	<b>Elimination</b>	<b>Total</b>
<b>Revenue</b>							
Net interest income	\$ 1,261,960	339,553	832,269	390,806	2,824,588	-	2,824,588
Net service income	256,727	239	85,925	215	343,106	-	343,106
Other income-net	(7)	29,771	361	178,702	208,827	-	208,827
Income between segments	(711,437)	(120,007)	1,047,077	(215,633)	-	-	-
Total	807,243	249,556	1,965,632	354,090	3,376,521	-	3,376,521
<b>Expenses</b>							
Bad debt	\$ 85,092	26,831	164,176	(190,724)	85,375	-	85,375
Operating expenses	423,930	77,829	852,907	780,912	2,135,578	-	2,135,578
Total	509,022	104,660	1,017,083	590,188	2,220,953	-	2,220,953
Income before tax	\$ <u>298,221</u>	<u>144,896</u>	<u>948,549</u>	<u>(236,098)</u>	<u>1,155,568</u>	<u>-</u>	<u>1,155,568</u>
<b>December 31, 2023</b>							
<b>Assets</b>	<b>\$ <u>41,559,683</u></b>	<b><u>8,048,913</u></b>	<b><u>176,510,676</u></b>	<b><u>(28,402,064)</u></b>	<b><u>197,717,208</u></b>	<b><u>-</u></b>	<b><u>197,717,208</u></b>
<b>Liabilities</b>	<b>\$ <u>41,261,461</u></b>	<b><u>7,904,018</u></b>	<b><u>175,562,128</u></b>	<b><u>(41,830,005)</u></b>	<b><u>182,897,602</u></b>	<b><u>-</u></b>	<b><u>182,897,602</u></b>

(c) Geographic segment information:

The Company's interest income and service fee income are both from the customers in Taiwan. The Company's non-current assets are all located in Taiwan.

(d) Information on major customers:

No individual customer of the Company accounted for 10% or more of the Bank and its subsidiaries' revenue in the statements of income.

**COTA COMMERCIAL BANK CO., LTD**

**Statement of Cash and Cash Equivalents**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>
Cash on hand:	
NTD	\$ 2,792,317
USD1,147,087 exchange rate 32.7810	37,603
HKD3,646,640 exchange rate 4.2221	15,396
JPY183,751,000 exchange rate 0.2098	38,551
EUR423,305 exchange rate 34.1316	14,448
CNY2,412,695 exchange rate 4.4778	<u>10,803</u>
	<u>2,909,118</u>
Deposits from other banks :	
Demand deposits	86,304
Checking deposits	152,112
Foreign currency deposits	
(USD1,063,209.78 exchange rate 32.7810	
EUR639,432.27 exchange rate 34.1316	
CAD188,134.90 exchange rate 22.8137	
NZD220,741.46 exchange rate 18.4655	
AUD1,454,130.55 exchange rate 20.3931	
GBP88,557.89 exchange rate 41.1762	
CHF38,530.53 exchange rate 36.2822	
ZAR256,004.53 exchange rate 1.7507	
JPY2,417,451,893 exchange rate 0.2098	
CNY450,664.76 exchange rate 4.4778	
HKD318,891.78 exchange rate 4.4221)	<u>610,739</u>
	<u>849,155</u>
Checks for clearance	<u>175,163</u>
Total	<u><u>\$ 3,933,436</u></u>

**COTA COMMERCIAL BANK CO., LTD**  
**Statement of Financial Assets at Fair Value through**  
**Profit or Loss**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Name of financial instrument</u>	<u>Total face value</u>	<u>Acquisition cost</u>	<u>Total fair value</u>
Financial Assets Held for Trading:			
Domestic Listed (OTC) Stocks	\$ -	62,627	62,849
Beneficiary Certification(Include ETF)	-	807,627	804,377
Short-term Securities	-	2,945,630	2,948,444
Derivatives			
Interest Rate Swap			1,433
Subtotal			3,817,103
Financial Assets at Fair Value Through Profit or Loss at Inception			
Convertible bonds	1,161,300	1,161,300	1,163,710
			<u>\$ 4,980,813</u>

**COTA COMMERCIAL BANK CO., LTD**  
**Statement of Financial Instruments at Fair Value through**  
**Other Comprehensive Income**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

Debt investments:

Name of financial instruments	Summary	Total par value	Acquisition cost	Fair Value	
				Unit price (dollar/ hundred dollar)	Total
Corporate bonds					
B30804-01	maturity date 2027.5.17	\$ 200,000	200,000	99.2377	198,475
B402BM-01	maturity date 2029.5.14	200,000	200,000	99.4689	198,938
B402BM-02	maturity date 2029.5.14	100,000	100,000	99.4689	99,469
B402BM-03	maturity date 2029.5.14	100,000	100,000	99.4689	99,469
B402BM-04	maturity date 2029.5.14	100,000	100,000	99.4689	99,469
B50183-01	maturity date 2027.9.27	100,000	100,000	99.7588	99,759
B51407-01	maturity date 2026.10.28	100,000	100,000	98.1917	98,192
B618DG-01	maturity date 2028.5.3	100,000	100,000	98.9625	98,963
B618DG-02	maturity date 2028.5.3	100,000	100,000	98.9625	98,963
B618DV-01	maturity date 2029.5.17	200,000	200,000	100.5298	201,060
B638BH-01	maturity date 2028.9.15	100,000	100,000	98.6776	98,678
B644BN-01	maturity date 2025.5.14	100,000	99,890	99.6159	99,616
B644CR-01	maturity date 2028.4.20	100,000	100,000	98.9221	98,922
B644CR-02	maturity date 2028.4.20	100,000	100,000	98.9221	98,922
B644D8-01	maturity date 2027.4.25	200,000	200,000	99.9660	199,932
B644D9-01	maturity date 2029.4.25	100,000	100,000	100.1140	100,114
B644D9-02	maturity date 2029.4.25	100,000	100,000	100.1140	100,114
B644D9-03	maturity date 2029.4.25	100,000	100,000	100.1140	100,114
B66302-01	maturity date 2026.3.29	200,000	200,000	98.6595	197,319
B71899-01	maturity date 2028.6.17	100,000	100,000	99.1351	96,660
B718A4-01	maturity date 2027.8.4	100,000	100,000	99.1351	99,135
B718A9-01	maturity date 2028.5.16	200,000	200,000	98.6508	197,302
B718AJ-01	maturity date 2029.1.11	500,000	500,329	98.7753	493,877
B718AQ-01	maturity date 2029.6.21	300,000	300,000	99.6989	299,097
B718AR-01	maturity date 2031.6.20	200,000	200,000	99.7651	199,530
B72103-01	maturity date 2028.8.11	200,000	200,000	95.9542	191,908
B72201-01	maturity date 2025.9.21	200,000	200,201	99.2231	198,446
B84706-01	maturity date 2028.6.13	200,000	200,000	98.6279	197,256
B85410-01	maturity date 2026.6.13	100,000	100,000	99.4731	99,473
B85410-02	maturity date 2026.6.13	100,000	100,000	99.4731	99,473
B85410-03	maturity date 2026.6.13	100,000	100,000	99.4731	99,473
B85411-01	maturity date 2028.12.12	100,000	100,000	98.6560	98,656
B85411-02	maturity date 2028.12.12	100,000	100,000	98.6560	98,656
B85411-03	maturity date 2028.12.12	100,000	100,000	98.6560	98,656
B85412-01	maturity date 2029.4.23	100,000	100,000	99.7620	99,762
B85412-02	maturity date 2029.4.23	200,000	200,000	99.7620	199,524
B86407-01	maturity date 2026.1.14	100,000	100,051	99.0610	99,061
B903YQ-01	maturity date 2027.12.15	100,000	100,000	99.9421	99,942
B903YQ-02	maturity date 2027.12.15	100,000	100,000	99.9421	99,942
B903Z2-01	maturity date 2028.6.15	100,000	100,000	98.8703	98,870
B903ZA-01	maturity date 2030.10.18	100,000	100,000	98.2383	98,238
B903ZF-01	maturity date 2029.1.10	400,000	400,739	99.0689	396,276
B903ZL-01	maturity date 2029.6.18	300,000	300,000	99.4843	298,453
B903ZP-01	maturity date 2029.7.19	200,000	200,000	99.4891	198,978
B903ZP-02	maturity date 2029.7.19	200,000	200,000	99.4891	198,978
B921A8-01	maturity date 2026.4.28	100,000	100,000	98.9654	98,965
B921AA-01	maturity date 2026.4.28	100,000	100,000	98.9654	98,965
B98813-01	maturity date 2025.8.28	200,000	200,223	99.3155	198,631
B30441-01	maturity date 2026.5.15	200,000	200,000	98.8855	197,771
B30455-01	maturity date 2028.4.18	100,000	100,000	98.7493	98,749
B401DQ-01	maturity date 2026.6.3	100,000	100,000	98.5512	98,551
B401DR-01	maturity date 2028.6.3	100,000	100,000	95.6277	95,628
B401DR-02	maturity date 2028.6.3	200,000	192,265	95.6277	191,255
B50180-01	maturity date 2028.12.25	100,000	100,000	98.6637	98,664
B50180-02	maturity date 2028.12.25	100,000	100,000	98.6637	98,664
B50180-03	maturity date 2028.12.25	100,000	100,000	98.6637	98,664
B50180-04	maturity date 2028.12.25	100,000	100,000	98.6637	98,664
B618BN-01	maturity date 2027.3.23	100,000	100,000	97.2315	97,232
B618BN-02	maturity date 2027.3.23	100,000	100,000	97.2315	97,232
B618BR-01	maturity date 2027.4.15	100,000	100,000	97.0614	97,061
B618CA-01	maturity date 2028.3.30	100,000	100,000	95.7525	95,752
B618CA-02	maturity date 2028.3.30	100,000	100,000	95.7525	95,752
B618CA-03	maturity date 2028.3.30	100,000	100,000	95.7525	95,752
B644BW-01	maturity date 2027.12.28	100,000	100,000	96.5872	96,587
B6A306-01	maturity date 2028.4.27	100,000	100,000	98.7386	98,739
B702AG-02	maturity date 2026.1.17	200,000	201,379	99.5769	199,154
B71895-01	maturity date 2027.6.2	100,000	100,000	97.4579	97,458
B71895-02	maturity date 2027.6.2	100,000	100,000	97.4579	97,458
B903XY-01	maturity date 2028.11.15	100,000	100,000	93.5986	93,598
B94172-01	maturity date 2028.5.22	100,000	100,000	98.7414	98,741
B94173-01	maturity date 2029.9.27	300,000	300,000	99.4135	298,240
B9A102-01	maturity date 2026.4.21	200,000	200,000	99.5396	199,079
B9A102-02	maturity date 2026.4.21	100,000	100,000	99.5396	99,540
B9A502-01	maturity date 2026.4.26	100,000	100,000	99.0383	99,038
B9AG05-01	maturity date 2028.4.20	200,000	200,000	96.3189	192,638
			<b>\$ 10,695,077</b>		<b>10,564,332</b>

## COTA COMMERCIAL BANK CO., LTD

## Statement of Financial Instruments at Fair Value through Other Comprehensive Income

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Equity instrument:

Instruments	Beginning		Current increase		Current decrease		Value adjustment		Ending		Guarantee or pledge Provided
	Shares	Book value	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Taiwan Asset Management Corporation	6,000	\$ 74,440	-	-	-	-	-	10,820	6,000	85,260	None
Taiwan Financial Asset Service Corp., Ltd.	5,000	66,920	-	-	-	-	-	(22,770)	5,000	44,150	None
Taiwan Depository & Cleaning Corp., Ltd.	543	62,709	103	-	-	-	-	33,400	646	96,109	None
Sunny Asset Management Corporation	25	253	-	-	-	-	-	-	25	253	None
Total		<u>\$ 204,322</u>		<u>-</u>		<u>-</u>		<u>21,450</u>		<u>225,772</u>	

Note: The current increase of Taiwan Depository &amp; Cleaning Corp., Ltd. is the number of received from the distribution of stock dividends in 2024.

## COTA COMMERCIAL BANK CO., LTD

## Statement of Financial Instruments at Fair Value through Other Comprehensive Income

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Equity instrument:

Instruments	Beginning		Increase		Decrease		Value adjustment		Ending		Guarantee or pledge Provided
	Shares	Book value	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
TCC	258,986	\$ 9,026	330,000	12,340	-	-	-	(2,695)	588,986	18,671	
ACC	373,000	15,461	190,000	8,739	-	-	-	(1,455)	563,000	22,745	
UNI	134,000	9,983	175,000	13,446	-	-	-	1,569	309,000	24,998	
FPG	145,000	11,483	-	-	145,000	11,483	-	-	-	-	
NPC	165,000	10,973	-	-	165,000	10,973	-	-	-	-	
FPCC	173,000	10,778	-	-	173,000	10,778	-	-	-	-	
TFC	212,000	14,331	220,000	13,771	-	-	-	(6,027)	432,000	22,075	
HOTAI	11,180	7,927	13,000	7,378	-	-	-	(338)	24,180	14,967	
LITEON	106,000	12,402	56,000	4,905	-	-	-	(1,188)	162,000	16,119	
UMC	237,000	12,466	-	-	90,000	5,023	-	(1,115)	147,000	6,328	
FOXCONN	29,000	3,030	21,000	3,929	-	-	-	2,241	50,000	9,200	
COMPAL	108,000	4,304	99,000	3,163	-	-	-	326	207,000	7,793	
YAGEO	11,061	6,603	-	-	3,261	2,513	-	128	7,800	4,218	
TSMC	48,000	28,464	-	-	28,000	12,808	-	5,844	20,000	21,500	
SYNNEX	103,000	7,231	38,000	2,809	-	-	-	(57)	141,000	9,983	
REALTEK	25,000	11,787	21,000	10,280	-	-	-	4,061	46,000	26,128	
QCI	62,000	13,919	-	-	54,000	11,835	-	212	8,000	2,296	
ADVANTECH	27,397	10,192	53,000	18,906	-	-	-	(1,241)	80,397	27,857	
CHT	311,000	37,320	55,000	5,265	-	-	-	2,616	366,000	45,201	
MTK	5,400	5,481	-	-	5,400	5,481	-	-	-	-	
PCSC	38,000	10,241	55,000	15,170	-	-	-	(952)	93,000	24,459	
LP	3,000	8,610	-	-	3,000	8,610	-	-	-	-	
NOVATEK	10,000	5,170	7,000	3,695	-	-	-	(331)	17,000	8,534	
TWM	370,000	36,482	-	-	60,000	5,483	-	4,186	310,000	35,185	
WISTRON	144,000	14,198	-	-	68,000	7,030	-	736	76,000	7,904	
ASEH	73,000	9,855	-	-	73,000	9,855	-	-	-	-	
FET	332,000	26,494	277,000	21,090	-	-	-	6,861	609,000	54,445	
PEGATRON	102,000	8,905	-	-	57,000	5,048	-	278	45,000	4,135	
CHAILEASE	50,955	9,834	-	-	45,955	8,942	-	(332)	5,000	560	
RADIANT	40,000	5,320	-	-	22,000	2,615	-	832	18,000	3,537	



## COTA COMMERCIAL BANK CO., LTD

## Statement of Financial Instruments at Fair Value through Other Comprehensive Income

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Equity instrument:

Instruments	Beginning		Increase		Decrease		Value adjustment		Ending		Guarantee or pledge Provided
	Shares	Book value	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
FPCC	136,000	10,975	-	-	136,000	10,975	-	-	-	-	
HFC	86,200	11,034	137,220	12,687	-	-	-	(6,607)	223,420	17,114	
MOMO	13,000	6,617	-	-	9,000	4,628	-	(633)	4,000	1,356	
FT	56,480	9,884	71,000	11,595	-	-	-	(4,524)	127,480	16,955	
MIC	47,000	8,577	-	-	6,000	109	-	(2,277)	41,000	6,191	
SECOM	235,000	27,495	-	-	29,000	5,143	-	3,089	206,000	25,441	
GIANT	44,833	8,249	18,000	5,423	-	-	-	(4,707)	62,833	8,965	
FENC	308,000	9,610	200,000	7,380	-	-	-	(937)	508,000	16,053	
ECLAT	11,000	6,182	2,000	740	-	-	-	(305)	13,000	6,617	
MAKALOT	5,000	1,773	11,320	4,630	-	-	-	(1,164)	16,320	5,239	
ACCTON	11,000	5,753	8,000	4,166	-	-	-	4,768	19,000	14,687	
ASUS	18,000	8,811	-	-	18,000	8,811	-	-	-	-	
GIGABYTE	24,000	6,384	56,000	16,336	-	-	-	(920)	80,000	21,800	
MSI	30,000	6,120	95,000	16,208	-	-	-	609	125,000	22,937	
CHICONY	43,000	7,525	56,000	8,927	-	-	-	(1,404)	99,000	15,048	
KYEC	50,000	4,245	-	-	50,000	4,245	-	-	-	-	
TRIPOD-TECH	23,000	4,485	-	-	23,000	4,485	-	-	-	-	
WPGHOLDINGS	120,000	9,792	185,000	15,563	-	-	-	(4,493)	305,000	20,862	
INVENTEC	183,000	9,662	-	-	155,000	8,400	-	141	28,000	1,403	
YFC	66,068	12,289	-	-	55,068	10,526	-	(627)	11,000	1,136	
Total		<u>\$ 553,732</u>		<u>248,541</u>		<u>175,799</u>		<u>(5,832)</u>		<u>620,642</u>	
										<u>11,410,746</u>	

**COTA COMMERCIAL BANK CO., LTD**

**Statement of Financial Assets Measured at Amortized Cost**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Name of bonds</b>	<b>Summary</b>	<b>Total par value</b>	<b>Current amortization</b>	<b>Book value</b>	<b>Note</b>
<b>Government bonds</b>					
A04105	maturity date 2025.03.13	\$ 100,000	42	100,007	Total guarantee in 10,600 thousand dollars
A06104	maturity date 2027.03.01	200,000	165	200,359	Total guarantee in 22,200 thousand dollars
A95107	maturity date 2026.11.10	500,000	5,875	511,055	Total guarantee in 25,400 thousand dollars
A98102	maturity date 2029.02.16	100,000	940	103,996	Total guarantee in 50,000 thousand dollars
US TREASURY N/B	maturity date 2025.09.15	64,133	-	65,216	
		964,133		980,633	
Less: Allowance for loss		-		(18)	
Subtotal		964,133		980,615	
<b>Corporate bonds</b>					
B20246-01	maturity date 2027.4.15	100,000	-	100,000	
B20254-01	maturity date 2027.11.25	200,000	-	200,000	
B30462-01	maturity date 2029.10.23	100,000	(36)	99,817	
B402BK-01	maturity date 2028.6.27	100,000	-	100,000	
B402BK-02	maturity date 2028.6.27	200,000	-	200,000	
B40424-01	maturity date 2028.06.23	100,000	-	100,000	
B40426-01	maturity date 2028.10.26	100,000	-	100,000	
B50162-01	maturity date 2025.04.22	100,000	60	100,018	
B50176-01	maturity date 2026.07.27	100,000	-	100,000	
B50176-02	maturity date 2026.07.27	100,000	-	100,000	
B50180-05	maturity date 2028.12.25	200,000	(372)	198,771	
B50182-01	maturity date 2029.04.08	200,000	-	200,000	
B50182-02	maturity date 2029.04.08	100,000	-	100,000	
B63110-01	maturity date 2026.05.04	100,000	-	100,000	
B64611-01	maturity date 2026.05.03	200,000	-	200,000	
B67007-01	maturity date 2025.09.15	200,000	(316)	199,776	
B68125-01	maturity date 2029.04.11	100,000	-	100,000	
B68125-02	maturity date 2029.04.11	200,000	-	200,000	
B6A301-01	maturity date 2027.04.07	100,000	-	100,000	
B6A301-02	maturity date 2027.04.07	200,000	-	200,000	
B702AG-01	maturity date 2026.01.17	200,000	1,670	200,915	
B71310-01	maturity date 2026.07.12	100,000	-	100,000	
B801AQ-01	maturity date 2026.07.05	200,000	-	200,000	
B801AR-01	maturity date 2028.07.05	100,000	-	100,000	
B801AS-01	maturity date 2029.05.28	100,000	-	100,000	
B801AS-02	maturity date 2029.05.28	200,000	-	200,000	
B86510-01	maturity date 2029.06.27	100,000	-	100,000	
B92361-01	maturity date 2027.12.28	200,000	-	200,000	
B94647-01	maturity date 2026.12.20	100,000	(1,012)	98,493	
B94655-01	maturity date 2027.09.08	200,000	(358)	199,010	
B94704-01	maturity date 2026.11.26	100,000	-	100,000	
B948A2-01	maturity date 2025.07.01	100,000	(70)	99,965	
B97203-01	maturity date 2025.08.14	200,000	-	200,000	
B98008-01	maturity date 2027.08.01	200,000	296	200,778	
B99004-01	maturity date 2033.10.26	100,000	-	100,000	
B99007-01	maturity date 2034.06.24	100,000	-	99,997	
B99503-01	maturity date 2033.09.05	200,000	-	200,000	
B99603-01	maturity date 2033.08.01	300,000	-	300,000	
B9A503-01	maturity date 2025.04.22	100,000	-	100,000	
B9A503-02	maturity date 2025.04.22	100,000	-	100,000	

Name of bonds	Summary	Total par value	Current amortization	Book value	Note
B9A802-01	maturity date 2028.05.26	100,000	-	100,000	
B9AM01-01	maturity date 2026.05.27	100,000	-	100,000	
B9AM01-02	maturity date 2026.05.27	50,000	-	50,000	
B9AN01-01	maturity date 2026.08.05	200,000	-	200,000	
B9AQ01-01	maturity date 2026.09.27	100,000	-	100,000	
TAISEM	maturity date 2027.04.22	66,860	-	66,195	
CNRC	maturity date 2032.08.05	59,956	-	61,240	
NESTLE HOLDINGS INC	maturity date 2028.02.06	67,410	-	66,324	
INTERNATIONAL BUSINESS					
MACHINES CORPORATION	maturity date 2026.09.27	64,211	-	64,647	
Cathay Life Insurance Company	maturity date 2033.08.07	65,562	-	65,562	
TMO	maturity date 2029.01.31	100,192	-	99,868	
ROSW	maturity date 2028.11.13	100,231	-	99,934	
Subtotal		6,874,422		6,871,310	
Less: Allowance for loss		-		(1,866)	
		6,874,422		6,869,444	
Negotiable certificates of deposits		11,625,000		11,625,000	
Less: Allowance for loss		-		(11)	
Subtotal		11,625,000		11,624,989	
Financial bonds					
G10172-01	maturity date 2026.12.12	200,000	-	200,000	
STANDARD CHARTERED BANK	maturity date 2028.05.16	65,562	-	65,562	
		265,562		265,562	
Less: Allowance for loss		-	-	(15)	
Subtotal		265,562	-	265,547	
		<b>\$ 19,463,555</b>	-	<b>19,740,595</b>	

**COTA COMMERCIAL BANK CO., LTD**  
**Statement of Securities Purchased under Resell**  
**Agreements**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Book value</u>	<u>Note</u>
Commercial paper	\$ <u><u>998,561</u></u>	2024.12.26~2025.01.08 rate 1.6%~1.61%

**Statement of Receivables**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Interest receivable	Loans	\$ 226,852
	Corporate bonds	147,622
	Due from Central Bank and call loans to banks interest	15,723
	Other	<u>2,829</u>
	Subtotal	<u>393,026</u>
Accounts Receivable Purchase (Non-Recourse)		11,438
Credit card accounts receivable		179,594
Accrued income		14,385
Dividends receivable		2,233
Guarantee payments receivable		751
Spot exchange receivable		180
Others		<u>27,901</u>
Subtotal		629,508
Less: Allowance for doubtful accounts		<u>(30,938)</u>
Total		<u><u>\$ 598,570</u></u>

**COTA COMMERCIAL BANK CO., LTD**

**Statement of Discounts and Loans**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Pledge overdraft	\$ 5,548
Short-term loans	5,322,573
Short-term secured loans	19,077,502
Medium-term loans	25,526,188
Medium-term secured loans	60,478,781
Long-term loans	2,119,118
Long-term secured loans	33,608,789
Accounts receivable - financing	102,947
Non-accrual loans	<u>489,427</u>
Subtotal	146,730,873
Less: Allowance for bad debts	(1,771,600)
Adjustment of discount and premium	<u>(262,483)</u>
Total	<u><u>\$ 144,696,790</u></u>

**COTA COMMERCIAL BANK CO., LTD**  
**Statement of Changes in the Property and Equipment**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to Note6(j) for Property and Equipment.

**Statement of changes in Right-of-Use Assets**

Please refer to Note6(k) for Right-of-Use Assets.

**Statement of changes in Investment Property**

Please refer to Note6(l) for Investment Property.

**COTA COMMERCIAL BANK CO., LTD**  
**Statement of changes in Intangible Assets**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to Note6(m) for Intangible Assets.

**Statement of Other Assets**

<u>Item</u>	<u>Amount</u>
Prepaid expenses	\$ 51,158
Prepaid pension cost	302,431
Refundable deposits	82,049
Other	<u>10,280</u>
	<u>445,918</u>
Guarantee deposits	58,200
Less: Securities for guarantee deposits	<u>(58,200)</u>
Total	<u><u>\$ 445,918</u></u>

**COTA COMMERCIAL BANK CO., LTD**

**Statement of Payables**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>	
Collection due on behalf of the payable	\$	59,435
Interest expenses		221,525
Demand savings deposits interest	\$	135,514
Time deposits interest		44,871
Financial debentures interest		34,264
Other		<u>6,876</u>
Accrued expenses		392,386
Bonus and salaries		213,775
Compensation of employee and remuneration of directors		88,356
Labor and health insurance expense		15,350
Other		<u>74,905</u>
Tax payable		45,491
Checks for clearance payable		175,163
Other payable		67,972
Seize or offset		6,360
Stock refundable		11,419
Dishonored account		1,864
Retention stop payment		6,269
Payment on hand		4,683
Other		<u>37,377</u>
	<b>\$</b>	<b><u><u>961,972</u></u></b>



**COTA COMMERCIAL BANK CO., LTD**

**Statement of Deposits and Remittances**

**December 31, 2024**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Summary</b>	<b>Amount</b>
Checking accounts		\$ 2,061,975
Cashier's checks		1,455,121
Demand deposits		33,614,692
Time deposits		26,540,725
Demand savings deposits	Demand savings deposits	49,770,797
	Staff demand savings deposits	967,375
	Installment saving deposits	138,225
	Round-amount savings deposits	8,631,039
	Withdrawals of interest savings deposits	60,341,773
Remittances outstanding		1,901
		<b>\$ 183,523,623</b>

**Statement of Financial Debentures Payable**

<b>Name Debentures</b>	<b>Starting</b>	<b>Maturity</b>	<b>Interest rate %</b>	<b>Genus</b>	<b>Value</b>	<b>Book value</b>
107-1	2018.6.21	No due date	Adjustable Rates for Consumer Loans add 3.06%	Unsecured subordinated debenture	\$ 600,000	600,000
107-2	2018.12.12	2025.12.12	1.95%	Unsecured subordinated debenture	600,000	600,000
112-1	2024.04.25	2030.04.25	2.65%	Unsecured subordinated debenture	1,050,000	1,050,000
					<b>\$ 2,250,000</b>	<b>2,250,000</b>

**COTA COMMERCIAL BANK CO., LTD****Statement of Provisions****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Please refer to Note 6(r) for Provisions.

**Statement of Other Liabilities**

<b>Item</b>	<b>Amount</b>
Advance interest receipts	\$ 446,231
Temporary receipts and suspense accounts	100,132
Other advance receipts	9,177
Guarantee deposits received	6,507
Advance revenue	39,178
	<b>\$ 601,225</b>

**COTA COMMERCIAL BANK CO., LTD**

**Statement of Net Interest Income**

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

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Interest Income	\$ 5,124,533
Short-term secured deposit interest	599,858
Medium-term deposit interest	812,460
Medium-term secured deposit interest	1,747,125
Long-term secured deposit interest	853,743
Short-term investments and Bond interest	481,443
Other (Note)	<u>629,904</u>
Interest Expense	2,190,222
Demand deposits interest	173,749
Time deposits interest	454,397
Savings deposit interest	350,427
Withdrawals of interest savings deposits interest	976,954
Round-amount savings deposits interest	138,778
Other (Note)	<u>95,917</u>
Net Interest Income	<u><u>\$ 2,934,311</u></u>

Note : Each accounts does not exceed 5% of the ending balance.

**COTA COMMERCIAL BANK CO., LTD**

**Statement of Service Fee Income**

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

**(Expressed in thousands of New Taiwan Dollars)**

Please refer to note 6(z) for Service Fee Income.

**Statement of Gains and Losses on Financial Assets or Liabilities  
at Fair Value through Profit or Loss**

<u>Item</u>	<u>Amount</u>
Gain on disposal of financial assets, net	\$ 91,516
Loss on valuation of financial assets, net	(27,287)
Gain on valuation of financial liabilities, net	283
Dividend income	57,905
Interest income	<u>73,408</u>
	<u><u>\$ 195,825</u></u>

**COTA COMMERCIAL BANK CO., LTD**  
**Statement of Other Net Non-interest Income (Loss)**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Income from other non-interest	
Rental income	\$ 18,681
Gain on disposal of assets	901
Miscellaneous income	<u>8,096</u>
	<u>27,678</u>
Expense from other non-interest	
Loss on disposal of assets	2
Miscellaneous expenses	<u>28</u>
	<u>30</u>
	<u><u>\$ 27,648</u></u>

**Statement of Provisions for Bad Debt Expenses  
and Guarantee Reserve**

Please refer to note 6(g), (h) and (r) for debts expense and guarantee liability provision.

**COTA COMMERCIAL BANK CO., LTD**

**Statement of Employee Benefits Expenses**

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

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Employee benefits expenses</b>	<b>Other net non- interest income</b>	<b>Other general and administrative expenses</b>	<b>Total</b>
Salaries	\$ 1,178,102	-	-	1,178,102
Labor and health insurance	99,878	-	-	99,878
Pension	49,635	-	-	49,635
Remuneration of directors	30,371	-	-	30,371
Other	101,679	-	-	101,679

**COTA COMMERCIAL BANK CO., LTD**

**Statement of Employee Benefits Expenses**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

The additional information about the number of employees and personnel expenses as of 2024 and 2023 are as below:

	<b>2024</b>	<b>2023</b>
Number of employees	1,174	1,161
Number of directors who are not employees	14	15
Average employee benefits	\$ 1,232	1,250
Average salary expense	\$ 1,016	1,039
The percentage of change between two years	(2.21)%	0.19 %
Supervisor remuneration	\$ -	-

The Company's remuneration policy (including directors, managers and employees) is as below:

1. The remuneration policy includes the remuneration paid to directors and employees, holiday bonus and bonus (including performance bonus, review bonus, incentive bonus, annual bonus, etc.). In addition, the directors' remuneration also includes the directors' remuneration, monthly directors' remuneration and transportation allowance.
2. The standard of payment for directors should be in accordance with the provisions stated in the "Company's Articles of Association" and the "Director Employee's Remuneration Policy" and should be submitted to the Board of directors for discussion and approval according to the degree of the individual's participation in the operations of the Company and to the level of the other banks concerned.
3. Remuneration for president and vice president is paid in accordance with the rules approved by the board of directors. Payment of employee salary is calculated based on related laws.
4. All bonuses should be awarded in consideration of the Company's financial position, risk management, group (individual) evaluation score and equity principle. The key points for group (individual) evaluation should be approved by the general manager.
5. Based on the performance indicators of the Company (as a whole and per individual), the performance evaluation points of the business unit, management performance assessment points, and the performance of every individual, are also taken into consideration.
6. Based on future risk considerations, the annual bonus for managers will be deferred to 8% before the end of January of the following year, and the quarterly bonus for account management commissioner and head of account management will be deferred to 20% before the end of the year.

**COTA COMMERCIAL BANK CO., LTD**  
**Statement of Depreciation and Amortization**  
**Expenses**  
**For the year ended December 31, 2024**

Please refer to note 6(j), (k), (l), (m) and (ah) for depreciation and amortization.

**Statement of Other General and Administrative**  
**Expenses**

Please refer to note 6(ai) for other general and administration expenses.