

**AGRICULTURAL BANK OF TAIWAN, LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditor's Report
For the Years Ended December 31, 2024 and 2023**

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

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Agricultural Bank of Taiwan, Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public 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 and Nong-Jin-Zi No.1115074575.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Jin-Kuan-Yin-Zi No.10802731571 and the auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Assessments of fair value and impairment of financial instruments

Please refer to Note (4) (f) for the related accounting policies regarding fair value and impairment assessment of financial instruments, Note (5) for accounting assumptions and estimation uncertainty of fair value and impairment assessment of financial instruments. For details of fair value and impairment assessment of financial instruments, please refer to Note (6) (aa) for "Fair value information", Note (6) (c) for "Financial assets and liabilities at fair value through profit or loss", Note (6) (d) for "Financial assets at fair value through other comprehensive income", and Note (6) (e) for "Investment in debt instrument at amortized cost".

Descriptions of the key audit matter:

The Group's assessment of fair value and impairment of financial instruments is one of the matters that involves significant judgment. Some of the financial instruments are valued through models, as the valuation method and the important input parameters involve significant judgment. When assessing whether financial instruments are impaired, it is necessary for the management to take comprehensive consideration of observables using the forward-looking "expected credit loss" (ECL) model, which includes the probability of default (PD), loss given default (LGD), exposure at default (EAD) and forward-looking economic factors. Parameters such as the future cash flow, the effective interest rate, or the current market return rate shall also be taken into account in calculating the impairment loss. Since the calculation process is relatively complicated and the setting of parameter values sometimes involves and depends on human judgment, the use of different assumptions may significantly affect the amount that should be taken into recognition. Therefore, the assessment on the impairment and the fair value of the financial instruments has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing of investment cycle and related financial reporting processes, including the processes and internal control procedures of initial recognition, subsequent measurement, financial statement disclosures, and management assess whether there is any indicator that an asset may be impaired.

When assessing fair value, we obtained lists of financial assets, understanding the methods used for measuring the fair values of all types of financial assets, and obtained external relevant data to verify the fair values determined or significant assumptions applied by the management.

When testing impairment assessment, we understood the decision making process of how the management set parameters and assumptions and evaluated their rationality, appointing experts for assistance when necessary.

2. Impairment assessment of loans

Please refer to Note (4) (f) for the related accounting policies regarding "Financial Instruments", Note (5) for accounting assumptions and estimation uncertainty of impairment assessment of loans. For details of impairment assessment of loans, please refer to Note (6) (g) for "Discount and loans-net" and Note (6) (ab) for "information on financial risks".

Descriptions of the key audit matter:

The management of the Group assess its loans to determine the impairment in accordance with IFRS 9. For the credit impaired cases which impairment has occurred since initial recognition, the measurement is based on expected future cash flow. The amount of expected credit loss (ECL) for non-credit impaired cases is evaluated by identifying whether the credit risk has significantly increased at the reporting date. If the credit risk of non-credit impaired cases has not significantly increased, the 12-month expected credit loss should be adopted, if the credit risk of non-credit impaired cases has significantly increased, the lifetime credit loss evaluation should be adopted. Except for the methods mentioned above, the management of the Group should inspect whether the amount of impairment provision is in compliance with the minimum level required by the authority. Both the future cash flows of credit impaired cases and the main parameters which are used in calculated the non-credit cases, such as probability of default (PD), loss given default (LGD), forward-looking factors, and the judgments of whether the credit risk has significantly increased, all involved significant judgments and estimations. The movement of related parameters will have significant impact on the assessment of loans impairment. Therefore, the assessment on the impairment of loans has been identified as a key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the methodology used by the management to assess the impairment of loans and performing the relevant control procedures. For the credit impaired assessment, we conducted sampling tests to evaluate the use of the original effective interest rate, the appropriateness of the recoverable amount of expected future cash flows and value of collateral. For non-credit impaired assessment, we assessed the impairment model adopted by the management and reviewed the appropriateness of the calculation of the impairment parameters and verified the completeness of the loans portfolio via sampling. Meanwhile, we assessed the impaired amounts recognized by the management were in compliance with the related regulations issued by authority.

Other Matter

Agricultural Bank of Taiwan, Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China and Nong-Jin-Zi No.1115074575, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee, Feng-Hui.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2025

Notes to Readers

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

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

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

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
11000	Cash and cash equivalents(Note (6) (a))	\$ 3,971,951	1	3,760,128	-	Liabilities:					
11500	Due from the Central Bank and call loans to banks(Note (6) (b))	136,776,354	15	160,129,169	15	21000	Deposits from the Central Bank and other banks(Note (6) (m))	\$ 61,131,178	7	108,738,620	10
12000	Financial assets at fair value through profit or loss(Note (6) (c))	1,481,606	-	923,355	-	22000	Financial liabilities at fair value through profit or loss(Note (6) (c))	503,141	-	1,537,877	-
12100	Financial assets at fair value through other comprehensive income (Note (6) (d))	59,315,430	6	85,406,720	8	22500	Notes and bonds issued under repurchase agreements(Note (6) (n))	68,361,040	7	56,766,506	5
12200	Investments in debt instruments at amortised cost(Note (6) (e))	375,007,350	39	408,067,409	38	23000	Payable (Note (6) (o))	2,375,210	-	4,386,241	-
13000	Receivable, net(Notes (6) (f) and (h))	4,191,898	-	6,702,754	1	23200	Current tax liabilities	6,534	-	3,975	-
13200	Current tax assets	807,532	-	415,125	-	23500	Deposits and remittances(Note (6) (p))	750,495,634	78	816,249,005	76
13500	Discounts and loans, net(Notes (6) (g) and (h))	377,373,819	39	406,223,458	38	24000	Bank notes payable(Note (6) (q))	49,950,000	5	50,820,000	5
15500	Other financial assets, net(Note (6) (i))	418,645	-	393,639	-	25600	Provisions(Notes (6) (s) and (t))	357,121	-	341,001	-
18500	Property and equipment, net(Note (6) (j))	607,025	-	544,551	-	26000	Lease liabilities(Note (6) (r))	333,325	-	489,805	-
18600	Right-of-use assets, net(Note (6) (k))	307,925	-	468,484	-	29300	Deferred income tax liabilities(Note (6) (u))	163,891	-	53,701	-
19000	Intangible assets, net(Note (6) (l))	158,550	-	228,631	-	29500	Other liabilities	534,887	-	610,281	-
19300	Deferred tax assets, net(Note (6) (u))	154,740	-	51,652	-		Total liabilities	<u>934,211,961</u>	<u>97</u>	<u>1,039,997,012</u>	<u>96</u>
19500	Other assets, net	503,667	-	576,703	-		Equity attributable to owners of parent:				
						31101	Common stock(Note (6) (v))	26,965,035	3	26,965,035	3
						31111	Advance receipts for capital stock	534	-	-	-
							Retained earnings:				
						32001	Legal reserve	5,606,543	1	5,524,166	1
						32003	Special reserve	1,312,321	-	1,188,755	-
						32005	Unappropriated retained earnings (accumulated deficit)	(5,816,484)	(1)	205,943	-
						32500	Other equity interest	(1,203,418)	-	10,867	-
							Total equity	<u>26,864,531</u>	<u>3</u>	<u>33,894,766</u>	<u>4</u>
Total assets		<u>\$ 961,076,492</u>	<u>100</u>	<u>1,073,891,778</u>	<u>100</u>		Total liabilities and equity	<u>\$ 961,076,492</u>	<u>100</u>	<u>1,073,891,778</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)

	2024		2023		Change
	Amount	%	Amount	%	%
41000 Interest income	\$ 19,083,108	599	18,921,320	871	1
51000 Less: Interest expenses	<u>(20,704,424)</u>	<u>(650)</u>	<u>(21,161,877)</u>	<u>(974)</u>	(2)
Net interest revenue (Note (6) (x))	<u>(1,621,316)</u>	<u>(51)</u>	<u>(2,240,557)</u>	<u>(103)</u>	28
Net revenue other than interest					
49100 Net service fee revenue(Note (6) (y))	659,991	21	594,799	27	11
49200 Gain (loss) on financial assets or liabilities measured at fair value through profit or loss	(1,649,544)	(52)	(1,668,999)	(77)	1
49310 Realized gains (losses) on financial assets at fair value through other comprehensive income	(688,005)	(22)	158,879	7	(533)
49450 Gain (loss) arising from derecognition of financial assets measured at amortized cost	(55,576)	(2)	4,813,193	222	(101)
49600 Foreign exchange gain (loss)	116,397	4	487,148	23	(76)
49700 Reversal of impairment loss on assets (Impairment loss on assets)	23,966	1	(15,636)	(1)	253
49800 Net other revenue other than interest income	<u>26,287</u>	<u>1</u>	<u>43,435</u>	<u>2</u>	(39)
Net revenue	<u>(3,187,800)</u>	<u>(100)</u>	<u>2,172,262</u>	<u>100</u>	(247)
58200 Bad debts expense, commitment and guarantee liability provision	<u>(700,243)</u>	<u>(22)</u>	<u>(43,920)</u>	<u>(2)</u>	1,494
Operating expense:					
58500 Employee benefits expenses (Note (6) (z))	(726,670)	(23)	(716,906)	(33)	1
59000 Depreciation and amortization expense	(284,190)	(9)	(304,129)	(14)	(7)
59500 Other general and administrative expense	<u>(1,104,239)</u>	<u>(35)</u>	<u>(986,634)</u>	<u>(45)</u>	12
Total operating expense	<u>(2,115,099)</u>	<u>(67)</u>	<u>(2,007,669)</u>	<u>(92)</u>	5
61001 Profit from continuing operations before tax	(6,003,142)	(189)	120,673	6	(5,075)
61003 Income tax expense (Note (6) (u))	<u>(16,275)</u>	<u>-</u>	<u>(7,613)</u>	<u>(1)</u>	114
Profit (loss)	<u>(6,019,417)</u>	<u>(189)</u>	<u>113,060</u>	<u>5</u>	(5,424)
65000 Other comprehensive income:					
65200 Components of other comprehensive income that will not be reclassified to profit or loss					
65201 Gains (losses) on remeasurements of defined benefit plans	1,843	-	(1,960)	-	194
65204 Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	217,035	7	480,026	22	(55)
65220 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(369)	-	392	-	(194)
Components of other comprehensive income that will not be reclassified to profit or loss	<u>218,509</u>	<u>7</u>	<u>478,458</u>	<u>22</u>	(54)
65300 Components of other comprehensive income that will be reclassified to profit or loss					
65309 Revaluation gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(1,229,861)	(39)	41,288	2	(3,079)
65320 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>(1,229,861)</u>	<u>(39)</u>	<u>41,288</u>	<u>2</u>	(3,079)
65000 Other comprehensive income, net of tax	<u>(1,011,352)</u>	<u>(32)</u>	<u>519,746</u>	<u>24</u>	(295)
Total comprehensive income	<u>\$ (7,030,769)</u>	<u>(221)</u>	<u>632,806</u>	<u>29</u>	(1,211)
Profit (loss), attributable to:					
67101 Owners of parent	<u>\$ (6,019,417)</u>	<u>(189)</u>	<u>113,060</u>	<u>5</u>	(5,424)
Comprehensive income attributable to:					
67301 Owners of parent	<u>\$ (7,030,769)</u>	<u>(221)</u>	<u>632,806</u>	<u>29</u>	(1,211)
Earnings (loss) per share (Note (6) (w))					
Basic earnings (loss) per share (in NT dollars)	<u>\$ (2.23)</u>		<u>0.04</u>		

See accompanying notes to financial statements.

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

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total equity
	Share capital		Retained earnings			Other equity	
	Common stock	Advance receipts for capital stock	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance on January 1, 2023	\$ 25,352,515	-	5,168,479	655,223	889,219	(415,996)	31,649,440
Profit	-	-	-	-	113,060	-	113,060
Other comprehensive income	-	-	-	-	(1,568)	521,314	519,746
Total comprehensive income	-	-	-	-	111,492	521,314	632,806
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	355,687	-	(355,687)	-	-
Special reserve appropriated	-	-	-	533,532	(533,532)	-	-
Issue of shares	1,612,520	-	-	-	-	-	1,612,520
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	94,451	(94,451)	-
Balance on December 31, 2023	26,965,035	-	5,524,166	1,188,755	205,943	10,867	33,894,766
Profit	-	-	-	-	(6,019,417)	-	(6,019,417)
Other comprehensive income	-	-	-	-	1,474	(1,012,826)	(1,011,352)
Total comprehensive income	-	-	-	-	(6,017,943)	(1,012,826)	(7,030,769)
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	82,377	-	(82,377)	-	-
Special reserve appropriated	-	-	-	123,566	(123,566)	-	-
Issue of shares	-	534	-	-	-	-	534
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	201,459	(201,459)	-
Balance on December 31, 2024	\$ 26,965,035	534	5,606,543	1,312,321	(5,816,484)	(1,203,418)	26,864,531

See accompanying notes to financial statements.

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

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
(Loss) Profit before tax	\$ (6,003,142)	120,673
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	167,694	175,516
Amortization expense	117,816	129,933
Provision (reversal) for bad debt expense	672,205	(3,088)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,106,440)	144,207
Interest expense	20,704,424	21,161,877
Net loss (gain) arising from derecognition of financial assets measured at amortised cost	55,576	(4,813,193)
Interest income	(19,083,108)	(18,921,320)
Dividend income	(58,358)	(74,211)
Net change in provisions for guarantee liabilities	31,196	45,378
Net change in other provisions	(3,158)	1,630
Loss on disposal of property and equipment	2,120	444
(Reversal of) Impairment loss on financial assets	(23,966)	15,636
Gain on lease modification	(2,278)	(63)
Total adjustments to reconcile profit	<u>1,473,723</u>	<u>(2,137,254)</u>
Changes in operating assets:		
Decrease in due from the Central Bank and call loans to banks	23,352,815	3,717,242
Increase in financial assets at fair value through profit or loss	(490,186)	-
Decrease (increase) in financial assets at fair value through other comprehensive income	25,089,333	(82,088,724)
Decrease in investments in debt instruments measured at amortised cost	33,017,581	108,699,822
Decrease (increase) in receivables	1,345,602	(1,401,731)
Decrease (increase) in discounts and loans	28,178,819	(1,425,432)
Increase in other financial assets	(25,006)	(56,522)
Decrease (increase) in other assets	73,036	(258,062)
Total changes in operating assets	<u>110,541,994</u>	<u>27,186,593</u>
Changes in operating liabilities:		
(Decrease) Increase in deposits from the Central Bank and other banks	(47,607,442)	2,662,260
(Decrease) Increase in payable	(1,661,877)	1,408,656
Decrease in deposits and remittances	(65,753,371)	(16,533,796)
Decrease in other financial liabilities	-	(34,713)
(Decrease) Increase in provisions for employee benefits	(10,075)	4,529
(Decrease) Increase in other liabilities	(75,394)	130,044
Total changes in operating liabilities	<u>(115,108,159)</u>	<u>(12,363,020)</u>
Cash (outflow) inflow generated from operations	(9,095,584)	12,806,992
Interest received	20,251,231	18,427,430
Dividends received	57,743	73,973
Interest paid	(21,053,578)	(20,857,416)
Income tax paid	(399,390)	(295,969)
Net Cash flows used in operating activities	<u>(10,239,578)</u>	<u>10,155,010</u>
Cash flows from (used in) investing activities:		
Acquisition of property and equipment	(135,294)	(311,058)
Acquisition of intangible assets	(44,305)	(16,051)
Net cash flows used in investing activities	<u>(179,599)</u>	<u>(327,109)</u>
Cash flows from (used in) financing activities:		
Repayments of bonds	(870,000)	(700,000)
Increase (Decrease) in notes and bonds issued under repurchase agreement	11,594,534	(9,153,869)
Payments of lease liabilities	(94,068)	(92,037)
Proceeds from issuing shares	534	1,612,520
Net cash flows from financing activities	<u>10,631,000</u>	<u>(8,333,386)</u>
Net increase in cash and cash equivalents	211,823	1,494,515
Cash and cash equivalents at beginning of period	3,760,128	2,265,613
Cash and cash equivalents at end of period	<u>\$ 3,971,951</u>	<u>3,760,128</u>

See accompanying notes to financial statements.

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

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

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

(1) Company history

AGRICULTURAL BANK OF TAIWAN, LTD. (the “Company”) is responsible for guiding the credit departments of farmers' and fishermen's associations in developing services that provide financing in agriculture, forestry, fishery and livestock industries, and in stabilizing agricultural finance, with the share contribution of 49% made by the government and 51% made by all levels of the farmers' and fishermen's associations. The Company formed the preparatory committee on July 16, 2004, and gained the permission for its establishment on April 4, 2005, obtained its certificate of incorporation registered with the Ministry of Economic Affairs on April 19, 2005, acquired the business license on May 13, 2005, and officially opened for business on May 26, 2005. As of December 31, 2024, the Company has 7 branches in the country, and sets up its own Department of Business, Department of Specialized Financing, Department of Trusts, Department of Treasury and the Department of International to promote various businesses. The areas of major businesses are listed as follows:

- (a) Financing major agricultural infrastructures and financing special agricultural cases by the government.
- (b) Financing agriculture, forestry, fishery and livestock industries that are in-line with the policies of the farmers' and fishermen's associations.
- (c) Handling all operations mentioned in all paragraphs of Article 71 in the Banking Act of The Republic of China (businesses which may be conducted by a general commercial bank).
- (d) Financing and re-disposition of the surplus funds received from the credit departments of farmers' and fishermen's associations.
- (e) Inspecting the operations and finance for the credit departments of farmers' and fishermen's associations.
- (f) Conduct financial evaluations, as well as reviewing the performance and sharing the information for the credit departments of farmers' and fishermen's associations.
- (g) Handling other operations that are discussed by the central authorities and governing authorities of the Banking Law, as well as other operations that are approved by related governing authorities.

The Company and all its subsidiaries (hereinafter referred as “the Group”) are included in the scope of the consolidation in the consolidated financial statements for the years ended December 31, 2024 and 2023, respectively. Please refer to Note (4) (c) for more details.

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

The Consolidated Financial Statements were authorized for issue by the board of directors on March 19, 2025

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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”

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

The Group 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 consolidated 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 Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
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"> ● 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. 	January 1, 2027

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> ● 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. ● 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. 	January 1, 2027
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	<p>The amendments set out:</p> <ol style="list-style-type: none"> 1. The company generally derecognises its trade payable on the settlement date. However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognise its trade payable before the settlement date, potentially, when it uses an electronic payment system that meets all of the following criteria: <ul style="list-style-type: none"> ● no practical ability to withdraw, stop or cancel the payment instruction; ● no practical ability to access the cash to be used for settlement as a result of the payment instruction; and ● the settlement risk associated with the electronic payment system is insignificant. 	January 1, 2026

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	<p>2. An additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:</p> <ul style="list-style-type: none"> ● not related directly to a change in basic lending risks or costs; and ● are not measured at fair value through profit or loss. 	January 1, 2026

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- 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 significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Nong-Jin-Zi No.1115074575 and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, ROC. (hereinafter referred to IFRS endorsed by the FSC).

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss (including derivative instruments);
- 2) Financial assets at fair value through other comprehensive income;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries in the consolidated financial statements

Name of the investor	Name of subsidiary	Business nature	Percentage of share equity held		Description
			December 31, 2024	December 31, 2023	
The Company	Agricultural Financing Insurance Brokers Co., Ltd.	Personal and non-life insurance broker	100	100	The subsidiary was established in August 2006 with the paid-in capital amounted to NT\$332,592 up to December 31, 2024.
The Company	Agrifinance Information Service Co., Ltd.	Wholesale and retail sale of computer software, software design services, and data processing services	100	100	The subsidiary was established after being divided by the Company in March 2019 with the paid in capital amounted to NT\$550,000 up to December 31, 2024.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign Currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Foreign currency monetary items shall be translated into the functional currency using the exchange rates on the reporting date. Foreign exchange gains or losses thereof refer to the differences between the amortized costs denominated in the functional currency at the beginning of the period adjusted for amounts of effective interest and any payments during the period and the amortized costs denominated in foreign currencies translated using the exchange rates on the reporting date.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when fair value was determined. Non monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for investments in equity instruments designated fair value through other comprehensive income which are recognized in other comprehensive income arising on the retranslation.

(e) Cash and Cash Equivalents

Cash consists of cash on hand, petty cash and revolving funds, foreign currencies on hand, and due from banks, excluding cash that is restricted to be used only either for specified purposes or by regulation and contracts.

(f) Financial Instruments

All financial assets and liabilities of the Group include derivative instruments, which are according to the international financial reporting standards approved and issued by the FSC. They are recognized on the consolidated balance sheet and are measured by the classification of the assets.

The routine transactions of financial assets are based on the trade-date accounting.

(i) Financial assets

1) Investment in debt instruments at amortized cost

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

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

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

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- 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 Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

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

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

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

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

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

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

4) Securities under repurchase or resale agreements

Securities sold/purchased with a commitment to repurchase/resale at a predetermined price are treated as financing transactions. The difference between the cost and the repurchase/resale price is treated as interest expense/revenue and recognized over the term of the agreement. On the selling/purchasing date, these agreements are recognized as securities sold under repurchase agreements or securities purchased under resale agreements.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Discounts and loans

Loans and advances are recorded as initial fair value (including direct transaction cost), and the subsequent measurement recognizes interest income via effective interest rate method (if there is not much difference then it can adopt straight line method) and is booked as per amortized cost deducted by impairment loss. Loans shall be transferred to non-accrual loans account if either of the following occurs:

- Payment of principal or interest is very likely not to be redeemed as per contracts.
- Non-performing loans are categorized as overdue loans in six months after the settlement period ends.

At each reporting date, the Group shall assess whether the credit risk has increased significantly since its initial recognition. By comparing the default risk on the reporting date with that on the initial recognition date, the Group uses the evidence of the significant increase in credit risk since initial recognition as the basis for estimation of the default risk and the expected losses and calculates the expected credit losses. Under the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans” issued by the FSC and other relevant laws, the higher of the two becomes the basis for lodgment.

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

The reserve for guarantee and other provisions is determined by evaluating the potential losses of ending balances of through acceptance receivables, loan commitment and letter of credit receivables.

6) Impairment of financial assets

The Group recognize loss allowances for expected credit losses on investments in debt instruments at amortized cost and investments in debt instruments designated at FVOCI. Equity instrument investment does not need to recognize expected credit losses.

If the credit risk on financial assets has not increased significantly since its initial recognition, the Group shall measure the allowance for impairment using the 12- month expected credit losses, or the lifetime expected credit losses if otherwise.

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

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

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

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

At each reporting date, the Group 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.

Please refer to Note 6 (ab) for assessment of whether credit risk has increased significantly since initial recognition, proactive adjustment approach and evidence of credit impairment of financial assets.

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

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

(ii) Financial liabilities

Financial liability at fair value through profit or loss

1) Financial liabilities held for trading

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

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

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

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Derecognition of financial assets and liabilities

The Group shall derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Group transfer substantially all the risks and rewards of ownership of the financial assets. A financial liability should be removed from the balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. If the bonds or stocks are taken as collateral, shall not be derecognized because the Group have retained substantially all the risks and rewards of ownership. This is also applicable when the Group conduct securitization transactions and still retain some of the risks.

(iv) Financial instruments offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group 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.

(v) Reclassification of financial instruments

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

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

(g) Non-financial asset impairment

If there is an indication that a non-financial asset may be impaired on the balance sheet date, the recoverable amount of the asset is determined and an impairment loss is recognized as the recoverable amount lower than the carrying amount of the asset. A previously recognized accumulated impairment loss of an asset other than goodwill is reversed and the carrying amount of the asset is increased to the recoverable amount if such loss no longer exists or decreases but not to an amount higher than the asset without any impairment loss recognized after depreciation or amortization deduction.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and depreciation method of that significant part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(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. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Machinery and computer equipment	5 years
Transportation and communication facilities	5 years
Miscellaneous equipment	5 years
Leasehold improvements	10 years

(i) Leases

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

(i) As a lessee

The Group 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.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there 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 Group 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.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(ii) As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

(j) Intangible Asset

Computer software is treated as an intangible asset of the Group, which is recorded at the acquisition cost and amortized on the straight-line basis over 5 years from the month when it is acquired. The amortization method, service life, and residual value should apply the same as those of the property, plant and equipment.

(k) Employee Benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Group'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 return for their service in the current and prior periods, based on the discounted present value of the said defined benefit obligation. Any unrecognized past service costs and the fair value of any plan assets are deducted for purposes of determining the Group's net defined benefit obligation. The discount rate used in calculating the present value is the market yield at the reporting date that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Prior service costs should be recognized immediately in the profit or loss for the current period when additional benefits vest immediately.

The Group's service costs and net interest on the net defined benefit liability (asset) should be recognized as employee benefits expenses as they occur. All remeasurements (including actuarial gains and losses and the return on plan assets after deducting the interest) arising from the defined benefit plans should be recognized in other comprehensive income and included in the retained earnings and not reclassified as profit or loss for subsequent periods.

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

(iii) Employee preferential deposits

The Group provide employees with preferential deposits, with types including fixed amount employee preferential deposit payments to in service employees and post employment, as well as fixed amount preferential deposit payments to retired employees and in service employees. The difference between the interest rate of such preferential deposit and the market interest rate is within the scope of employee benefits.

Article 30 of the "Regulations Governing the Preparation of Financial Reports by Public Banks" provides that the actuarial valuation should be performed, upon the employee's retirement, on the excess interest accrued from the interest rate of the post employment preferential deposit as agreed with the employee exceeding the general market interest rate, as adopted to International Accounting Standards (IAS) No. 19 Defined Benefit Plan endorsed by the FSC, provided that parameters of the actuarial assumption shall be subject to applicable requirements by the competent authority.

(iv) Short-term employee benefits

Short-term employee benefit obligations shall be measured on an undiscounted basis and recognized as expenses when the relevant services are provided.

(l) Income Tax

Income taxes comprise current taxes and deferred taxes.

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

Deferred 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 measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- (i) the Group 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.

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.

(m) Recognition of Interest Revenues and Service Fee Revenues

Interest revenues on credit extension are recorded on the accrual basis. However, interest shall not be accrued to non-performing loans that are transferred to non-accrual loans account due to repayment not obtained after the payment period and shall be recognized as revenues only upon receipt.

Service fees are recorded as revenues upon receipt and substantial completion of activities involved in the earnings process.

(n) Earnings per Share

The Group discloses the Company's basic earnings per share attributable to ordinary shareholders of the Group. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding.

(o) Operating Segments

An operating segment is a component of the Group 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 Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated 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 Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of loans

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

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

(b) Debt instruments classified as financial assets measured at amortized cost or FVOCI and expected credit losses of its receivables

The impairment of financial assets of the Group is evaluated at 12-month expected credit loss or lifetime credit loss based on whether the credit risk has significantly increased after initial recognition. In order to measure expected credit losses, the Group considers the default probability (Probability of default, "PD") of borrowers, and loss given default rate ("LGD") multiplying the exposure at default ("EAD"), taking into account the time value of money as well as evaluating the 12-month and lifetime loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the select inputs. Please refer to Note 6(ab) for further explanation on relevant assumptions and select inputs.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Fair value of financial instruments

The fair value of non active market or non quoted financial instruments is determined using the valuation models or the quoted price from counterparty. If fair value is determined using the valuation model, all models should, if possible, only use observable data as inputs without manual adjustments. In principle, observable inputs are market common parameters that can be obtained in a long term and stable manner, avoiding differences caused by changes in data sources between financial statements across periods. The models have to be repeatedly adjusted and verified to ensure that the output reflects the asset values fairly.

Please refer to Note 6(ab) for the sensitivity analysis of financial instruments.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and revolving funds	\$ 227,396	189,906
Checks for clearing	37,621	34,548
Due from banks	<u>3,706,934</u>	<u>3,535,674</u>
Total	<u>\$ 3,971,951</u>	<u>3,760,128</u>

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

	December 31, 2024	December 31, 2023
Reserves accounts A	\$ 15,099,671	10,510,532
Reserves accounts B	21,356,289	21,526,288
Due from the Central Bank	89,098,954	128,092,349
Call loans to banks	<u>11,221,440</u>	<u>-</u>
Total	<u>\$ 136,776,354</u>	<u>160,129,169</u>

The deposit reserve is the average balance of the month for each type of deposits calculated at the required reserve ratio placed in the deposit reserve account of the Central Bank. The reserves accounts A are non-interest bearing accounts that can be deposited or withdrawn at all times and the reserves accounts B bears interest and should not be drawn down unless when the deposit reserve is adjusted every month in compliance with the requirement.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss, mandatorily measured at fair value:		
Non-derivative financial assets		
Financial bonds	\$ 100,690	100,167
Beneficiary certificates	474,564	-
Derivative financial assets		
FX Swaps	<u>906,352</u>	<u>823,188</u>
Total	<u>\$ 1,481,606</u>	<u>923,355</u>
 Financial liabilities at fair value through profit or loss :		
Derivative financial liabilities		
FX Swaps	<u>\$ 503,141</u>	<u>1,537,877</u>

The Group uses derivative financial instruments to hedge the certain foreign exchange risk the Group is exposed to, arising from its investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

December 31, 2024			
	Amount of contracts (in thousands)	Currency	Maturity dates
FX Swaps	\$ 45,682,577	TWD	2025.01.06~2025.02.24
FX Swaps	851,859	USD	2025.01.07~2025.02.10
FX Swaps	9,500	EUR	2025.01.16
FX Swaps	1,655,000	CNY	2025.01.03~2025.03.11
December 31, 2023			
	Amount of contracts (in thousands)	Currency	Maturity dates
FX Swaps	\$ 40,927,783	TWD	2024.01.03~2024.02.01
FX Swaps	3,000,000	JPY	2024.02.21
FX Swaps	400,000	CNY	2024.02.20~2024.06.05
FX Swaps	60,000	AUD	2024.02.21
FX Swaps	1,376,550	USD	2024.01.02~2024.01.31
FX Swaps	10,000	EUR	2024.01.16

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	December 31, 2024	December 31, 2023
Investments in debt instruments designated at fair value through other comprehensive income :		
Government bonds	\$ 25,086,796	59,705,743
Corporate bonds	23,942,631	24,344,389
Foreign government bonds	7,335,617	-
Foreign financial bonds	<u>1,551,021</u>	<u>-</u>
Subtotal	<u>57,916,065</u>	<u>84,050,132</u>
Investments in equity instruments designated at fair value through other comprehensive income :		
Listed stocks	811,429	1,335,698
Unlisted stocks	<u>587,936</u>	<u>20,890</u>
Subtotal	<u>1,399,365</u>	<u>1,356,588</u>
Total	<u>\$ 59,315,430</u>	<u>85,406,720</u>

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

The Group assessed that the above bond investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. The bond investments have been classified as the financial asset measured at fair value through other comprehensive income.

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

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investment not intending to hold for trading purpose.

For the years ended December 31, 2024 and 2023, the dividends related to equity investments at fair value through other comprehensive income were recognized as follow:

	For the years ended December 31,	
	2024	2023
investments in equity instruments held at the reporting date	\$ 34,379	24,363
investments in equity instruments disposed during the reporting period	18,720	48,423
	<u>\$ 53,099</u>	<u>72,786</u>

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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The Group sold the investments which were designated as at fair value through other comprehensive income due to adjustment in investment strategies, were recognized as follow:

	For the years ended December 31,	
	2024	2023
the fair value of disposed	<u>\$ 4,057,121</u>	<u>4,203,129</u>
accumulated gains on disposal	<u>\$ 201,459</u>	<u>94,451</u>

Accumulated gains on disposal were transferred from other equity to retained earnings.

- (iii) Please refer to Note (6) (ab) for the credit risk (including the impairment in debt instruments) and market risk information. Part of the above investments in equity instruments designated at fair value through other comprehensive income have been sold under repurchase agreements or restricted used. Please refer to Notes (6) (n) and (8) for more details.
- (iv) The Group assessed the impairment of financial assets measured at fair value through other comprehensive income as of December 31, 2024. The changes in allowance for credit losses attribute to the financial assets were as follows:

	December 31, 2024	December 31, 2023
Beginning balance	\$ 41,727	-
(Reversal) Provision for current period	<u>(10,869)</u>	<u>41,727</u>
Ending balance	<u>\$ 30,858</u>	<u>41,727</u>

- (v) Please refer to Note (12) (b) for the redesignation of accounting items on December 28, 2022.

- (e) Investment in debt instruments at amortized cost

	December 31, 2024	December 31, 2023
Negotiable certificates of deposit	\$ 39,900,000	38,260,000
Government bonds	136,344,669	150,476,721
Financial bonds	300,498	300,763
Corporate bonds	21,804,626	24,846,374
Foreign corporate bonds	752,918	704,247
Foreign financial bonds	22,889,251	32,190,396
Foreign government bonds	87,093,574	101,709,518
Foreign beneficiary securities	9,867,524	5,173,099
Foreign structured products	<u>56,151,152</u>	<u>54,516,250</u>
Subtotal	375,104,212	408,177,368
Less: accumulated impairment	<u>(96,862)</u>	<u>(109,959)</u>
Net value	<u>\$ 375,007,350</u>	<u>408,067,409</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- (i) Please refer to Note (6) (ab) for credit risk.
- (ii) Part of the above investment in debt instruments at amortized cost have been sold under repurchase agreements or restricted used. Please refer to Notes (6) (n) and (8) for more details.
- (iii) The Group assessed the impairment of investment in debt instruments at amortized cost as December 31, 2024 and 2023. The changes in allowance for credit losses attribute to the financial assets were as follows:

	December 31, 2024	December 31, 2023
Beginning balance	\$ 109,959	136,050
Reversal for current period	<u>(13,097)</u>	<u>(26,091)</u>
Ending balance	<u>\$ 96,862</u>	<u>109,959</u>

- (iv) The gains/losses on sale of financial assets measured at amortized cost and the carrying amount at the date of derecognition are as follows:

	For the years ended December 31,	
	2024	2023
Book value on the day of derecognition	<u>\$ 38,951,165</u>	<u>124,964,789</u>
Recognized gains or losses of the period	<u>\$ (55,576)</u>	<u>4,813,193</u>

The Group sold financial assets measured at amortized costs primarily due to capital requirement, as well as, other sales are infrequent (even if significant in value) or insignificant value both individually and in aggregate (even if frequent).

- (v) Please refer to Note (12) (b) for the redesignation of accounting items on December 28, 2022.
- (f) Receivables, net

	December 31, 2024	December 31, 2023
Accounts receivable	207,897	17,335
Interest receivable	3,988,710	5,153,194
Dividends receivable	1,824	1,209
Spot exchange receivable - foreign currencies	-	1,537,350
Other receivables	<u>5,304</u>	<u>4,118</u>
Subtotal	4,203,735	6,713,206
Less: allowances for doubtful debts	<u>(11,837)</u>	<u>(10,452)</u>
Net value	<u>\$ 4,191,898</u>	<u>6,702,754</u>

For changes in the above allowances for doubtful debts – receivables, please refer to Note (6) (h).

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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(g) Discounts and loans, net

	December 31, 2024	December 31, 2023
Export bill negotiations	\$ 245,752	-
Short-term loans	50,492,119	82,469,167
Short-term secured loans	3,983,255	3,928,009
Medium-term loans	130,218,415	151,792,672
Medium-term secured loans	80,110,474	74,490,259
Long-term loans	9,929,138	7,584,166
Long-term secured loans	107,081,772	91,011,449
Non-accrual loans reclassified from loans	<u>1,621,427</u>	<u>854,614</u>
Subtotal	383,682,352	412,130,336
Less: allowance for doubtful debts	<u>(6,308,533)</u>	<u>(5,906,878)</u>
Net value	<u>\$ 377,373,819</u>	<u>406,223,458</u>

For information on types of industry, please refer to Note (6) (ab). For changes in the above allowance for doubtful debts, please refer to Note (6) (h).

As of December 31, 2024 and 2023, balances of loans that placed on non-accrual status after 180 days of nonpayment were \$1,621,427 and \$854,614, respectively, and recognized as non-accrual loans reclassified from loans. For the years ended December 31, 2024 and 2023, the interest revenues on a non-accrual loan were \$158,130 and \$134,609, respectively.

(h) Allowance for doubtful debts

Details for changes in allowance for doubtful debts - receivables, discounts and loans are as follows:

	For the year ended December 31, 2024		
	Receivable	Discounts and loans	Total
Beginning balance	\$ 10,452	5,906,878	5,917,330
Provision for current period	1,385	760,758	762,143
Write off for current period	<u>-</u>	<u>(359,103)</u>	<u>(359,103)</u>
Ending balance	<u>\$ 11,837</u>	<u>6,308,533</u>	<u>6,320,370</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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For the year ended December 31, 2023

	Discounts and		Total
	Receivable	loans	
Beginning balance	\$ 6,520	6,012,968	6,019,488
Provision for current period	3,932	19,501	23,433
Write off for current period	-	(125,591)	(125,591)
Ending balance	<u>\$ 10,452</u>	<u>5,906,878</u>	<u>5,917,330</u>

(i) Other financial assets, net

	December 31, 2024	December 31, 2023
Temporary payments for others	\$ 16,185	11,179
Pledged deposits	10,000	10,000
Time deposits	392,460	372,460
Total	<u>\$ 418,645</u>	<u>393,639</u>

Part of the above other financial assets are used restrictively. Please refer to Note (8) for more details.

(j) Property and equipment, net

December 31, 2024	Cost	Accumulated depreciation	Net Value
Machinery and computer equipment	\$ 496,842	377,045	119,797
Transportation and communication equipment	54,722	28,660	26,062
Miscellaneous equipment	82,041	42,313	39,728
Leasehold improvements	63,874	24,054	39,820
Prepayments for business facilities	151,733	-	151,733
Prepayments for land and buildings	229,885	-	229,885
Total	<u>\$ 1,079,097</u>	<u>472,072</u>	<u>607,025</u>

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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December 31, 2023	Cost	Accumulated depreciation	Net Value
Machinery and computer equipment	\$ 481,670	335,527	146,143
Transportation and communication equipment	35,375	30,646	4,729
Miscellaneous equipment	57,440	42,856	14,584
Leasehold improvements	65,685	51,453	14,232
Prepayments for business facilities	137,022	-	137,022
Prepayments for land and buildings	227,841	-	227,841
Total	\$ 1,005,033	460,482	544,551

Changes in costs are as follows:

	January 1, 2024	Increase in the current period	Decrease in the current period (Note)	December 31, 2024
Machinery and computer equipment	\$ 481,670	25,409	10,237	496,842
Transportation and communication equipment	35,375	25,289	5,942	54,722
Miscellaneous equipment	57,440	33,060	8,459	82,041
Leasehold improvements	65,685	31,377	33,188	63,874
Prepayments for business facilities	137,022	67,325	52,614	151,733
Prepayments for land and buildings	227,841	2,044	-	229,885
Total	\$ 1,005,033	184,504	110,440	1,079,097

	January 1, 2023	Increase in the current period	Decrease in the current period (Note)	December 31, 2023
Machinery and computer equipment	\$ 434,112	49,386	1,828	481,670
Transportation and communication equipment	35,067	308	-	35,375
Miscellaneous equipment	53,793	4,858	1,211	57,440
Leasehold improvements	65,636	49	-	65,685
Prepayments for business facilities	111,680	34,688	9,346	137,022
Prepayments for land and buildings	-	227,841	-	227,841
Total	\$ 700,288	317,130	12,385	1,005,033

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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Note: The decrease in transportation and communication equipment, miscellaneous equipment and leasehold improvements for the year ended December 31, 2024 was due to disposal; the decrease in machinery and computer equipment for the year ended December 31, 2024 was due to disposal and transferred to expenses.

The decrease in prepayments for business facilities for the year ended December 31, 2024 was due to the amount transferred to transportation and communication equipment, miscellaneous equipment, leasehold improvements and intangible assets.

The decrease in machinery and computer equipment, and miscellaneous equipment for the year ended December 31, 2023 was due to disposal.

The decrease in prepayments for business facilities for the year ended December 31, 2023 was due to the amount transferred to machinery and computer equipment and intangible assets.

Details for changes in accumulated depreciation are as follows:

	January 1, 2024	Increase in the current period	Decrease in the current period	December 31, 2024
Machinery and computer equipment	\$ 335,527	51,730	10,212	377,045
Transportation and communication equipment	30,646	3,905	5,891	28,660
Miscellaneous equipment	42,856	7,856	8,399	42,313
Leasehold improvements	51,453	3,780	31,179	24,054
Total	\$ 460,482	67,271	55,681	472,072
	January 1, 2023	Increase in the current period	Decrease in the current period	December 31, 2023
Machinery and computer equipment	\$ 281,591	55,645	1,709	335,527
Transportation and communication equipment	28,620	2,026	-	30,646
Miscellaneous equipment	38,659	5,083	886	42,856
Leasehold improvements	47,958	3,495	-	51,453
Total	\$ 396,828	66,249	2,595	460,482

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Right-of-use assets, net

The Group leases buildings and other equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 763,112	25,476	788,588
Additions	34,079	7,337	41,416
Decrease	<u>(310,921)</u>	<u>(6,753)</u>	<u>(317,674)</u>
Balance at December 31, 2024	<u>\$ 486,270</u>	<u>26,060</u>	<u>512,330</u>
Balance at January 1, 2023	\$ 427,616	22,856	450,472
Additions	343,183	8,557	351,740
Decrease	<u>(7,687)</u>	<u>(5,937)</u>	<u>(13,624)</u>
Balance at December 31, 2023	<u>\$ 763,112</u>	<u>25,476</u>	<u>788,588</u>
Accumulated depreciation:			
Balance at January 1, 2024	\$ 309,102	11,002	320,104
Depreciation	91,658	8,765	100,423
Decrease	<u>(209,846)</u>	<u>(6,276)</u>	<u>(216,122)</u>
Balance at December 31, 2024	<u>\$ 190,914</u>	<u>13,491</u>	<u>204,405</u>
Balance at January 1, 2023	\$ 209,328	8,862	218,190
Depreciation	101,190	8,077	109,267
Decrease	<u>(1,416)</u>	<u>(5,937)</u>	<u>(7,353)</u>
Balance at December 31, 2023	<u>\$ 309,102</u>	<u>11,002</u>	<u>320,104</u>
Carrying amount:			
Balance at December 31, 2024	<u>\$ 295,356</u>	<u>12,569</u>	<u>307,925</u>
Balance at December 31, 2023	<u>\$ 454,010</u>	<u>14,474</u>	<u>468,484</u>

(l) Intangible assets - net

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Computer software	\$ <u>158,550</u>	<u>228,631</u>

Details for changes in intangible assets are as follows:

	<u>January 1, 2024</u>	<u>Increase in the current period (Note)</u>	<u>Decrease in the current period (Note)</u>	<u>December 31, 2024</u>
Computer software	\$ <u>228,631</u>	<u>47,735</u>	<u>117,816</u>	<u>158,550</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2023	Increase in the current period (Note)	Decrease in the current period (Note)	December 31, 2023
Computer software	\$ <u>339,239</u>	<u>19,325</u>	<u>129,933</u>	<u>228,631</u>

Note: The increase in computer software for the years ended December 31, 2024 and 2023 was due to the amount transferred from prepaid equipment.

Note: The decrease in computer software for the years ended December 31, 2024 and 2023 was due to amortization.

(m) Deposits from the Central Bank and other banks

	December 31, 2024	December 31, 2023
Due from the Central Bank	\$ 20,286	20,286
Call loans from banks	<u>61,110,892</u>	<u>108,718,334</u>
Total	<u>\$ 61,131,178</u>	<u>108,738,620</u>

(n) Notes and bonds issued under repurchase agreements

December 31, 2024				
Asset item	Face value of securities	Sell amount (recognized as notes and bonds issued under repurchase agreements)	Agreed amount of repurchase	Agreed date of repurchase
Financial assets at fair value through other comprehensive income	\$ 3,932,160	3,732,323	3,755,819	Repurchased continuously before January 24, 2025.
Investments in debt instruments at amortized cost	72,015,824	64,628,717	64,944,092	Repurchased continuously before February 13, 2025.
Total	<u>\$ 75,947,984</u>	<u>68,361,040</u>	<u>68,699,911</u>	
December 31, 2023				
Asset item	Face value of securities	Sell amount (recognized as notes and bonds issued under repurchase agreements)	Agreed amount of repurchase	Agreed date of repurchase
Investments in debt instruments at amortized cost	\$ <u>64,567,375</u>	<u>56,766,506</u>	<u>57,152,839</u>	Repurchased continuously before February 21, 2024.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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(o) Payable

	December 31, 2024	December 31, 2023
Accounts payable	\$ 146	206
Accrued interests	1,801,629	2,150,783
Accrued expenses	184,212	143,209
Checks for clearing	37,621	34,548
Credit card collections payable	115,143	251,619
Spot exchange payable - foreign currencies	-	1,535,400
Others	<u>236,459</u>	<u>270,476</u>
Total	<u>\$ 2,375,210</u>	<u>4,386,241</u>

(p) Deposits and remittances

	December 31, 2024	December 31, 2023
Checking account deposits	\$ 94,985	195,854
Cashier's check	2,349	8,303
Government treasury deposits	4,649,895	359,964
Demand deposits	21,920,281	12,489,600
Time deposits	226,796,354	253,978,425
Savings deposits	<u>497,031,770</u>	<u>549,216,859</u>
Total	<u>\$ 750,495,634</u>	<u>816,249,005</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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(q) Bank notes payable

Bond code	Terms and Conditions			Types	Bonds	
	Start date	Maturity date	Interest rate		Amount	
					December 31, 2024	December 31, 2023
G13105	Feb. 10, 2015	Feb. 10, 2025	Interest shall be calculated at a fixed rate of 1.95% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Subordinated Financial Bonds	\$ 10,000,000	10,000,000
G13106	Aug. 5, 2020	Aug. 5, 2024	Interest shall be calculated at a fixed rate of 0.52% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Financial Bonds	-	4,100,000
G13107	Aug. 5, 2020	Aug. 5, 2025	Interest shall be calculated at a fixed rate of 0.54% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Financial Bonds	3,400,000	3,400,000
G13109	Nov. 20, 2020	Nov. 20, 2024	Interest shall be calculated at a fixed rate of 0.41% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Financial Bonds	-	900,000
G13110	Nov. 20, 2020	Nov. 20, 2025	Interest shall be calculated at a fixed rate of 0.44% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Financial Bonds	13,900,000	13,900,000
G13111	Dec.24, 2020	Dec.24, 2025	Interest shall be calculated at a fixed rate of 0.40% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Financial Bonds	2,000,000	2,000,000
G13112	Dec.1, 2021	Dec.1, 2026	Interest shall be calculated at a fixed rate of 0.57% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Financial Bonds	5,000,000	5,000,000
G13113	Dec.1, 2021	No maturity date	Interest shall be calculated at a fixed rate of 1.50% per annum and paid annually at a simple interest rate; execute in accordance with methods of issuance.	Unsecured Perpetual Non-accumulated Subordinated Debentures	2,200,000	2,200,000
G13114	Mar.30, 2022	Mar.30, 2032	Interest shall be calculated at a fixed rate of 1.20% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Subordinated Financial Bonds	2,600,000	2,600,000
G13115	May.12, 2022	No maturity date	Interest shall be calculated at a fixed rate of 2.50% per annum and paid annually at a simple interest rate; execute in accordance with methods of issuance.	Unsecured Perpetual Non-accumulated Subordinated Debentures	1,750,000	1,750,000
G13116	Jun.6, 2022	Jun.6, 2032	Interest shall be calculated at a fixed rate of 2.00% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Subordinated Financial Bonds	550,000	550,000
G13117	Jun.14, 2022	No maturity date	Interest shall be calculated at a fixed rate of 2.50% per annum and paid annually at a simple interest rate; execute in accordance with methods of issuance.	Unsecured Perpetual Non-accumulated Subordinated Debentures	1,050,000	1,050,000
G13118	Jun.29, 2022	No maturity date	Interest shall be calculated at a fixed rate of 2.50% per annum and paid annually at a simple interest rate; execute in accordance with methods of issuance.	Unsecured Perpetual Non-accumulated Subordinated Debentures	3,370,000	3,370,000
G13119	Sept. 6, 2024	Sept. 6, 2034	Interest shall be calculated at a fixed rate of 2.20% per annum and paid annually at a simple interest rate; payment in full at maturity.	Unsecured Subordinated Financial Bonds	4,130,000	-
					\$ 49,950,000	50,820,000

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Lease liabilities

The lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Less than one year	\$ 96,591	137,352
More than one year	236,734	352,453
	<u>\$ 333,325</u>	<u>489,805</u>

The amounts recognized in profit or loss was as follows:

	For the years ended December 31,	
	2024	2023
Interest on lease liabilities	\$ <u>7,462</u>	<u>6,414</u>
Expenses relating to short-term leases	\$ <u>10,352</u>	<u>928</u>
Expenses relating to lease of low-value assets, excluding short-term leases of low-value assets	\$ <u>3,722</u>	<u>2,128</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the years ended December 31,	
	2024	2023
Total cash outflow for leases	\$ <u>115,604</u>	<u>101,507</u>

(i) Real estate leases

The Group has leased buildings for its office space for the years 2023 and 2024. The leases of office space typically run for a period of 3-5 years. Some leases include an option to renew the lease for an additional period after the end of the contract term.

(ii) Other leases

The Group leases other leases, with lease terms of 3 years. The lease shall be returned to the lessor at the end of the contract term.

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

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Provisions

	December 31, 2024	December 31, 2023
Provisions for employee benefits	\$ 90,353	102,271
Provisions for guarantee liabilities	265,979	234,783
Provisions for others	789	3,947
Total	<u>\$ 357,121</u>	<u>341,001</u>

Changes in provisions for guarantee liabilities are as follows:

	For the years ended December 31,	
	2024	2023
Beginning balance	\$ 234,783	189,405
Provision for current period	31,196	45,378
Ending balance	<u>\$ 265,979</u>	<u>234,783</u>

Changes in provisions for others are as follows:

	For the years ended December 31,	
	2024	2023
Beginning balance	\$ 3,947	2,317
(Reversal) Provision for current period	(3,158)	1,630
Ending balance	<u>\$ 789</u>	<u>3,947</u>

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

(t) Employee benefits

(i) Provisions for employee benefits

Details for provisions for employee benefits recognized on the balance sheet by the Group are as follows:

	December 31, 2024	December 31, 2023
Defined benefit plans	\$ 58,432	72,012
Employee preferential deposits	31,921	30,259
Total	<u>\$ 90,353</u>	<u>102,271</u>

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Defined benefit plans

Reconciliations of the present value of defined benefit obligation and fair value of plan assets of the Group are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 132,886	137,941
Fair value of plan assets	<u>(74,454)</u>	<u>(65,929)</u>
Net defined benefit liabilities	<u>\$ 58,432</u>	<u>72,012</u>

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

a) Composition of plan assets

The Group 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 Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$74,454 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 Bureau of Labor Funds, Ministry of Labor.

b) Changes in the present value of defined benefit obligations

Changes in the present value of defined benefit obligations of the Group were as follows:

	For the years ended December 31,	
	2024	2023
Defined benefit obligations on January 1	\$ 137,941	132,451
Current service costs and interest cost	6,336	6,557
Loss on re-measurement of the net defined benefit liability	4,181	2,478
Service costs for previous period	(278)	-
Benefits paid	-	(2,637)
Payments by liabilities for defined obligation	<u>(15,294)</u>	<u>(908)</u>
Defined benefit obligations on December 31	<u>\$ 132,886</u>	<u>137,941</u>

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Changes in fair value of defined benefit plan assets

Changes in fair value of defined benefit plan asset of the Group were as follows:

	For the years ended December 31,	
	2024	2023
Fair value of plan assets on January 1	\$ 65,929	65,308
Interest income	752	880
Gains on re-measurement of the net defined benefit liability	6,024	518
Contributions paid by the employer	1,749	1,860
Benefits paid	-	(2,637)
Fair value of plan assets on December 31	<u>\$ 74,454</u>	<u>65,929</u>

d) Expenses recognized in profit or loss

Details for expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31,	
	2024	2023
Current service costs	\$ 4,454	4,785
Net interest on the net defined benefit liability	852	892
Service costs for previous period	278	-
	<u>\$ 5,584</u>	<u>5,677</u>

e) Losses on re-measurement of the net defined benefit liability recognized in other comprehensive income

Losses on re-measurement of the net defined benefit liability accumulated recognized in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Accumulated balance on January 1	\$ 29,488	27,528
Recognized (gain) loss during the period	(1,843)	1,960
Accumulated balance on December 31	<u>\$ 27,645</u>	<u>29,488</u>

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

f) Actuarial Assumptions

The main actuarial assumptions used by the Group at the end of the financial reporting date were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.65 %	1.20 %
Future salary increases	3.00 %	3.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one year period after the reporting date is \$1,561.

The weighted average duration of defined benefit plans is 9 years.

g) Sensitivity Analysis

The influences from changes in main actuarial assumptions on the present value of defined benefit obligation as of December 31, 2024 and 2023 were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase of 0.25%	(2,995)	(3,210)
Decrease of 0.25%	3,097	3,325
Future salary increases		
Increase of 0.25%	3,048	3,258
Decrease of 0.25%	(2,964)	(3,162)

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.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Employee preferential deposits

Reconciliations of the present value of defined benefit obligation and fair value of plan assets of the Group were as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 31,921	30,259
Fair value of plan assets	-	-
Net defined benefit liabilities	<u>\$ 31,921</u>	<u>30,259</u>

The obligations of the Group to make fixed-amount preferential deposit payments to retired employees were as follows:

a) Changes in the present value of defined benefit obligations

Changes in the present value of the defined benefit obligations of the Group were as follows:

	For the years ended December 31,	
	2024	2023
Defined benefit obligations on January 1	\$ 30,259	28,639
Interest cost	1,156	1,097
Loss on re-measurement of the net defined benefit liability	1,069	1,341
Service costs for previous period	2,355	1,889
Benefits paid	<u>(2,918)</u>	<u>(2,707)</u>
Defined benefit obligations on December 31	<u>\$ 31,921</u>	<u>30,259</u>

b) Expenses recognized in profit or loss

Details for expenses recognized in profit or losses for the Group were as follows:

	For the years ended December 31,	
	2024	2023
Net interest on the net defined benefit liability	\$ 1,156	1,097
Loss on re-measurement of the net defined benefit liability	1,069	1,341
Service costs for previous period	<u>2,355</u>	<u>1,889</u>
	<u>\$ 4,580</u>	<u>4,327</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Main actuarial assumptions

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	4.00 %	4.00 %
Fund deposit rate of return	2.00 %	2.00 %
Withdrawal rate of preferential interest rate account	1.00 %	1.00 %

d) Sensitivity Analysis

The influences from changes in the main actuarial assumptions on the present value of defined benefit obligation as of December 31, 2024 and 2023 were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Increase of 1%	(2,388)	(2,283)
Decrease of 1%	2,763	2,642
Fund deposit rate of return		
Increase of 1%	(2,451)	(2,343)
Decrease of 1%	2,798	2,676
Excess interest		
Increase of 0.25%	1,534	1,454
Decrease of 0.25%	(1,534)	(1,454)

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.

The methods and assumptions used in the preparation of the sensitivity analysis are consistent with those for the prior period.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the 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 the Labor Insurance amounted to \$26,672 and \$25,781 for the years ended December 31, 2024 and 2023, respectively.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Income taxes

(i) Details for income tax expense (benefit) of the Group were as follows:

	For the years ended December 31,	
	2024	2023
Current tax expense		
Current period	\$ 9,541	158,641
Deferred tax expense		
Changes in temporary differences	6,734	(151,028)
Income tax expense	\$ 16,275	7,613

Details for the income tax benefit or loss of the Group recognized in other comprehensive income were as follows:

	For the years ended December 31,	
	2024	2023
Items that will not be reclassified to profit or loss :		
Re-measurement of the defined benefit plans	\$ (369)	392

(ii) Reconciliations between the income tax expense (benefit) and net income before tax of the Group were as follows:

	For the years ended December 31,	
	2024	2023
(Loss) Profit before tax	\$ (6,003,142)	120,673
Income tax using the Group's domestic tax rate	(1,200,628)	24,134
Suspension of income tax assessment on securities transactions	134,965	(998,778)
Cash dividends	(11,672)	(14,842)
Impairment loss (reversed) of assets	(4,908)	3,492
Others	5,257	1,875
Change in unrecognized temporary differences	317,809	46,258
Current tax loss of unrecognized deferred tax assets	775,452	792,795
Alternative minimum of tax	-	152,679
Total	\$ 16,275	7,613

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Items of unrecognized deferred tax assets of the Group were as follows:

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	\$ 728,994	425,556
The carryforward of unused tax losses	<u>2,824,696</u>	<u>2,049,244</u>
Total	<u><u>\$ 3,553,690</u></u>	<u><u>2,474,800</u></u>

2) Recognized deferred tax assets and liabilities

Changes in the deferred tax assets and liabilities were as follows:

Deferred tax assets

	Loss carry forwards, actuarial loss
January 1, 2024	\$ 51,652
Recognized in profit or loss	103,457
Recognized in other comprehensive income	<u>(369)</u>
December 31, 2024	<u><u>\$ 154,740</u></u>
January 1, 2023	\$ 115,486
Recognized in profit or loss	(64,226)
Recognized in other comprehensive income	<u>392</u>
December 31, 2023	<u><u>\$ 51,652</u></u>

Deferred tax liabilities

	Unrealized fair value gains on financial assets, exchange gains
January 1, 2024	\$ 53,701
Recognized in profit or loss	<u>110,190</u>
December 31, 2024	<u><u>\$ 163,891</u></u>
January 1, 2023	\$ 268,955
Recognized in profit or loss	<u>(215,254)</u>
December 31, 2023	<u><u>\$ 53,701</u></u>

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2024, the Group's unused tax losses were as follows:

<u>Year of loss</u>	<u>Unused tax</u>	<u>Expiry date</u>
Approved amount in 2017	\$ 2,268,881	2027
Approved amount in 2018	3,182,715	2028
Approved amount in 2020	479,593	2030
Approved amount in 2021	2,263	2031
Declared/Approved amount in 2022	773,327	2032
Declared amount in 2023	3,756,986	2033
Assessed amount in 2024	4,408,037	2034
	<u>\$ 14,871,802</u>	

- (v) Examination and Approval

The Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration. And subsidiaries' income tax returns through 2022 were assessed by the Taipei National Tax Administration.

- (v) Capital, reserve, and restrictions on earnings distribution

- (i) Capital

As of December 31, 2024 and 2023, the Company's authorized capital amounted to \$60,000,000, respectively, and its paid-in capital amounted \$26,965,035, respectively, divided into 2,696,503 thousand common shares, with a \$10 par value per share.

Based on a resolution (at a maximum amount of \$6 billion) approved during its board meeting held on November 20, 2024, the Company conducted a cash capital increase of \$534 thousand, recognized as "Capital collected in advance", at a par value of \$10 per share, as of December 31, 2024, with the amended base date set on March 28, 2025, approved by the chairman on January 20, 2025. Moreover, the board chairman has been granted the authority for the approval of the actual amount of, and the record date for, the capital increase.

On June 14, 2023, a resolution was approved in the board meeting for capital increase of maximum \$4.5 billion through issuance ordinary shares with \$10 par value per share. The actual amount of capital increase, and record date for the capital increase were authorized to chairman of the boards. The actual amount issued was \$1,612,520 thousand divided into 161,252 thousand shares; The record date for the capital increase was on September 19, 2023. The legal registration procedure had been completed.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Restrictions on Reserve and Earnings Distribution

According to the Company's Articles of Association, the 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, will then be distributed as follows:

- 1) Set aside 40% of the surplus as a legal reserve;
- 2) If it is necessary, further set aside a special reserve;
- 3) 80% as dividends to shareholders;
- 4) 5% as mutual-support fund;
- 5) Expenses arising from assistance and promotion implemented by the Farmer's and Fishermen's Association at all levels: ten percent (10%) for the Farmer's Associations and three percent (3%) for the Fishermen's Association; and
- 6) 2% as remuneration to employees. (As an expense)

The Company shall, in accordance with the Agricultural Finance Act, set aside forty percent (40%) of the surplus every year as the legal reserve before such reserve exceeding the total capital amount. The cash earning distribution is not allowed to be over 15 percent of the total paid in capital unless the legal reserve reaches the total paid-in capital. According to the amendment to the Company Act in January 2012, where a company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

The Company was expected to, after all taxes and dues had been paid and its losses incurred in previous years had been covered at the time of allocating its net profit before tax in 2024 and 2023, deduct the legal reserve that should be set aside and special reserve that has been set aside for other equity deductions incurred in the current period (including the changes in fair value due to reassignment of accounting items), multiply by the percentage set forth in the Articles of Association of the Company as its employee remuneration. Therefore, no employee remuneration will be accrued for 2024 and 2023 due to the above matter.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Earnings per share

(i) Basic earnings per share

	For the years ended December 31,	
	2024	2023
(Loss) Profit attributable to ordinary shareholders of the Company	\$ <u>(6,019,417)</u>	<u>113,060</u>
Weighted-average number of outstanding ordinary shares (thousands of shares)	<u>2,696,503</u>	<u>2,581,197</u>
Basic (losses) earnings per share (NT dollars)	\$ <u>(2.23)</u>	<u>0.04</u>

(x) Net interest revenue

	For the years ended December 31,	
	2024	2023
<u>Interest Income</u>		
Interest income, discounts and loans	\$ 8,814,116	8,088,746
Interest income, due from banks	2,307,644	2,345,427
Interest income, securities investments	7,785,409	8,308,058
Interest income, others	<u>175,939</u>	<u>179,089</u>
Subtotal	<u>19,083,108</u>	<u>18,921,320</u>
<u>Interest Expenses</u>		
Interest expense, deposit	12,691,171	12,965,419
Interest expense, deposit, due to central bank and other banks	4,462,220	4,821,605
Interest expense, repurchase	2,952,832	2,796,450
Interest expense, others	<u>598,201</u>	<u>578,403</u>
Subtotal	<u>20,704,424</u>	<u>21,161,877</u>
Net interest revenue	\$ <u>(1,621,316)</u>	<u>(2,240,557)</u>

The above table does not contain those arising from financial assets or financial liabilities at fair value through profit or loss.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Net service fee revenue

	For the years ended December 31,	
	2024	2023
<u>Service fee</u>		
Service fee, letter of credit	\$ 179	151
Service fee, interbank	700	562
Service fee, remittances	113	112
Service fee, import and export	3,719	2,907
Service fee, loan	129,749	171,071
Service fee, guarantee	202,050	162,720
Service fee, trust	34,549	30,682
Service fee, credit cards	1,497	1,501
Service fee, agency	2,685	2,985
Service fee, others	209,422	178,314
Commission, insurance	<u>482,129</u>	<u>402,001</u>
Total service fee	<u>1,066,792</u>	<u>953,006</u>
<u>Service charge</u>		
Service fee, custodian	29,297	31,643
Service fee, remittances	753	801
Service fee, interbank	342	307
Service fee, others	17,696	19,353
Commission remittance fee and service charge	<u>358,713</u>	<u>306,103</u>
Total service charge	<u>406,801</u>	<u>358,207</u>
Net Service Fee Revenue	<u>\$ 659,991</u>	<u>594,799</u>

(z) Employee benefits expenses

	For the years ended December 31,	
	2024	2023
Salary expense	\$ 593,826	573,685
Labor and Health Insurance expense	50,039	50,160
Pension expense	36,836	36,051
Director's remuneration	4,596	4,565
Other employee benefits expenses	<u>41,373</u>	<u>52,445</u>
Total	<u>\$ 726,670</u>	<u>716,906</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Disclosures about financial instruments

(i) Fair value information

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 recognized initially at fair values. In many cases, they usually refer to transaction prices. Subsequent to initial recognition, they are also measured at fair value except for those that are measured at amortized cost. The best evidence of fair value is the quoted price in an active market. If financial instruments do not have a quoted market price in an active market, the Group uses the valuation techniques or refers to the quoted prices set by Bloomberg, Refinitiv or the counterparties to determine the fair value.

2) Definition of 3-level fair value hierarchy

a) Level 1

Inputs are quoted prices of same financial instruments in an active market. An active market indicates the market that is in conformity with all the following conditions: (i) the products in the market are identical; (ii) it is easy to find a willing party; (iii) the price information is attainable for the public. TWSE or GTSM listed stocks invested by the Group are at this level.

b) Level 2

Inputs are those that are observable for asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices), other than quoted prices included within Level 1. Government bonds, corporate bonds, financial bonds, foreign bonds, and derivative instruments invested by the Group are at this level.

c) Level 3

Inputs are not based on observable market data (unobservable inputs parameters i.e., historical volatility which cannot represent an expected value of all the market participators but is used as a model for the calculation of options). Unlisted and non-OTC stocks invested by the Group are categorized as level 3.

3) Financial instruments measured at fair value

a) Fair value hierarchy

Financial instruments measured at fair value are measured at fair value on a recurring basis. The table below analyses the financial instruments carried at fair value by their levels in the fair value hierarchy.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2024			
Assets and liabilities	Total	Quoted prices for identical assets in active markets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	
<u>Items measured at fair value based on a recurring basis</u>					
<u>Non-derivative financial assets</u>					
Assets:					
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss, mandatorily measured at fair value:					
Beneficiary Certificates	\$ 474,564	474,564	-	-	
Financial bonds	100,690	-	100,690	-	
Financial assets at fair value through other comprehensive income					
Stocks	1,399,365	811,429	-	587,936	
Government bonds	25,086,796	-	25,086,796	-	
Corporate bonds	23,942,631	-	23,942,631	-	
Foreign government bonds	7,335,617	-	7,335,617	-	
Foreign financial bonds	1,551,021	-	1,551,021	-	
<u>Derivative financial assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
FX Swaps	\$ 906,352	-	906,352	-	
Liabilities:					
Financial liabilities at fair value through profit or loss					
FX Swaps	\$ 503,141	-	503,141	-	

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		December 31, 2023			
<u>Assets and liabilities</u>		<u>Total</u>	<u>Quoted prices for identical assets in active markets (level 1)</u>	<u>Significant other observable inputs (level 2)</u>	<u>Significant unobservable inputs (level 3)</u>
<u>Items measured at fair value based on a recurring basis</u>					
<u>Non-derivative financial assets</u>					
Assets:					
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss, mandatorily measured at fair value:					
Financial bonds	\$	100,167	-	100,167	-
Financial assets at fair value through other comprehensive income					
Stocks		1,356,588	1,335,698	-	20,890
Government bonds		59,705,743	-	59,705,743	-
Corporate bonds		24,344,389	-	24,344,389	-
<u>Derivative financial assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
FX Swaps	\$	823,188	-	823,188	-
Liabilities:					
Financial liabilities at fair value through profit or loss					
FX Swaps	\$	1,537,877	-	1,537,877	-

b) Financial instruments measured at fair value

The fair value of financial instruments is based on the quoted prices in an open market.

When a quoted price of a financial instrument is timely available in a stock exchange or an OTC market or from brokers, underwriter, industry associations, pricing service organizations and the authorities and the price is often used in an arm's length transaction, the financial instrument is considered to have a quoted price in an active market. If the above criteria are not met, the market is considered inactive.

Other than those traded in an active market, the fair value of all other financial instruments is determined by using a valuation model or referring to the quoted price of the counterparty. The Group refers to the present values, the discounted cash flow or the values calculated under other valuation methods of financial instruments with similar terms and characteristics, including the one calculated by a model which uses the available market data at the financial statement day as inputs. (i.e. the applicable yield curve of bonds traded in the Taipei exchange, average

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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prices of commercial papers quoted on Refinitiv and Taipei Interbank Offered Rate (TAIBOR)).

The valuation techniques incorporating estimates and assumptions adopted by the Group are consistent with those generally used by other market participants to price its financial instruments, which can be obtained by the Group. When observable prices other than the quoted prices in active markets include buying price and selling price, the Group will use the market buying price (selling price) to evaluate its selling (buying) position. If there is no active market quotation and there is an available latest market price at the time of the valuation, the market price shall be the fair value of such financial asset.

The fair value of derivative instruments is the estimated amount that the Group would receive or pay to terminate the instrument at the reporting date as agreed. The Group calculates the fair value of its held position by using derivative instrument valuation models that are widely used in the banking industry (such as discounted cash flow and Black Scholes Model) and also adopt the quoted prices disclosed on the Refinitiv's or Bloomberg's information system. The preceding quoted prices use the mid-market prices as bases for evaluation, which will be consistently adopted.

c) Fair value adjustment – limitations of valuation models and uncertainty input

Outputs of valuation models are approximate values and valuation techniques may not be able to reflect critical factors of all the financial and non-financial instruments. As such, additional parameters shall be incorporated into the fair value measurement, such as modeling risk and liquidity risk, when necessary. The value adjustments are appropriate and necessary to present fairly the fair values of financial instruments on the balance sheet as required by the operational procedures for financial instruments valuation management of the Group. All the information and parameters are based on current market conditions and thoroughly reviewed by the Group.

d) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 for the years ended December 31, 2024 and 2023.

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

Name	For the year ended December 31, 2024							Ending balance
	Beginning balance	Valuation profit and loss		Increase in the current period		Decrease in the current period		
		Recognition in profit or loss	Recognition in other comprehensive income	Purchase or issuance	Transfer into level 3	Sale, disposal, or settlement	Transfer out of level 3	
Investments in equity instruments designated at fair value through other comprehensive income	\$ 20,890	-	138,896	428,150	-	-	-	587,936

Name	For the year ended December 31, 2023							Ending balance
	Beginning balance	Valuation profit and loss		Increase in the current period		Decrease in the current period		
		Recognition in profit or loss	Recognition in other comprehensive income	Purchase or issuance	Transfer into level 3	Sale, disposal, or settlement	Transfer out of level 3	
Investments in equity instruments designated at fair value through other comprehensive income	\$ 24,482	-	(3,592)	-	-	-	-	20,890

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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4) Profit and loss information of level 3

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

	For the years ended December 31,	
	2024	2023
Recognized on other comprehensive income (reported as unrealized gains or loss on financial assets measured at fair value through other comprehensive income)	\$ 138,896	(3,592)

5) Quantified information of the fair value measurement of significant unobservable inputs (the level 3)

The financial instruments categorized in the level 3 are most FVOCI. The quantified information of significant unobservable inputs regarding the fair value measurement as follow:

For the year ended December 31, 2024				
Financial assets at fair value through other comprehensive income	fair value	valuation methods	significant unobservable input	inter-relationship between significant unobservable inputs and fair value measurement
Non listed stocks	\$ 587,936	Market method- Comparable companies	liquidity discount	The higher market liquidity discount, the lower fair value.

For the year ended December 31, 2023				
Financial assets at fair value through other comprehensive income	fair value	valuation methods	significant unobservable input	inter-relationship between significant unobservable inputs and fair value measurement
Non listed stocks	\$ 20,890	Market method- Comparable companies	liquidity discount	The higher market liquidity discount, the lower fair value.

6) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurement in level 3.

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

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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	Input	Upward or downward movement	the effects of changes in fair value to other comprehensive income	
			Favorable changes	Unfavorable changes
December 31, 2024				
Financial assets at fair value through other comprehensive income - unlisted stock	liquidity discount	5%	\$ <u>5,930</u>	<u>(5,930)</u>
December 31, 2023				
Financial assets at fair value through other comprehensive income - unlisted stock	liquidity discount	5%	\$ <u>305</u>	<u>(305)</u>

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

- 7) Hierarchy information of financial instruments not measured at fair value
- a) Fair value information

In addition to the following items, the Group's financial instruments that are not measured at fair value include cash and cash equivalents, due from the Central Bank and call loans to banks, receivables, discounts and loans, other financial assets, deposits from the Central Bank and other banks, notes and bonds issued under repurchase agreements, payables, deposits and remittances, bank notes payable and lease liabilities. Since their book value is a reasonable approximation to fair value, there is no fair value disclosure.

Item	Carrying amount	Fair value
December 31, 2024		
Financial assets		
Investments in debt instruments at amortized cost	\$ 375,007,350	361,735,332
December 31, 2023		
Financial assets		
Investments in debt instruments at amortized cost	408,067,409	394,710,365

For information on fair value adjustments please refer to Note 6(aa)(i)(3)(c).

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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b) Information on fair value levels

		December 31, 2024		
Assets and liabilities	Total	Quoted prices for identical assets in active markets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Financial assets:				
Investments in debt instruments at amortized cost	\$ 361,735,332	-	361,735,332	-
		December 31, 2023		
Assets and liabilities	Total	Quoted prices for identical assets in active markets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Financial assets:				
Investments in debt instruments at amortized cost	\$ 394,710,365	-	394,710,365	-

c) Valuation technique

Investment in debt instruments at amortized cost: If there is a quoted price in an active market, the market price is regarded as the fair value; if no market price is available for reference, the Group uses the valuation method for estimation or refers to the quoted price set by Bloomberg, Refinitiv or the counterparties.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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(ii) Transfer of financial assets

The transferred financial assets of the Group that do not meet the overall conditions for de-recognition are debt securities under re-purchase agreements. Since such transactions are transferred to contractual cash flows to be collected to other people, and reflect the Group' related liabilities in re-purchasing the transferred financial assets at fixed prices in future periods, and also for such transactions, the transferred financial assets are prohibited from being used, sold or pledged within the effective periods for transactions by the Group; therefore, they are not overall de-recognized. The following table shows the information on financial assets that did not meet the overall conditions for de-recognition and relevant financial liabilities:

December 31, 2024					
Class of financial asset	Carrying amount of transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of transferred financial assets	Fair value of relevant financial liabilities	Net position in fair value
Financial assets at fair value through other comprehensive income Under repurchase agreement	3,745,847	3,732,323	3,745,847	3,732,323	13,524
Investments in debt instruments at amortized cost Under repurchase agreement	72,168,480	64,628,717	67,141,780	64,628,717	2,513,063

December 31, 2023					
Class of financial asset	Carrying amount of transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of transferred financial assets	Fair value of relevant financial liabilities	Net position in fair value
Investments in debt instruments at amortized cost Under repurchase agreement	65,125,980	56,766,506	60,900,185	56,766,506	4,133,679

(iii) Offsetting financial assets and financial liabilities

When the Group engages in transactions required by similar agreements with its counterparties, in which net settlements may be executed or based on which the offset right is exercised, such transactions may be settled on a net basis after offsetting the financial assets and financial liabilities if the net settlement is agreed upon by both parties on the above similar agreements, or in the case that they may be settled on a gross basis. In the event of default involving one of the parties, the other party can have the transaction net settled. Relevant information is provided as follows:

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December 31, 2024						
Financial assets required by similar agreements to contracts in which offsetting against each other, net settlement may be executed, or based on which the offset right is exercised						
	Total recognized financial assets (a)	Total recognized financial liabilities that are offset in the balance sheet (b)	Net financial assets presented in the balance sheet (c)=(a)- (b)	Relevant amounts that are not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instrument (Note)	Cash collateral received	
Derivative financial instruments	\$ 906,352	-	906,352	16,027	-	890,325
December 31, 2024						
Financial liabilities required by similar agreements to contracts in which offsetting against each other, net settlement may be executed, or based on which the offset right is exercised						
	Total recognized financial liabilities (a)	Total recognized financial assets that are offset in the balance sheet (b)	Net financial liabilities presented in the balance sheet (c)=(a)- (b)	Relevant amounts that are not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instrument (Note)	Cash collateral pledged	
Derivative financial instruments	\$ 503,141	-	503,141	16,027	-	487,114
Repurchase agreement	68,361,040	-	68,361,040	68,361,040	-	-
Total	\$ 68,864,181	-	68,864,181	68,377,067	-	487,114
December 31, 2023						
Financial assets required by similar agreements to contracts in which offsetting against each other, net settlement may be executed, or based on which the offset right is exercised						
	Total recognized financial assets (a)	Total recognized financial liabilities that are offset in the balance sheet (b)	Net financial assets presented in the balance sheet (c)=(a)- (b)	Relevant amounts that are not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instrument (Note)	Cash collateral received	
Derivative financial instruments	\$ 823,188	-	823,188	85,875	-	737,313
December 31, 2023						
Financial liabilities required by similar agreements to contracts in which offsetting against each other, net settlement may be executed, or based on which the offset right is exercised						
	Total recognized financial liabilities (a)	Total recognized financial assets that are offset in the balance sheet (b)	Net financial liabilities presented in the balance sheet (c)=(a)- (b)	Relevant amounts that are not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instrument (Note)	Cash collateral pledged	
Derivative financial instruments	\$ 1,537,877	-	1,537,877	85,875	-	1,452,002
Repurchase agreement	56,766,506	-	56,766,506	56,766,506	-	-
Total	\$ 58,304,383	-	58,304,383	56,852,381	-	1,452,002

(Note) It includes master netting arrangement and non-cash financial collateral.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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(ab) Information on financial risks

(i) Overview

The objectives of financial risk management by the Group take into account its finance-related operational objectives, overall risk-bearing capacity and external regulatory requirements as the principle to limit relevant risks to a sustainable level and achieve the goal of risk and return rationalization. The major risks faced by the operations of the Group include various credit risks on the on-balance sheet and off-balance sheet business, market risks (including interest rate, exchange rate, and equity securities), liquidity risks, etc.

The written regulations such as risk management policies or risk management procedures formulated by the Group were all reviewed and approved by the Board of Directors to effectively identify, measure, monitor and control credit, market and operational risks.

(ii) Risk management structure

The Board of Directors is the final decision maker for risk management and responsible for approving the Group's risk management mechanism and structure and build the whole company's risk management culture. It shall be responsible for the result of risk.

The senior management is responsible for executing risk management policies and risk management structure approved by the board of directors, monitoring and reviewing the adequacy of management process and coordinating interdepartmental management of risks.

The Risk Management Committee is responsible for examining the Group's risk management policies including the formulation and revision of risk indicators and measure methods. The Risk Management Office is responsible for risk management operational planning and follow-up management of the Group, formulation and revision of risk indicators and measurement, monitoring risks of the Group, and also regularly reporting to the Board of Directors, senior management, and Risk Management Committee.

All departments of the Group shall fully understand the risks faced by their businesses in accordance with the risk management policies and relevant risk management regulations, and shall include risk management in when formulating operational management regulations. They shall also properly manage and supervise business units to implement the necessary risk management tasks, assist the Risk Management Office in performing the risk monitoring of the Group together.

The Auditing Office under the Board of Directors should perform audit business independently and honestly, conduct an inspection on all businesses related risks of the Group at least annually and provide appropriate suggestions for revision.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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(iii) Credit risks

1) Causes and definition of credit risks

Credit risk is the risk of financial loss to the Bank if a borrower, issuer or a counterparty to a financial instrument fails to meet its contractual obligations principally due to their credit deterioration or other factors (i.e. disputes between a loanee and its counterparty). Credit risk is derived both from on and off balance sheet items. On balance sheet items include loans, placement with banks, call loans to banks, financial instrument investments, derivatives, etc. Off balance sheet items include guarantees, letter of credits, loan commitments, etc.

2) Credit risk management policy

a) Take into account of the efficiency of fund utilization and quality of assets to adjust credit risk management strategies in a timely manner in accordance with the credit extension policies, investment policies, operating strategies, and business plan of the Group and in compliance with the Basel Capital Accord and regulations from the competent authorities.

b) Develop a sound credit risk management mechanism to effectively identify, measure, monitor and control credit risks and expect to achieve the balance between levels of sustainable risk and expected returns.

c) When conducting businesses related to credit risks, competent business units shall assess the probability and loss severity for losses of credit risks arising from credit extension, investment or transactions, and adopt an appropriate credit risk management strategy including risk avoidance, risk transfer, risk control and risk acceptance.

3) Credit risk management procedure and measurement for each principal types of business:

a) Credit business (including loan commitment and guarantee)

The Group classifies the credit assets into five categories. Except for the normal credit assets that are classified at the first category, the other bad credit rating assets are classified as the second category requiring attention, the third category collectable, the fourth category hard to collect and the fifth category impossible to collect by assessing the collaterals and overdue days. To manage the problematic loans, the Group has established the “Operational Manual of Evaluating the Impairment of Loans and Receivables” and “Directions for Non-performing loans/Non-accrual Loans and Write off Loans” as the bases for problematic loans management and loan collection.

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The credit loan approval standards of the Group not only comply with the credit 5P principle, but also take into account the Taiwan Corporate Credit Risk Index (TCRI) and ratings of external credit ratings agencies as references. The quality of credit assets of the Group is classified in general as follows:

Category	Definition	
	TCRI	External rating (Note)
Good	1、2、3	twAAA~twAA-
Medium	4、5、6	twA+~twA-
Acceptable	7、8、9	twBBB+~twBBB-
Under standard	D	Under twBB+
No rating	-	-

Note: It takes the rating symbols used in the rating method of Taiwan Ratings Corporation for example.

b) Due from banks and call loans to banks

The Group will assess the counterparty's creditworthiness, and refer to external ratings, provided by domestic and international credit rating agencies, to set up different credit risk limits before any transactions are carried out.

c) Investment in debt instruments and derivative

The Group identifies and manages credit risk of debt instruments by reviewing the external ratings, bonds' creditworthiness, and geographic region of its counterparties.

Most of the Bank's derivative contracts with its counterparties are financial institutions with good credit ratings (including the call loan limits) set up for control based on the credit ratings. Counterparties without credit ratings or those not in the investment grade or above transactions will not be considered to be undertaken in principle. For general corporate account being the targets of risk exposure, the Group shall control the counterparty credit risk exposure based on the risk limits and conditions approved in the application according to credit extension procedures.

The credit quality of financial instrument investments and derivative instruments is divided by the Group into four categories as follows:

Category	Definition (Note)
Investment	twAAA~twAA-
Investment	twA+~twA-
Sub investment	twBBB+~twBBB-
High risk	Under twBB+or no rating
No rating	-

Note: This takes the rating symbols used in the rating method of the Taiwan Ratings Corporation for example.

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

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

a) Credit assets

- i) The borrowers failed to pay the principal and interest overdue for more than 30 days, less than 90 days, showing an increase in the credit risks;
- ii) A significant decrease in the borrower's external ratings, ex: the borrower's external ratings falls from low risk to medium - high risk ;
- iii) According to the Group's "Guidelines for Customer Abnormal Incident Notification", the occurrence of an abnormal incident that has no significant impact on creditor's right should still be put under observation.

b) Debt instrument investments

The latest credit rating on the report date was non-investment grade and fell more than two levels than the original rating.

5) The credit risk has not increased significantly or judged as low credit risk on the report date

On each report date, the Group assessed that there was no significant increase in the risk of default for any credit asset during the expected duration of existence or a low credit risk. The amount of expected credit losses was not taken as the change of credit risk, if the credit risk of the credit asset was low on the report date, it also assumes that the credit risk of the credit asset has not increased significantly since the initial recognition. The credit assets with low credit risk refer to when borrower pays the principal and interest overdue on time or fails to do so for less than 30 days ; No significant increase in risk relates to the borrower. The absence of economic, operational, and adverse changes in financial conditions and other bad debt conditions did not affect their ability to fulfill their contractual cash flow obligations. Financial assets on investment-grade or not on investment-grade but the ratings are not significantly reduced are also considered to be low-risk areas.

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6) Definitions of default and credit-impaired financial assets

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

a) Credit assets

- i) When the principal or interest has not yet been in arrears for more than three months, but with regard to which the bank has sought payment from primary or subordinate debtors or has disposed of collateral ;
- ii) The debtor declares bankruptcy, reorganization, bail-out, suspension of business, and liquidation of debts ;
- iii) Compulsory enforcement, provisional seizure, provisional injunction or other provisional remedies ;
- iv) When the mortgaged property is relocated, sold, pledged, transferred, or otherwise disposed ;
- v) The debtor has obvious financial difficulties and reached a settlement with the Group ;
- vi) According to the Group's " Guidelines for Customer Abnormal Incident Notification", the occurrence of an abnormal incident may have significant impact on creditor's right when one of the followings circumstances is met :
 1. A violation of the regulation that, in cases of gross violation, may affect the daily operation of a business, have its license revoked or business suspended
 2. Refund due to insufficient cash flow of the borrower or the person held responsible
 3. A lost lawsuit may result in a financial crisis that seriously affects the operator.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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- b) Debt instrument investments
 - i) Significant financial difficulty of the issuer;
 - ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - iii) The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses.
 - iv) There is a significant increase in credit risk or a significant deterioration in credit rating of debt instruments.
 - v) Counterparty defaulting on agreement of other financial instruments (e.g. transactions settlement failure, a bank decide to execute early termination of transactions, or loans originated from derivatives settlement failure).

7) Write-off policy

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

The following are indicators that the financial assets are uncollectible:

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

The Group whose written-off claims may still have ongoing recourse and continue to follow laws and regulations to pursue the proceedings.

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8) Modification of contractual cash flow of financial assets

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

9) Measuring the expected credit losses

a) Adoption of methods and assumptions

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

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

Government agency		
Alike to government agency		
Corporate banking	Legal person	Secured
		Non-secured
	Agribusiness	Secured
		Non-secured
Retail banking	Natural person	Secured
		Non-secured
	Natural person-agriculture	Secured
		Non-secured
Pledge of deposit		

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

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

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

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

b) Consideration of forward-looking information

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

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

10) Credit risk hedging and mitigation policies

a) Collateral

The Group has established policy and procedures to mitigate credit risk. Among them, one of the most common ways, is to demand for collateral. In terms of collateral management and valuation, the Group established policies governing the scope of collateral and related procedures to secure debts. Moreover, the Group also requires the provisions that secure debts and collateral should be contained within a credit agreement to reduce credit risk by clearly defining the amounts the Bank can cut and the grace periods the banks can offer or even requesting for a prepayment and offset the liabilities borne by the borrower’s deposits placed with the Group to reduce credit risks. Non credit businesses are not required to collect collateral, depending on the nature of the financial instruments.

b) Credit risk limits and credit risk concentration control

i) To avoid excessive concentration of risks, the Group have prescribed the credit limits and various investment limits on a single party, a single related party, a single related enterprise, or group enterprise.

ii) To control the concentration risks of various assets, additionally, the Group have prescribed the credit limits by types of industries, financial instruments and group enterprises to monitor the concentration risks of various assets and integrate and monitor the concentration of various credit risks on a single counterparty, group enterprise, or affiliated enterprise, and types of industries.

c) Master netting arrangements

The Group's transactions are usually settled individually without bundling or netting with any other transactions. However, the Group also enters into netting agreements or chooses to settle net and terminates the deal if the counterparty is in default.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 11) Information on the financial assets of the Group that have been credit derogated and the collateral for mitigating potential losses are as follows:

<u>December 31, 2024</u>	<u>Carrying amount</u>	<u>Allowance impairment</u>	<u>Exposure (measured at amortized cost)</u>	<u>Value of collateral (Note)</u>
Impairment financial assets:				
Receivables				
Temporary payments for others	\$ 16,138	5,821	10,317	-
Interest receivable	4,430	736	3,694	-
Discounts and loans	<u>5,122,909</u>	<u>1,268,094</u>	<u>3,854,815</u>	<u>18,601,576</u>
Total impairment financial assets	<u>\$ 5,143,477</u>	<u>1,274,651</u>	<u>3,868,826</u>	<u>18,601,576</u>

<u>December 31, 2023</u>	<u>Carrying amount</u>	<u>Allowance impairment</u>	<u>Exposure (measured at amortized cost)</u>	<u>Value of collateral (Note)</u>
Impairment financial assets:				
Receivables				
Temporary payments for others	\$ 10,832	3,904	6,928	-
Interest receivable	6,945	1,362	5,583	-
Discounts and loans	<u>4,847,249</u>	<u>1,024,832</u>	<u>3,822,417</u>	<u>18,745,200</u>
Total impairment financial assets	<u>\$ 4,865,026</u>	<u>1,030,098</u>	<u>3,834,928</u>	<u>18,745,200</u>

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

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

12) The maximum exposure to the credit risks of the Group

- a) The maximum exposure to credit risks of on-balance sheet assets, without taking account of any collateral held or other credit enhancements, is equal to their carrying amount. The maximum credit exposure (without considering the collaterals and guarantees) of off-balance sheet items is as follows:

	December 31, 2024	December 31, 2023
Loan commitments which have been developed by customers and are irrevocable	\$ 27,526,397	40,758,031
L/C balance which have been issued by customers and not been used	354,467	1,492,265
Various guarantees	<u>24,748,277</u>	<u>22,182,943</u>
Total	<u>\$ 52,629,141</u>	<u>64,433,239</u>

The management level of the Group believed that the exposure to credit risk of the Group's off-balance sheet items could be continuously controlled and minimized due to the fact that the Group had adopted a more strict selection process for credit extension and subsequently reviewed on a regular basis.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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b) The credit quality analysis of the financial assets

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

December 31, 2024	12-month ECL							Lifetime ECL – not impaired							Lifetime ECL – impaired High risk	Allowance impairment	Total
	Excellent	Good	Medium	Acceptable	Below standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Below standard	No rating	Subtotal			
Items																	
Receivable																	
-Interest receivable (loans)	\$ 222,351	58,270	28,185	17,158	-	335,401	661,365	-	-	2,338	2,131	-	12,991	17,460	4,430	6,015	677,240
-Temporary payments for others	-	-	-	-	-	20	20	-	-	-	-	-	27	27	16,138	5,822	10,363
Discounts and loans																	
-Private banking	-	-	-	-	-	92,638,493	92,638,493	-	-	-	-	-	481,086	481,086	850,558	1,676,347	92,293,790
-Corporate banking	60,596,916	41,757,533	26,025,009	14,890,706	-	135,998,712	279,268,876	-	-	2,706,999	2,381,900	-	1,082,089	6,170,988	4,272,351	4,632,186	285,080,029
Off-balance sheet items																	
Guarantee	-	-	3,237,562	8,386,376	-	11,611,439	23,235,377	-	-	567,000	945,900	-	-	1,512,900	-	265,979	24,482,298
Letter of credits receivable	-	-	57,803	75,239	-	221,425	354,467	-	-	-	-	-	-	-	-	789	353,678

December 31, 2023	12-month ECL							Lifetime ECL – not impaired							Lifetime ECL – impaired High risk	Allowance impairment	Total
	Excellent	Good	Medium	Acceptable	Below standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Below standard	No rating	Subtotal			
Items																	
Receivable																	
-Interest receivable (loans)	\$ 531,608	65,191	27,110	9,552	-	334,326	967,787	-	-	-	4,865	-	3,614	8,479	6,945	6,540	976,671
-Temporary payments for others	-	-	-	2	-	-	2	-	-	-	-	-	344	344	10,832	3,912	7,266
Discounts and loans																	
-Private banking	-	-	-	-	-	81,851,445	81,851,445	-	-	-	-	-	345,312	345,312	811,362	1,657,354	81,350,765
-Corporate banking	84,410,536	62,388,667	32,253,039	9,223,502	-	131,014,932	319,290,676	-	-	-	5,625,586	-	170,068	5,795,654	4,035,887	4,249,524	324,872,693
Off-balance sheet items																	
Guarantee	-	-	3,874,705	5,989,280	-	10,790,188	20,654,173	-	-	-	1,528,770	-	-	1,528,770	-	234,783	21,948,160
Letter of credits receivable	-	-	159,551	401,036	-	920,540	1,481,127	-	-	-	11,138	-	-	11,138	-	3,947	1,488,318

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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ii) Debt instrument

December 31, 2024	12-month ECL					Lifetime ECL—not impaired					Lifetime ECL—impaired	Total	Accumulated impairment (Note)	
	Investment	Sub investment	High risk	No rating	Subtotal	Investment	Sub investment	High risk	No rating	Subtotal	High risk			
Financial assets at fair value through other comprehensive income														
Bond investment	\$ 57,916,065	-	-	-	57,916,065	-	-	-	-	-	-	-	57,916,065	30,858
Investments in debt instruments at amortized cost														
Bond investment	279,053,060	-	-	-	279,053,060	-	-	-	-	-	-	-	279,053,060	65,414
Others	96,051,152	-	-	-	96,051,152	-	-	-	-	-	-	-	96,051,152	31,448

December 31, 2023	12-month ECL					Lifetime ECL—not impaired					Lifetime ECL—impaired	Total	Accumulated impairment (Note)	
	Investment	Sub investment	High risk	No rating	Subtotal	Investment	Sub investment	High risk	No rating	Subtotal	High risk			
Financial assets at fair value through other comprehensive income														
Bond investment	\$ 84,050,132	-	-	-	84,050,132	-	-	-	-	-	-	-	84,050,132	41,727
Investments in debt instruments at amortized cost														
Bond investment	315,401,118	-	-	-	315,401,118	-	-	-	-	-	-	-	315,401,118	81,138
Others	92,776,250	-	-	-	92,776,250	-	-	-	-	-	-	-	92,776,250	28,821

Note: The cumulative impairment of bond at fair value through other comprehensive income is recognized as other equity interest.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

<u>December 31, 2024</u>	<u>Maximum credit risk exposure</u>	<u>Collateral</u>	<u>Enhancement of other credit</u>
Financial assets at fair value through profit or loss			
– Debt instrument	\$ 100,690	-	-
– Beneficiary Certificates	474,564	-	-
– Derivative instrument	906,352	-	-

<u>December 31, 2023</u>	<u>Maximum credit risk exposure</u>	<u>Collateral</u>	<u>Enhancement of other credit</u>
Financial assets at fair value through profit or loss			
– Debt instrument	\$ 100,167	-	-
– Derivative instrument	823,188	-	-

13) Concentration of credit risks

When the transaction of financial instruments is concentrated in one individual, or when there are a number of counterparties which engaged in similar business activities and have similar economic characteristics, the ability to oblige the contract would be impacted by similar factors, thereby, causing concentration of credit risk.

The credit risk of the Group derived from assets, liabilities or off-balance sheet items and arose from exercising contracts or executing businesses, including credit extension, due from banks and call loans to banks, securities investments, receivables and derivative instruments. The Group does not make transactions with one single customer/counterparty, nor is the total transaction volume with one customer/counterparty accounted for the balance of the discounts and loans held by the Group showed any significance. Disclosures of concentration of credit risk by industries, regions and collaterals were as follows:

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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a) Types of industries

	December 31, 2024	
	Amount	%
Private enterprises	\$ 181,192,075	47.23
Public enterprises	40,195,313	10.48
Government agencies	60,596,916	15.79
Individuals	93,970,137	24.49
Financial institutions	3,526,080	0.92
Overseas	2,154,441	0.56
Others	2,047,390	0.53
Total	\$ 383,682,352	100.00

	December 31, 2023	
	Amount	%
Private enterprises	\$ 174,325,145	42.30
Public enterprises	61,788,447	14.99
Government agencies	84,410,536	20.48
Individuals	83,007,884	20.14
Financial institutions	2,663,001	0.65
Overseas	2,154,441	0.52
Others	3,780,882	0.92
Total	\$ 412,130,336	100.00

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Types of areas

The major businesses engaged in by the Group are in the Taiwan area.

c) Types of collateral

	December 31, 2024	
	Amount	%
Without collateral	\$ 191,596,820	49.94
With collateral		
Financial collateral	7,944,195	2.07
Real estate	157,014,431	40.92
Chattel	9,824,462	2.56
Guarantee	7,058,494	1.84
Other collateral	10,243,950	2.67
Total	\$ 383,682,352	100.00
	December 31, 2023	
	Amount	%
Without collateral	\$ 242,209,102	58.77
With collateral		
Financial collateral	8,290,110	2.01
Real estate	135,434,318	32.86
Chattel	6,995,904	1.70
Guarantee	8,448,198	2.05
Other collateral	10,752,704	2.61
Total	\$ 412,130,336	100.00

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

14) Changes in the expected credit losses of the Group

a) Receivable

For the year ended December 31, 2024								
	<u>12-month ECL</u>	<u>Lifetime ECL — collective assessment</u>	<u>Lifetime ECL — individual assessment</u>	<u>Lifetime ECL (credit- impaired financial assets not purchased or originated)</u>	<u>Lifetime ECL (credit- impaired financial assets purchased or originated)</u>	<u>Impaired (IFRS9)</u>	<u>Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "</u>	<u>Total</u>
Beginning balance	\$ 4,996	190	4,339	927	-	10,452	-	10,452
Changes in financial instruments that have been identified at the beginning of the period:								
— Transfer to 12-month ECL	9	(9)	-	-	-	-	-	-
— Transfer to lifetime ECL	(39)	44	-	(5)	-	-	-	-
— Transfer to lifetime ECL (individual assessment)	(14)	(21)	35	-	-	-	-	-
— Transfer to credit- impaired financial assets	(6)	(25)	(37)	68	-	-	-	-
— The financial assets that have been derecognized	(1,929)	(102)	(2,726)	(364)	-	(5,121)	-	(5,121)
New financial assets originated or purchased	1,597	70	4	8	-	1,679	-	1,679
Effects of currency exchange and other changes	358	161	2,441	1,867	-	4,827	-	4,827
Ending balance	<u>\$ 4,972</u>	<u>308</u>	<u>4,056</u>	<u>2,501</u>	<u>-</u>	<u>11,837</u>	<u>-</u>	<u>11,837</u>
For the year ended December 31, 2023								
	<u>12-month ECL</u>	<u>Lifetime ECL — collective assessment</u>	<u>Lifetime ECL — individual assessment</u>	<u>Lifetime ECL (credit- impaired financial assets not purchased or originated)</u>	<u>Lifetime ECL (credit- impaired financial assets purchased or originated)</u>	<u>Impaired (IFRS9)</u>	<u>Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "</u>	<u>Total</u>
Beginning balance	\$ 4,439	223	1,158	700	-	6,520	-	6,520
Changes in financial instruments that have been identified at the beginning of the period:								
— Transfer to 12-month ECL	97	(97)	-	-	-	-	-	-
— Transfer to lifetime ECL	(10)	10	-	-	-	-	-	-
— Transfer to lifetime ECL (individual assessment)	(15)	(30)	45	-	-	-	-	-
— Transfer to credit- impaired financial assets	(2)	(5)	(174)	181	-	-	-	-
— The financial assets that have been derecognized	(1,962)	(72)	(200)	(223)	-	(2,457)	-	(2,457)
New financial assets originated or purchased	1,596	70	4	9	-	1,679	-	1,679
Effects of currency exchange and other changes	853	91	3,506	260	-	4,710	-	4,710
Ending balance	<u>\$ 4,996</u>	<u>190</u>	<u>4,339</u>	<u>927</u>	<u>-</u>	<u>10,452</u>	<u>-</u>	<u>10,452</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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b) Discounts and loans

For the year ended December 31, 2024								
	<u>12-month ECL</u>	<u>Lifetime ECL — collective assessment</u>	<u>Lifetime ECL — individual assessment</u>	<u>Lifetime ECL (credit- impaired financial assets not purchased or originated)</u>	<u>Lifetime ECL (credit- impaired financial assets purchased or originated)</u>	<u>Impaired (IFRS9)</u>	<u>Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "</u>	<u>Total</u>
Beginning balance	\$ 4,763,001	119,045	867,069	157,763	-	5,906,878	-	5,906,878
Changes in financial instruments that have been identified at the beginning of the period:								
— Transfer to 12-month ECL	5,910	(5,910)	-	-	-	-	-	-
— Transfer to lifetime ECL	(40,530)	41,615	-	(1,085)	-	-	-	-
— Transfer to lifetime ECL (individual assessment)	(6,911)	(2,918)	9,829	-	-	-	-	-
— Transfer to credit- impaired financial assets	(3,277)	(2,429)	(2,164)	7,870	-	-	-	-
— The financial assets that have been derecognized	(1,862,429)	(80,345)	(267,512)	(96,743)	-	(2,307,029)	-	(2,307,029)
New financial assets originated or purchased	1,582,373	38,936	-	-	-	1,621,309	-	1,621,309
Write-off	-	-	(320,667)	(38,436)	-	(359,103)	-	(359,103)
Effects of currency exchange and other changes	490,470	3,839	649,216	302,953	-	1,446,478	-	1,446,478
Ending balance	<u>\$ 4,928,607</u>	<u>111,833</u>	<u>935,771</u>	<u>332,322</u>	<u>-</u>	<u>6,308,533</u>	<u>-</u>	<u>6,308,533</u>
For the year ended December 31, 2023								
	<u>12-month ECL</u>	<u>Lifetime ECL — collective assessment</u>	<u>Lifetime ECL — individual assessment</u>	<u>Lifetime ECL (credit- impaired financial assets not purchased or originated)</u>	<u>Lifetime ECL (credit- impaired financial assets purchased or originated)</u>	<u>Impaired (IFRS9)</u>	<u>Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "</u>	<u>Total</u>
Beginning balance	\$ 5,125,905	194,536	569,807	122,720	-	6,012,968	-	6,012,968
Changes in financial instruments that have been identified at the beginning of the period:								
— Transfer to 12-month ECL	60,107	(60,107)	-	-	-	-	-	-
— Transfer to lifetime ECL	(10,231)	10,967	-	(736)	-	-	-	-
— Transfer to lifetime ECL (individual assessment)	(7,029)	(5,246)	12,275	-	-	-	-	-
— Transfer to credit- impaired financial assets	(1,302)	(945)	(15,908)	18,155	-	-	-	-
— The financial assets that have been derecognized	(1,766,201)	(108,486)	(245,209)	(59,856)	-	(2,179,752)	-	(2,179,752)
New financial assets originated or purchased	1,548,778	80,285	3,594	1,227	-	1,633,884	-	1,633,884
Write-off	-	-	(107,453)	(18,138)	-	(125,591)	-	(125,591)
Effects of currency exchange and other changes	(187,026)	8,041	649,963	94,391	-	565,369	-	565,369
Ending balance	<u>\$ 4,763,001</u>	<u>119,045</u>	<u>867,069</u>	<u>157,763</u>	<u>-</u>	<u>5,906,878</u>	<u>-</u>	<u>5,906,878</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Guarantee and letter of credit receivable

For the year ended December 31, 2024								
	<u>12-month ECL</u>	<u>Lifetime ECL — collective assessment</u>	<u>Lifetime ECL — individual assessment</u>	<u>Lifetime ECL (credit- impaired financial assets not purchased or originated)</u>	<u>Lifetime ECL (credit- impaired financial assets purchased or originated)</u>	<u>Impaired (IFRS9)</u>	<u>Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "</u>	<u>Total</u>
Beginning balance	\$ 210,461	28,269	-	-	-	238,730	-	238,730
Changes in financial instruments that have been identified at the beginning of the period:								
— The financial assets that have been derecognized	(84,762)	(10,180)	-	-	-	(94,942)	-	(94,942)
New financial assets originated or purchased	116,212	23,058	-	-	-	139,270	-	139,270
Effects of currency exchange and other changes	(8,769)	(7,521)	-	-	-	(16,290)	-	(16,290)
Ending balance	<u>\$ 233,142</u>	<u>33,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,768</u>	<u>-</u>	<u>266,768</u>
For the year ended December 31, 2023								
	<u>12-month ECL</u>	<u>Lifetime ECL — collective assessment</u>	<u>Lifetime ECL — individual assessment</u>	<u>Lifetime ECL (credit- impaired financial assets not purchased or originated)</u>	<u>Lifetime ECL (credit- impaired financial assets purchased or originated)</u>	<u>Impaired (IFRS9)</u>	<u>Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- Performing and Non- Accrual Loans "</u>	<u>Total</u>
Beginning balance	\$ 168,484	23,238	-	-	-	191,722	-	191,722
Changes in financial instruments that have been identified at the beginning of the period:								
— The financial assets that have been derecognized	(75,375)	(2,281)	-	-	-	(77,656)	-	(77,656)
New financial assets originated or purchased	109,868	7,157	-	-	-	117,025	-	117,025
Effects of currency exchange and other changes	7,484	155	-	-	-	7,639	-	7,639
Ending balance	<u>\$ 210,461</u>	<u>28,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,730</u>	<u>-</u>	<u>238,730</u>

d) Investments in debt instruments designated at fair value through other comprehensive income

For the year ended December 31, 2024							
	<u>12-month ECL</u>	<u>Lifetime ECL — collective assessment</u>	<u>Lifetime ECL — individual assessment</u>	<u>Lifetime ECL (credit- impaired financial assets not purchased or originated)</u>	<u>Lifetime ECL (credit- impaired financial assets purchased or originated)</u>	<u>Impaired (IFRS9)</u>	<u>Total</u>
Beginning balance	\$ 41,727	-	-	-	-	41,727	41,727
Changes in financial instruments that have been identified at the beginning of the period:							
— The financial assets that have been derecognized	(12,854)	-	-	-	-	(12,854)	(12,854)
New financial assets originated or purchased	3,538	-	-	-	-	3,538	3,538
Effects of currency exchange and other changes	(1,553)	-	-	-	-	(1,553)	(1,553)
Ending balance	<u>\$ 30,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,858</u>	<u>30,858</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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	For the year ended December 31, 2023						Total
	12-month ECL	Lifetime ECL — collective assessment	Lifetime ECL — individual assessment	Lifetime ECL (credit- impaired financial assets not purchased or originated)	Lifetime ECL (credit- impaired financial assets purchased or originated)	Impaired (IFRS9)	
Beginning balance	\$ -	-	-	-	-	-	-
New financial assets originated or purchased	41,727	-	-	-	-	41,727	41,727
Ending balance	<u>\$ 41,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,727</u>	<u>41,727</u>

e) Investments in debt instruments at amortized cost

	For the year ended December 31, 2024						Total
	12-month ECL	Lifetime ECL — collective assessment	Lifetime ECL — individual assessment	Lifetime ECL (credit- impaired financial assets not purchased or originated)	Lifetime ECL (credit- impaired financial assets purchased or originated)	Impaired (IFRS9)	
Beginning balance	\$ 109,959	-	-	-	-	109,959	109,959
Changes in financial instruments that have been identified at the beginning of the period:							
— The financial assets that have been derecognized	(13,887)	-	-	-	-	(13,887)	(13,887)
New financial assets originated or purchased	3,174	-	-	-	-	3,174	3,174
Effects of currency exchange and other changes	(2,384)	-	-	-	-	(2,384)	(2,384)
Ending balance	<u>\$ 96,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,862</u>	<u>96,862</u>

	For the year ended December 31, 2023						Total
	12-month ECL	Lifetime ECL — collective assessment	Lifetime ECL — individual assessment	Lifetime ECL (credit- impaired financial assets not purchased or originated)	Lifetime ECL (credit- impaired financial assets purchased or originated)	Impaired (IFRS9)	
Beginning balance	\$ 136,050	-	-	-	-	136,050	136,050
Changes in financial instruments that have been identified at the beginning of the period:							
— The financial assets that have been derecognized	(34,852)	-	-	-	-	(34,852)	(34,852)
New financial assets originated or purchased	12,936	-	-	-	-	12,936	12,936
Effects of currency exchange and other changes	(4,175)	-	-	-	-	(4,175)	(4,175)
Ending balance	<u>\$ 109,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,959</u>	<u>109,959</u>

15) Foreclosed collateral management policy

As of December 31, 2024 and 2023, the Group did not take over any collateral.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

16) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of overdue loans and receivables:

Month & Year		December 31, 2024					
		Amount of non-performing loans	Total amount of loans	Non-performing loans ratio (%)	Amount of allowances for doubtful debts	Coverage ratio of allowances for bad debt (%)	
Corporate loan	With collateral	450,833	101,523,604	0.44	2,356,340	522.66	
	Without collateral	485,055	188,188,611	0.26	2,275,846	469.19	
Consumer	Home mortgage loan (Note 4)	40,797	63,374,157	0.06	969,717	2,376.93	
	Cash card	-	-	-	-	-	
	Small credit loan (Note 5)	1,156	144,459	0.80	3,141	271.71	
banking	Other (Note 6)	With collateral	533,631	27,187,771	1.96	616,788	115.58
		Without collateral	245,759	3,263,750	7.53	86,701	35.28
Total amount in loan business		1,757,231	383,682,352	0.46	6,308,533	359.00	
		Amount of overdue accounts	Balance of accounts receivable	Ratio of overdue accounts (%)	Amount of allowances for doubtful debts	Coverage ratio of allowances for bad debt (%)	
Credit card business		-	-	-	-	-	
Without recourse factoring business (Note 7)		-	-	-	-	-	

Month & Year		December 31, 2023					
		Amount of non-performing loans	Total amount of loans	Non-performing loans ratio (%)	Amount of allowances for doubtful debts	Coverage ratio of allowances for bad debt (%)	
Corporate loan	With collateral	222,018	90,967,379	0.24	2,058,771	927.30	
	Without collateral	49,536	238,154,838	0.02	2,190,753	4,422.55	
Consumer	Home mortgage loan (Note 4)	47,382	55,405,788	0.09	854,896	1,804.26	
	Cash card	-	-	-	-	-	
	Small credit loan (Note 5)	573	242,739	0.24	4,791	836.13	
banking	Other (Note 6)	With collateral	386,372	23,421,408	1.65	553,979	143.38
		Without collateral	352,900	3,938,184	8.96	243,688	69.05
Total amount in loan business		1,058,781	412,130,336	0.26	5,906,878	557.89	
		Amount of overdue accounts	Balance of accounts receivable	Ratio of overdue accounts (%)	Amount of allowances for doubtful debts	Coverage ratio of allowances for bad debt (%)	
Credit card business		-	-	-	-	-	
Without recourse factoring business (Note 7)		-	-	-	-	-	

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.” Non-performing 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: Ratio of non-performing loans: Non-performing loans/Outstanding loan balance. Ratio of non-performing credit card receivables: Nonperforming credit card receivables/Outstanding credit card receivables balance.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 3: Coverage ratio of loans: Allowance for possible losses for loans/Non-performing loans. Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables/Non-performing 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, the spouse or the minor children of the borrowers.

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 housing 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. 0945000494), non-recourse factoring is reported as non-performing receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

b) Non performing loans and overdue receivables exempted from reporting

	December 31, 2024		December 31, 2023	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan (Note1)	-	-	-	-
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note2)	-	-	-	-
Total	-	-	-	-

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

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

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Concentration of loan risk

December 31, 2024			
Ranking	Type of industry to which the company or group enterprise belongs	Total outstanding balance of loans	Percentage accounted for the net value this year (%)
1	A Group (rolling and extruding of iron and steel)	5,633,540	20.97
2	B Group (real estate development industry)	5,138,192	19.13
3	C Group (real estate development industry)	5,130,159	19.10
4	D Group (real estate development industry)	4,827,872	17.97
5	E Group (real estate development industry)	4,260,026	15.86
6	F Group (wholesale of electronic products and parts)	3,514,400	13.08
7	G Group (air transportation industry)	3,496,500	13.02
8	H Group (real estate development industry)	3,154,268	11.74
9	I Group (screw, nut and rivet manufacturing)	2,913,000	10.84
10	J Group (real estate development industry)	2,904,610	10.81

December 31, 2023			
Ranking	Type of industry to which the Company or group enterprise belongs	Total outstanding balance of loans	Percentage accounted for the net value this year (%)
1	I Group (screw, nut and rivet manufacturing)	6,813,000	20.10
2	A Group (rolling and extruding of iron and steel)	5,019,195	14.81
3	B Group (real estate development industry)	4,039,983	11.92
4	K Group (real estate development industry)	3,902,457	11.51
5	C Group (real estate development industry)	3,758,040	11.09
6	L Group (non-depository financing)	3,262,642	9.63
7	F Group (wholesale of electronic products and parts)	3,210,680	9.47
8	J Group (real estate development industry)	3,048,402	8.99
9	E Group (real estate development industry)	2,961,397	8.74
10	M Group (real estate development industry)	2,800,000	8.26

Note 1: Names of the top ten enterprise borrowers are listed after sorting by the borrower's total outstanding balance of loans. If the borrower is a group enterprise, the credit amount of that group enterprise should be listed in aggregate by account and disclosed in the manner of "code" plus "type of industry" (for example, A Company (Group) Liquid Crystal Panel and Components Manufacturing). For a group enterprise, its type of industry with the maximum risk exposure should be disclosed with the type of industry provided to the extent of the detailed classification according to the Standard Industrial Classification the Directorate General made by the Budget, Accounting and Statistics, Executive Yuan, R.O.C.

Note 2: The term "group enterprise" shall meet the definition provided in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 3: The total outstanding balance of loans refers to the total amount of balance of various kinds of loans (including import negotiations, export negotiations, discounts, overdraft, short-term loans, short-term secured loans, receivable amount for margin loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, and non-accrual loans), remittance purchase, without recourse factoring, acceptance receivable, and guarantees.

Note 4: The percentage of the total outstanding balance accounted for as net value in the current year should be calculated by the net value of the head offices for domestic banks and the net value of the branch offices in Taiwan for foreign banks.

(iv) Liquidity risk

1) Causes and definition of liquidity risk

The definition for liquidity risk is the Group encounter difficulty in meeting the obligations with its financial liabilities and causes 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.

2) Management policies of liquidity risk

a) Policy:

To enforce the management of liquidity, the "Regulations Governing the Liquidity Risk" has been approved by the Board of Directors, and the Group establishes a sound liquidity risk management mechanism according to business scale and characteristics, structure of assets and liabilities, funding strategy and diversity of funding sources, and capacity of the system can support to maintain the adequacy of liquidity and ensure sufficient funds under daily and specific pressure situations to fulfill its payment obligations.

b) Procedure:

- i) The Department of Treasury conducts a daily review on the sources and demands for liquidity in the next 10 business days and prepares in advance the remedy measures for the liquidity gap, maintains a certain proportion of readily realizable securities, and builds adequate call loan limits with multiple banks.
- ii) To increase the funding liquidity, the business unit shall keep an appropriate amount of cash on hand, and shall avoid over-concentration on one customer and take control properly for large loans.
- iii) The Department of Treasury shall note the diversification of products when engaged in financial instrument investments and gap allocation to avoid over-concentration.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- iv) The Department of Specialized Financing shall report the reserved amount for financing in an emergency at the credit departments of farmers' and fishermen's associations to the Department of Treasury, in advance.
 - v) The Risk Management Office shall monitor the liquidity risk and regularly report to the Risk Management Committee and Board of Directors.
- c) Measure
- i) To prepare the Table for Term Structure Analysis on Maturity Date in accordance with regulations of the competent authority and calculate the liquidity coverage ratio in accordance with the “Standards Implementing the Liquidity Coverage Ratio of Banks.”
 - ii) “Liquid Reserves Ratio” and “New Taiwan Dollar Cash Flow 0-30 Day Gaps” are used as the internal indicators for liquidity risk management with limits set on the norm.
 - iii) Set up liquidity stress-testing scenarios, evaluate the number of days of duration under stress-testing scenarios for the Group, and formulate appropriately capital allocation adjustment strategies and countermeasures when necessary.
 - iv) Establish “Management Crisis Response Measures” in accordance with the “Operation Directions for handling the management crisis management by Financial Institutions” of the FSC to prevent and response quickly to the crisis.
- 3) Maturity date analysis of financial assets and non-derivative financial liabilities held for liquidity risk management
- a) Financial assets held for liquidity risk management

The Group hold cash and revenue generating assets in response to cope with payment obligations and potential emergency needs for funding. The assets held for liquidity risk management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, financial assets at fair value through other comprehensive income, and investment in debt instruments at amortized cost.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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b) Maturity date analysis of non derivative financial liabilities

These tables represent the cash outflow analysis of non derivative financial liabilities according to the unexpired term of the contracts.

<u>December 31, 2024</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days-one year</u>	<u>Over one year</u>	<u>Total</u>
Deposits from the Central Bank and other banks	\$ 24,041,946	37,068,946	-	-	20,286	61,131,178
Notes and bonds issued under repurchase agreements	54,285,017	14,076,023	-	-	-	68,361,040
Payables	1,406,388	559,944	112,860	273,557	22,461	2,375,210
Deposits and remittances	75,471,199	230,270,922	167,719,225	264,558,465	12,475,823	750,495,634
Bank notes payable	-	10,000,000	-	19,300,000	20,650,000	49,950,000
Lease liabilities	8,639	17,142	23,985	46,825	236,734	333,325
Other at-maturity cash outflows	54,188	36,992	34,404	26,306	910,543	1,062,433
Total	\$ <u>155,267,377</u>	<u>292,029,969</u>	<u>167,890,474</u>	<u>284,205,153</u>	<u>34,315,847</u>	<u>933,708,820</u>

<u>December 31, 2023</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days-one year</u>	<u>Over one year</u>	<u>Total</u>
Deposits from the Central Bank and other banks	\$ 48,674,640	57,457,854	2,585,840	-	20,286	108,738,620
Notes and bonds issued under repurchase agreements	55,349,867	1,416,639	-	-	-	56,766,506
Payables	3,304,455	714,131	129,693	219,375	18,587	4,386,241
Deposits and remittances	88,852,239	269,799,771	171,962,932	278,121,722	7,512,341	816,249,005
Bank notes payable	-	-	-	5,000,000	45,820,000	50,820,000
Lease liabilities	18,748	16,996	29,841	71,767	352,453	489,805
Other at-maturity cash outflows	40,485	24,373	145,976	25,130	772,994	1,008,958
Total	\$ <u>196,240,434</u>	<u>329,429,764</u>	<u>174,854,282</u>	<u>283,437,994</u>	<u>54,496,661</u>	<u>1,038,459,135</u>

4) Maturity analysis of derivative financial liabilities

The contractual maturity date has been evaluated as the most basic element for understanding all derivative financial instruments on the balance sheet. Amounts disclosed in the schedule were prepared based on the contractual cash flows; therefore, part of amounts disclosed did not correspond to the related items on the balance sheet.

- a) Maturity analysis of derivative financial liabilities to be settled on a net basis: None.
- b) Maturity analysis of derivative financial liabilities to be settled on a gross basis is as follows:

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<u>December 31, 2024</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days-one year</u>	<u>Over one year</u>	<u>Total</u>
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash outflows	\$ 46,952,596	7,056,608	-	-	-	54,009,204
Cash inflows	46,437,529	6,989,789	-	-	-	53,427,318
Subtotal of cash outflows	<u>46,952,596</u>	<u>7,056,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,009,204</u>
Subtotal of cash inflows	<u>46,437,529</u>	<u>6,989,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,427,318</u>
Net cash flow	\$ <u>(515,067)</u>	<u>(66,819)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(581,886)</u>
<u>December 31, 2023</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days-one year</u>	<u>Over one year</u>	<u>Total</u>
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash outflows	\$ 41,941,980	3,867,620	-	-	-	45,809,600
Cash inflows	40,498,895	3,789,526	-	-	-	44,288,421
Subtotal of cash outflows	<u>41,941,980</u>	<u>3,867,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,809,600</u>
Subtotal of cash inflows	<u>40,498,895</u>	<u>3,789,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,288,421</u>
Net cash flow	\$ <u>(1,443,085)</u>	<u>(78,094)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,521,179)</u>

5) Maturity analysis on off-balance sheet items

The below schedule lists maturity analyses on off-balance sheet items of the Group based on the remaining period from the balance sheet date to contractual maturity date.

<u>December 31, 2024</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days-one year</u>	<u>Over one year</u>	<u>Total</u>
Loan commitments which have been developed by customers and are irrevocable	\$ -	-	1,882,173	-	25,644,224	27,526,397
L/C balance which have been issued by customers and not been used	111,537	182,051	-	60,879	-	354,467
Various guarantees	<u>4,522,376</u>	<u>2,884,711</u>	<u>595,726</u>	<u>1,152,684</u>	<u>15,592,780</u>	<u>24,748,277</u>
Total	\$ <u>4,633,913</u>	<u>3,066,762</u>	<u>2,477,899</u>	<u>1,213,563</u>	<u>41,237,004</u>	<u>52,629,141</u>
<u>December 31, 2023</u>	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days-one year</u>	<u>Over one year</u>	<u>Total</u>
Loan commitments which have been developed by customers and are irrevocable	\$ -	-	-	-	40,758,031	40,758,031
L/C balance which have been issued by customers and not been used	259,320	1,101,910	-	131,035	-	1,492,265
Various guarantees	<u>6,803,747</u>	<u>2,325,223</u>	<u>250,269</u>	<u>610,071</u>	<u>12,193,633</u>	<u>22,182,943</u>
Total	\$ <u>7,063,067</u>	<u>3,427,133</u>	<u>250,269</u>	<u>741,106</u>	<u>52,951,664</u>	<u>64,433,239</u>

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- 6) Disclosure required by the "Regulations Governing the Preparation of Financial Reports by Public Banks"
- a) Maturity analysis of assets and liabilities (New Taiwan Dollars)

December 31, 2024	Total	Amount for the remaining period prior to the maturity date				
		0-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Major at-maturity cash inflows	\$ 815,018,939	132,082,471	69,272,856	30,593,578	131,667,500	451,402,534
Major at-maturity cash outflows	1,014,812,500	101,144,136	307,257,666	261,716,815	283,973,446	60,720,437
Maturity gap	(199,793,561)	30,938,335	(237,984,810)	(231,123,237)	(152,305,946)	390,682,097

Note: This table contains only amounts in NTD (foreign currencies excluded).

December 31, 2023	Total	Amount for the remaining period prior to the maturity date				
		0-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Major at-maturity cash inflows	\$ 914,374,698	114,827,049	74,020,877	86,354,275	153,483,160	485,689,337
Major at-maturity cash outflows	1,108,121,469	129,192,972	346,566,548	261,350,267	282,938,678	88,073,004
Maturity gap	(193,746,771)	(14,365,923)	(272,545,671)	(174,995,992)	(129,455,518)	397,616,333

Note: This table contains only amounts in NTD (foreign currencies excluded)

- b) Maturity analysis of assets and liabilities (United State Dollars)

In Thousands of U.S. Dollars

December 31, 2024	Total	Amount for the remaining period prior to the maturity date				
		0-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Major at-maturity cash inflows	\$ 5,303,453	1,002,164	274,307	92,280	465,519	3,469,183
Major at-maturity cash outflows	5,280,578	3,565,155	1,709,624	3,754	2,045	-
Maturity gap	22,875	(2,562,991)	(1,435,317)	88,526	463,474	3,469,183

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December 31, 2023	Total	Amount for the remaining period prior to the maturity date				
		0-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Major at-maturity cash inflows	\$ 6,022,585	1,432,401	252,176	23,723	407,343	3,906,942
Major at-maturity cash outflows	6,012,184	4,096,760	1,664,922	246,047	4,455	-
Maturity gap	10,401	(2,664,359)	(1,412,746)	(222,324)	402,888	3,906,942

(v) Market risk

1) Causes and definition of market risk

Market risk means the potential risk arising from the on-balance and off-balance sheet positions due to unfavorable changes in interest rates, exchange rates, and equity investment.

The main market risks of the Group are equity investment risk and interest rate risk. The main position of equity investment risk includes stocks and funds. The main position of interest rate risk includes bonds, bills, and interest rate derivative instruments such as interest rate swap, cross currency swaps, etc.

2) Management policies of market risk

a) Policy:

The Board of Directors approved the “Regulations Governing the Market Risk” and relevant important decisions according to the overall business strategy and management environment, and also developed a sound market risk management mechanism to effectively identify, measure, monitor, and control market risks to achieve the balance between levels of sustainable risk and expected return.

b) Procedure:

To set up market risk management regulations and policies, ensure the market risk to be controlled within a tolerable range, the Group not only formulated the “Regulations Governing the Market Risk Management,” “Regulations for Governing Authorization of Fund Application,” and the “Directions for Risk Management of Engaging in Financial Instruments” to be used as bases for management, but also established the limits control mechanism on trading positions, stop loss, suspension, warning limits, etc. In compliance with applicable regulations and operation directions for various financial instruments (including fixed income, equity securities, foreign currency assets, derivative instruments, etc.).

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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3) Procedures of market risk management

a) Identification and measurement

The Department of Treasury and the Risk Management Office of the Group have identified market risk factors of the exposure based on which the market risk is measured. Market risk factors refer to the component parts which may affect the value of positions of financial instruments such as interest rates, currency exchange rates, and equity securities, including the position, profit or loss, loss on stress test, and sensitivity (PVBP and beta) to measure the affected status of investment portfolio by using the interest rate risk, currency exchange risk, and equity securities.

b) Monitor and report

The Risk Management Office of the Group reports the implementation status of market risk management, positions, profit or loss control, sensitivity analysis, stress test, and other information to the Risk Management Committee and the Board of Directors to let the directors understand the market risk control status. The Group also have communication mechanism, and set limits and stop-loss requirements for trades in the trading book. As soon as the stop-loss limit is hit, the trade will be executed immediately. If the stop-loss is not executed, the Department of Treasury shall state clearly the reason and response program to the senior management for approval.

4) Management policies of trading book risk

The trading book refers to the financial instruments held for trading or hedging in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks."

a) Policy and procedure

The Group formulates "Directions for Risk Management of Engaging in Financial Instruments" as important guideline for all trading units.

b) Valuation policy

All financial instruments in the trading book are evaluated using the quoted market prices on every business day. If the model valuation is used instead, the input parameters will be updated daily based on the latest available information in the market.

c) Measurement method

The Group uses changes in the interest rates by 1bp and 10bps, and changes in equity securities by 10% and 20% as the hypothetical scenarios and quarterly reports to the Risk Management Committee.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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5) Interest rate risk management for trading book

a) Definition of interest rate risk

The interest rate risk means the changes of interest rate that lead to the fair value changes or loss. The main products include securities related to interest rate and derivatives.

b) Procedures of interest rate risk management

The Group shall carefully select investment targets through research on the credit and financial status of issuers and risk situation and interest rate trend of countries where they are located. It shall establish the trading limits in the trading book and stop-loss limits (including limits on traders and trading instruments) and reports to the senior management for approval.

c) Measurement method

The Group uses the PVBP to monitor the influence of interest rate risk on a monthly basis.

6) Interest rate risk management for banking book

The interest rate risk refers to the risk of impact on the earnings and economic value of assets and liabilities resulting from unfavorable changes in interest rates.

a) Strategy

To effectively manage the interest rate risk in the banking book, the Group have established the upper limit for the interest rate sensitivity gap to certain multiple of the net value and formulated the handling principles for reduction of interest rate sensitivity gap to be used as the indicator and basis for relevant departments to manage the interest rate risk in the banking book.

b) Management process

i) The Group calculates interest rate sensitivity gaps of different tenors on a monthly basis, analyzes the effects for those gaps, reports to the senior management, and provides relevant departments for their reference and implementation.

ii) The Group prepares the analysis table of "Interest rate risk in the banking book" (hereafted referred as "IRRBB") quarterly, and reports the evaluation about how the fluctuation of interest rate under six scenario, such as parrallel upwards/downwards shift, steep/flat movement, and short-term rate increasing/decreasing, affecting the economic vlaue of Group's banking-book-interest-related position, to office general manager. The reason as stated above should be clarified and reported to the authority with amendments before the end of next month when the maximum declining degree is greater than 15% of Tier I assets.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Measure

Assuming the yield curve is under six stress scenarios, including parallel upward shift, parallel downward shift, steep change, flat change, increase in short-term interest rates, and decrease in short-term interest rates, the ratio of the largest decrease to the net amount of Tier I capital is used as the main indicator of IRRBB.

7) Exchange rate risk management

a) Definition of exchange rate risk

The exchange rate risk refers to the profit or loss resulted from two different currencies transferred at different times. Foreign exchange products currently undertaken by the Group include forward exchange and cross currency swaps, etc.

b) Policies, management procedures and measurement method of exchange rate risk

The main purpose of the foreign exchange products undertaken by the Group is to acquire foreign currencies to make investment in foreign currency assets. The exchange rate fluctuations in foreign exchange products are mostly offset by the exchange rate fluctuations in foreign currency assets, and the currency exchange risk not hedged is limited.

8) Equity securities risk management

a) Definition of equity security risk

The market risk of holding equity securities includes the respective risk arising from the market price changes of respective equity security and general market risk resulting from the whole market price changes.

b) The intention of equity security price risk management

The intention is to avoid loss and worse financial status due to violent fluctuations of equity security price and increase the effectiveness of capital usage and improve the business.

c) Procedure of equity security price risk management

i) The amount of investments in domestic securities made by the Department of Treasury shall be approved by the Investment Examination Committee of the Group and reported to the Board of Directors for review and approval.

ii) A rigorous standard for stock selection has been formulated for investment targets in trading positions. The purchased investment targets require comprehensive analyses on factors such as profitability, operation, and technical side of individual shares with the individual investment limit set.

iii) The regulation for the stop-loss and lock-in-gain have been established on a market price or net value of individual shares and fund beneficiary certificates held by the trading positions of investments or traders.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

d) Measure

- i) The Group sets different investment quotas for individual investment companies, and use the beta value to measure the influence of systematic risk monthly.
- ii) For those reaching the standard for the stop-loss (lock-in-gain), if no orders of the stop-loss (lock-in-gain) or clearance are executed, the Group shall analyze the current economic situation, investment market status, and future prospects of investment targets, and submit them to the senior management for approval. The positions continued to be held should be submitted for approval on a weekly basis.

9) Market risk valuation technique

a) Stress test

The stress test is a method used to measure the potential maximum loss in the risk assets portfolio under the worst scenario. The stress test of the Group includes two parts: (1) Historical scenario test: The impact on the existing trading portfolio of the Group under the assumption that a historically significant event occurs repeatedly; (2) Customized scenario test: Simulation test for the degree of impact from risks on the existing trading portfolio of the Group in consideration of the relationship between risk factors under the assumption of customized extreme scenarios.

b) Sensitivity analysis

The sensitivity analysis is summarized as follows:

December 31, 2024			
Major risk	Degree of changes	Amount under the influence	
		Equity	Profit or loss
Interest rate risk	Rate curve increases by 10 bps	(477,362)	(195)
	Rate curve decreases by 10 bps	477,362	195
Equity securities price risk	Equity securities price increases by 20%	279,873	94,913
	Equity securities price decreases by 20%	(279,873)	(94,913)
Foreign exchange risk	Currency appreciates by 3%	-	56,442
	Currency depreciates by 3%	-	(56,442)

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December 31, 2023			
Major risk	Degree of changes	Amount under the influence	
		Equity	Profit or loss
Interest rate risk	Rate curve increases by 10 bps	(836,591)	(286)
	Rate curve decreases by 10 bps	836,591	286
Equity securities price risk	Equity securities price increases by 20%	271,318	-
	Equity securities price decreases by 20%	(271,318)	-
Foreign exchange risk	Currency appreciates by 3%	-	126,597
	Currency depreciates by 3%	-	(126,597)

10) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Interest-rate sensitive assets and liabilities analysis (New Taiwan Dollars)

December 31, 2024					
Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to one year (inclusive)	Over one year	Total
Interest-rate sensitive assets	\$ 540,710,500	4,957,296	18,488,861	180,657,488	744,814,145
Interest-rate sensitive liabilities	689,055,908	44,610,995	25,276,754	20,652,680	779,596,337
Interest rate sensitivity gap	(148,345,408)	(39,653,699)	(6,787,893)	160,004,808	(34,782,192)
Net value					26,864,531
Ratio of interest-rate sensitive assets to liabilities					95.54 %
Ratio of interest-rate sensitivity gap to net value					(129.47)%

December 31, 2023					
Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to one year (inclusive)	Over one year	Total
Interest-rate sensitive assets	\$ 584,926,810	7,472,632	6,696,539	254,978,799	854,074,780
Interest-rate sensitive liabilities	799,437,780	21,183,877	4,861,392	45,820,384	871,303,433
Interest rate sensitivity gap	(214,510,970)	(13,711,245)	1,835,147	209,158,415	(17,228,653)
Net value					33,894,766
Ratio of interest-rate sensitive assets to liabilities					98.02 %
Ratio of interest-rate sensitivity gap to net value					(50.83)%

Note 1: The above amount included only new Taiwan dollar amounts held by the Bank.

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

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets ÷ Interest-rate sensitive liabilities (in New Taiwan Dollars).

b) Interest-rate sensitive assets and liabilities analysis (U.S. Dollars)

In Thousands of U.S. Dollars

December 31, 2024					
Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to one year (inclusive)	Over one year	Total
Interest-rate sensitive assets	\$ 691,326	91,400	437,324	3,204,038	4,424,088
Interest-rate sensitive liabilities	3,611,031	3,743	2,038	-	3,616,812
Interest rate sensitivity gap	(2,919,705)	87,657	435,286	3,204,038	807,276
Net value					-
Ratio of interest-rate sensitive assets to liabilities					122.32 %
Ratio of interest-rate sensitivity gap to net value					-

December 31, 2023					
Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to one year (inclusive)	Over one year	Total
Interest-rate sensitive assets	\$ 489,517	21,707	347,672	3,709,313	4,568,209
Interest-rate sensitive liabilities	4,367,788	230,331	4,448	-	4,602,567
Interest rate sensitivity gap	(3,878,271)	(208,624)	343,224	3,709,313	(34,358)
Net value					-
Ratio of interest-rate sensitive assets to liabilities					99.25 %
Ratio of interest-rate sensitivity gap to net value					-

Note 1: The above amount included only U.S. dollar amounts held by the Bank.

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 sensitive assets – Interest-rate sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets ÷ Interest-rate sensitive liabilities (in U.S. dollars).

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ac) Capital management

(i) Overview

Objectives of capital management are as follows:

- 1) The eligible regulatory capital of the Group should be sufficient to meet the legal capital requirements, and achieve the authority's lowest requirement of the BIS Capital Adequacy Ratio. This is also the basic objective of the capital management of the Group. The calculation for reserving the regulatory capital and legal capital is conducted in accordance with applicable regulations of the competent authority.
- 2) To have sufficient capital to cover risks, the Group perform the simulation analysis in accordance with laws and regulations, major capital allocation, business development, or capital increase plans, and establish the capital adequacy assessment process in line with the risk status of the Group, implement the capital management, maintain adequate BIS ratios to ensure a sound capital structure and promote the steady business development.

(ii) Procedures for capital management

- 1) Procedures for capital management of the Group are as follows:
 - a) Considering strategic objectives, business plan, and risk tolerance capacity, set up the internal capital adequacy ratio goal.
 - b) Regularly report the implementation results of capital adequacy to the Risk Management Committee and Board of Directors in order to review and supervise the management of capital adequacy.
 - c) If the results of the assessment are lower than the internal capital adequacy ratio goal, the relevant units will jointly review the business content, external environment and financial status of the Group to adopt appropriate response strategy, such as adjustment in business strategy, reduction of risk assets, issuance of eligible capital instruments or improvement of financial structure, etc.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Capital management of the Group is the responsibility of the Risk Management Office. The term "Regulatory Capital" shall mean the net Tier 1 Capital and the net Tier 2 Capital according to the Regulations Governing the Capital Adequacy and Capital Category of Banks," issued by the Financial Supervisory Commission (the FSC).

a) Net Tier 1 capital

It includes the aggregate amount of net Common Equity Tier 1 and additional Tier 1 capital.

- i) Net Common Equity Tier 1: It mainly includes common stock capital and additional paid-in capital in excess of the par- common stock, common stock capital collected in advance, capital reserves-other, statutory surplus reserves, special reserves, accumulated profit or loss, non-controlling interests and other items of interest. The statutory adjustment items which should be deducted include: effective portion of gains and losses on hedging instruments in a cash flow hedge (deducting gains and adding back the losses), insufficient provisions of the defined benefit liability for the defined benefit plan in the prepaid pension costs or employee benefit liability reserves, treasury shares, goodwill, and other intangible assets, deferred tax assets relying on future profitability of the bank, unrealized gains and losses that have resulted from liabilities due to changes in the bank's own credit risk (deducting gains and adding back the losses), unrealized gains from financial assets at fair value through other comprehensive income, insufficiency of operational reserves and loan- loss provisions, when first time applying International Financial Reporting Standards in real estate and using the fair value or the re-estimated value method as the deemed cost, the difference in amount between the deemed cost and the book value recognized in retained earnings, the difference in amount between the deemed cost and the book value recognized in retained earnings, deductible amount of securitization transactions, investment in financial related business which categorized in banking book, insufficiency of valuation reserves (market risk), amount exceeding the 10% threshold on deferred income tax arising from temporary differences, deductible amount exceeding the 15% deduction threshold on deferred income tax assets arising from temporary differences, and deduction on insufficiency of additional Tier 1 capital or the Tier 2 capital.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- ii) The range of additional Tier 1 capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.
1. Non cumulative perpetual preferred stock and its capital stock premium.
 2. Non cumulative perpetual subordinated debts.
 3. The non cumulative perpetual preferred stock and its capital stock premium, and the non cumulative perpetual subordinated debts which are issued by banks' subsidiaries, and are not directly or indirectly held by banks. (Such as deduction on insufficiency of the Tier 2 capital, investment in financial related business which categorized in banking book, deduction on other capital, etc.)

b) Net Tier 2 Capital

The range of Tier 2 capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.

- i) Cumulative perpetual preferred stock and its capital stock premium.
- ii) Cumulative perpetual subordinated debts.
- iii) Convertible subordinated debts
- iv) Long term subordinated debts
- v) Non perpetual preferred stock and its capital stock premium
- vi) When the real estate was adopted by the International Financial Reporting Standards for the first time and used the fair value or the re estimated value as the deemed cost. The difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain from financial assets at fair value through other comprehensive income, as well as operational reserves and loan loss provisions.
- vii) The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long term subordinated debts, and the non perpetual preferred stock and its capital stock premiums which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Capital Adequacy

The total capital adequacy ratio of the Group is as follows:

Analysis item		Year	December 31, 2024	December 31, 2023	
Regulatory Capital	Common equity		26,409,842	33,492,697	
	Additional Tier 1 Capital		8,370,000	8,370,000	
	Tier 2 Capital		8,137,298	5,704,256	
	Regulatory Capital		42,917,140	47,566,953	
Amount of risk-weighted assets	Credit risk	Standardized approach	354,774,472	374,078,999	
		Internal ratings-based approach	-	-	
		Asset securitization	3,875,561	1,992,688	
	Operational risk	Basic indicator approach	4,681,425	1,079,850	
		Standardized approach/ alternative standardized approach	-	-	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	2,388,663	4,626,550	
		Internal models approach	-	-	
	Total risk-weighted assets			365,720,121	381,778,087
	Total capital adequacy ratio			11.74 %	12.46 %
Ratio of common equity to risk-weighted assets			7.22 %	8.77 %	
Ratio of Tier 1 capital to risk-weighted assets			9.51 %	10.97 %	
Leverage ratio			3.44 %	3.72 %	

Note I. The calculation of eligible capital, risk weighted assets, and the total amount of risk exposure shall follow the Regulations Governing the Capital Adequacy and Capital Category of Banks, and Calculation of Equity Capital and Risk Assets.

Note II. The table shall disclose the calculation formula as follows:

1. Equity Capital = shareholders' equity + other tier 1 capital + tier 2 capital
2. Risk weighted assets = credit risk weighted assets + (capital requirement for operational risk + capital requirement for market risk) × 12.5
3. Capital adequacy ratio = equity capital / internal models approach
4. Common stock based capital ratio = shareholders' equity / total risk weighted assets
5. Tier 1 risk based capital ratio = (shareholders' equity + other tier 1 capital) / weighted risk
6. Leverage ratio = tier 1 capital / total risk exposure

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ad) Structured entities

Structured entities which are not included within the consolidated financial statements

- (i) The categories of equity of structured entities which are not included within the consolidated financial statements held by the Group are as follows. The Group did not provide any financial or other support for such structured entities. The maximum exposure amount to such entity is the carrying amount of the asset held.

Types of structured entities	Nature and purpose	Interests owned by the Group
Asset securitization product	Invest in the asset securitization product to obtain gains from investment	Asset-backed securities issued for investment in such entities

- (ii) The carrying amounts of assets related to the interests of structured entities recognized on December 31, 2024 and 2023 not included within the consolidated financial statements were as follows:

December 31, 2024	Asset securitization product
Assets held by the Group	
- Investments in debt instruments at amortized cost	\$ <u><u>9,867,524</u></u>
December 31, 2023	Asset securitization product
Assets held by the Group	
- Investments in debt instruments at amortized cost	\$ <u><u>5,173,099</u></u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ae) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2024 and 2023, were carried out to acquire right-of-use assets under leases. Please refer to Note 6(k).

Reconciliation of liabilities arising from financing activities were as follows :

	January 1, 2024	Cash flows	Non-cash changes			December 31, 2024
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 489,805	(101,530)	(54,950)	-	-	333,325
Bank notes payable	50,820,000	(870,000)	-	-	-	49,950,000
Total liabilities from financing activities	<u>\$ 51,309,805</u>	<u>(971,530)</u>	<u>(54,950)</u>	<u>-</u>	<u>-</u>	<u>50,283,325</u>

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 236,435	(98,451)	351,821	-	-	489,805
Bank notes payable	51,520,000	(700,000)	-	-	-	50,820,000
Total liabilities from financing activities	<u>\$ 51,756,435</u>	<u>(798,451)</u>	<u>351,821</u>	<u>-</u>	<u>-</u>	<u>51,309,805</u>

(7) Related-party transactions:

(a) Name and relationship of related parties

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Ministry of Agriculture (Note)	Corporate director of the Group
Tucheng Farmers' Association	Corporate director of the Group
National Farmers' Association, R.O.C.	Corporate director of the Group
Kaohsiung City Farmers' Association	Supervisor of the Group
Agriculture Credit Guarantee Fund	Supervisor of the Group
Taiwan Agricultural Insurance Fund	Fund director is the same person as the Corporate director of the Group.
Other related parties	Director, Supervisor, managerial officers and their spouses or relatives within the third degree of kinship

Note: Council of Agriculture (COA) was transformed into the Ministry of Agriculture (MOA) on August 1, 2023.

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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(b) Significant transactions with related parties

(i) Deposit:

Amounts of deposits of related parties with the Group as of December 31, 2024 and 2023 were \$11,174,134 and \$6,560,271, constituting 1.49% and 0.80%, respectively, of the total amounts of deposits. In 2024 and 2023, the interests paid to related parties were \$109,109 and \$107,461, respectively. Except for checking deposits without interest accrued, interests will be calculated at the interest rate posted by the Bank ranging from 0.455% to 6.309%, respectively. Among these major deposits (with deposit balances over one hundred million) were as follows:

<u>Name of related party</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Range of interest rate %</u>	<u>Interest expense</u>
For the year ended December 31, 2024				
Ministry of Agriculture	\$ 4,542,978	4,542,978	0.580~0.825	10,130
National Farmers' Association, R.O.C.	2,753,199	2,542,420	0.700~1.655	36,663
Tucheng Farmers' Association	4,373,545	3,581,471	0.700~1.655	55,429
Taiwan Agricultural Insurance Fund	868,174	402,432	0.700~1.690	4,821
		<u>11,069,301</u>		<u>107,043</u>

<u>Name of related party</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Range of interest rate %</u>	<u>Interest expense</u>
For the year ended December 31, 2023				
Ministry of Agriculture	\$ 2,164,900	283,608	0.455~0.700	6,291
National Farmers' Association, R.O.C.	2,572,880	2,116,302	0.575~1.530	33,927
Tucheng Farmers' Association	4,436,948	3,632,415	0.575~1.530	60,510
Taiwan Agricultural Insurance Fund	766,466	426,575	0.575~1.565	4,321
		<u>6,458,900</u>		<u>105,049</u>

For the Group's transactions with related parties, except for managerial officers within a fixed amount following the interest rate of employee savings deposit, the conditions of transactions are all equivalent to those of non-related parties.

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(ii) Loan:

December 31, 2024							
Category	Number of households or name of related party	Maximum balance	Ending balance	Performance of contract		Content of Collateral	Difference from the conditions of transactions with non-related parties
				Normal loan	Non-performing loan		
Employee consumption loan	6	4,109	3,887	3,887	-	None	None
Owner occupied residence mortgage loan	20	152,840	152,650	152,650	-	Real estate	None
General working capital	4	32,218	25,302	25,302	-	Real estate, Insubstantial collateral (small and medium enterprise Credit Guarantee Fund)	None
Political agricultural loan	2	138,322	124,241	124,241	-	Real estate and chattel (boats)	None
Others	1	650,000	250,000	250,000	-	None	None

December 31, 2023							
Category	Number of households or name of related party	Maximum balance	Ending balance	Performance of contract		Content of Collateral	Difference from the conditions of transactions with non-related parties
				Normal loan	Non-performing loan		
Employee consumption loan	5	4,153	3,786	3,786	-	None	None
Owner occupied residence mortgage loan	16	140,590	130,371	130,371	-	Real estate	None
General working capital	1	25,252	15,477	15,477	-	Insubstantial collateral (small and medium enterprise Credit Guarantee Fund)	None
Political agricultural loan	2	146,336	138,322	138,322	-	Real estate and chattel (boats)	None
Others	1	360,150	130,000	130,000	-	None	None

Except for consumer loans and loans extended to the government, no unsecured credit shall be extended by the Group to any interested party in accordance with Article 32 and 33 of the Banking Act of The Republic of China. For any secured credit extended, the terms of such extended credit shall not be more favorable than those terms offered to other customers of the same category.

(c) Total compensation to key management

	For the years ended December 31,	
	2024	2023
Short-term employee benefits	\$ 38,253	38,027
Post-employment benefits	1,858	1,929
Others	1,682	1,841
Total	\$ 41,793	41,797

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(8) Pledged assets:

As of December 31, 2024 and 2023, details for the Group pledged collateral as security for bonds and certificates of deposit were as follows:

<u>Collateralized assets</u>	<u>Purpose</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other financial assets	Operations bond of the securities firm	\$ 10,000	10,000
Investment in debt instruments at amortized cost (face value)	Bond payment settlement reserves	100,000	100,000
Investment in debt instruments at amortized cost (face value)	Guarantee for agency of National Treasury	2,300,000	2,400,000
Investment in debt instruments at amortized cost (face value)	Trust compensation reserve	50,000	50,000
Investment in debt instruments at amortized cost (face value)	Electricity fee payment and collection for Taiwan Power Company	1,000	2,000
Investment in debt instruments at amortized cost (face value)	Guarantee for public treasury services	900,000	900,000
Investment in debt instruments at amortized cost (face value)	Pledged assets for provisional attachment	286,900	32,400
Investment in debt instruments at amortized cost (face value)	Guarantee for foreign currency settlement and overdraft	8,500,000	8,500,000
Investment in debt instruments at amortized cost (face value)	Repurchase agreement	72,015,824	64,567,375
Financial assets at fair value through other comprehensive income (face value)	Repurchase agreement	3,932,160	-
		<u>\$ 88,095,884</u>	<u>76,561,775</u>

(9) Commitments and contingencies:

(a) As of December 31, 2024 and 2023, the materials commitments and contingent liabilities of the Group were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Collection payable for customers	\$ 1,258,699	1,531,364
Liabilities on joint loans	20,815,504	21,413,886
Guarantee and letters of credit	25,102,744	23,675,208
Trust liabilities	<u>37,497,515</u>	<u>31,939,874</u>
Total	<u>\$ 84,674,462</u>	<u>78,560,332</u>

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AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The department of Trusts of the Group handles the content and the amount of trust business based on the law of trust industry. As of December 31, 2024 and 2023, the trust assets investment details were as follows:

(i) Balance Sheet of Trust Account

Balance Sheet of Trust Account

As of December 31, 2024 and 2023

Trust assets	December 31, 2024	December 31, 2023	Trust liabilities	December 31, 2024	December 31, 2023
Bank deposit	\$ 2,488,818	2,320,756	Trust capital	37,497,429	31,939,757
Real property			Profit(loss)	31	95
Land	19,171,049	16,923,393	Accumulated profit or loss	55	22
Construction in progress	15,837,648	12,681,633			
Building	-	14,092			
Total trust assets	\$ 37,497,515	31,939,874	Total trust liabilities	37,497,515	31,939,874

(ii) Statement of Income on Trust Account

Statement of Income on Trust Account

For the years ended December 31, 2024 and 2023

	For the years ended December 31,	
	2024	2023
Trust gains		
Interest income	\$ 31	95
Profit before tax	31	95
Income tax expense	-	-
Profit	\$ 31	95

(iii) Property List of Trust Account

Property List of Trust Account

As of December 31, 2024 and 2023

Investment items	December 31, 2024	December 31, 2023
Bank deposit	\$ 2,488,818	2,320,756
Real property		
Land	19,171,049	16,923,393
Construction in progress	15,837,648	12,681,633
Building	-	14,092
Total	\$ 37,497,515	31,939,874

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

(a) Profitability

Unit: %

Item		December 31, 2024	December 31, 2023
Return on assets	Before tax	(0.59)	0.01
	After tax	(0.59)	0.01
Return on equity	Before tax	(19.76)	0.37
	After tax	(19.81)	0.34
Net profit ratio		(188.83)	5.20

Note: I. Return on assets = Profit or loss before (after) tax ÷ Average assets

II. Return on equity = Profit or loss before (after) tax ÷ Average equity

III. Net profit ratio = Profit or loss after tax ÷ Net profit

IV. Profit or loss before (after) tax means the accumulated profit or loss for the year.

(b) Redesignation of accounting items :

Since 2020, factors such as the disruption of supply chains caused by the global epidemic and Ukrainian-Russian War have pushed up global inflationary pressures, resulting in a sharp rise in interest rates this year. The investment position of the group suffered evaluation losses due to the rise in interest rates, resulting in a substantial reduction in net worth as well as insufficient statutory ratios. Considering that the group was established with the purpose of guiding the business development of the Credit Department of the Agriculture and Fisheries Association and stabilizing agricultural finance, in order to avoid business development being restricted and affecting the stability and development of agricultural finance, after reporting the financial improvement plans to MOA the accounting items were redesignated according to Nong-Jin-Zi No.1115074575. Redesignate debt instruments that were originally recorded at fair value through other comprehensive income to debt instruments at amortised cost, and the accounting treatment shall refer to IFRS 9 which provides the principles and regulations for reclassification of financial assets. The group has redesignated all affected interest rate financial assets on December 28, 2022. After redesignation, the financial assets at fair value through other comprehensive income decrease by \$205,313,156, investment in debt instruments at amortised cost increase by \$215,878,036 and other equity increase by \$10,564,880.

Subsequently, the changes in the fair value of these redesignated financial assets will be measured that setting aside a special reserve in accordance with Jin-guan-bao-cai-zi No.11104942741.

As of December 31, 2024 and 2023, the fair value of the above redesignated financial assets that have not yet been derecognized amounted to \$139,363,347 and \$158,102,001, respectively. If the financial assets had not been redesignated as of December 28, 2022, other equity would be negatively affected by \$8,443,989 and \$8,179,531 as of December 31, 2024 and 2023, respectively. The change of fair value, after tax, recognized in other comprehensive income amounted to \$(264,458) and \$2,217,934 for the year ended December 31, 2024 and 2023, respectively.

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

- (i) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 10% of the capital stock: None
- (ii) Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Group's paid-in capital: None
- (iii) Information on the disposal of real estate for which the sale amount exceeded NT\$300 million or 10% of the Group's paid-in capital: None
- (iv) Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: None
- (v) Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Group's paid-in capital: None
- (vi) Information regarding selling non-performing loans: None
- (vii) Approved securitization instrument types and related information according to "asset backed securitization" or "mortgage backed securitization": None
- (viii) Information on significant transactions between parent and subsidiary company were as follow:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions for the year ended December 31, 2024			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Agricultural Bank of Taiwan Corporation	Agricultural Financing Insurance Brokers Co., Ltd.	1	Deposits and remittances	61,386	No difference from those of non-related parties	0.01%
0	"	"	1	Interest expenses	277	No difference from those of non-related parties	-%
0	"	Agrifinance Information Service Co., Ltd.	1	Deposits and remittances	314,101	No difference from those of non-related parties	0.03%
0	"	"	1	Interest expenses	4,550	No difference from those of non-related parties	-%
0	"	"	1	Accrued expenses	2,375	No difference from those of non-related parties	-%
0	"	"	1	Other business and administrative expense	18,866	No difference from those of non-related parties	-%
0	"	"	1	Depreciation expense of right-of-use assets	2,171	No difference from those of non related parties	-%
1	Agrifinance Information Service Co., Ltd.	Agricultural Financing Insurance Brokers Co., Ltd.	3	Operating revenue	290	No difference from those of non related parties	-%

Note1. Instructions on how to fill out the number are provided as follows:

1. 0 represents the parent company.
2. For subsidiaries, they are numbered in a sequence starting from Arabic numeral 1 by type of company.

Note2. There are three kinds of relationships with counterparty

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Between subsidiaries

- (ix) Other material transaction items which were significant to people who use the information in the financial statements: None

(Continued)

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
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(b) Information on investees:

Name of investee company	Location	Main business scope	Shareholding ratio as of December 31, 2024	Book Value	Investment gain (loss) recognized in 2024	Aggregate shareholding of the Company and its subsidiaries				Note
						Number of shares	Number of pro forma shares	Total Number of shares	Shareholding ratio	
Agricultural Financing Insurance Brokers Co., Ltd.	6F, No. 77, Guancian Rd., Taipei City	Personal and non-life insurance broker	100.00%	406,498	38,210	33,259 (thousand shares)	-	33,259 (thousand shares)	100.00%	Already eliminated when preparing consolidated financial statement
Agrifinance Information Service Co., Ltd.	6F., 7F. and 8F., No. 291, Sec. 1, Xianmin Blvd., Banqiao Dist., New Taipei City	Wholesale and retail sale of computer software, software design services, and data processing services	100.00%	493,224	(21,886)	55,000 (thousand shares)	-	55,000 (thousand shares)	100.00%	"

(c) Information on investment in mainland China: None

AGRICULTURAL BANK OF TAIWAN, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The Group provide the information used to allocate resources and measure the performance of departments for the chief operating decision makers, and based on such information, the departments which should be reported are identified. The operating segments disclosed by the Group relies on the revenue generate from businesses conducted set forth in Article 3 of the Banking Act of the Republic of China as their major source of income. Departments which should be reported are operating segments (including the Department of Business, Taichung, Kaohsiung, Hsinchu, Chiayi, Taoyuan, Tainan, and Pingtung Branch), Department of Treasury, Department of Trusts and Department of International. The main operating activities engaged by the operating and international segments are deposits and remittances of NTD and foreign currency, as well as loan services. The Department of Treasury mainly engages in securities investments, and the Department of Trusts primarily provides relevant financial services for customers, including the property trust management, property rights trust, money trust, etc. Profits or losses of operating segments of the Group are measured by the net income before tax. All amounts reported are consistent with those in the reports used by the management as the bases for resource allocation and performance measurement.

For the year ended December 31, 2024	Operating segments	Department of Treasury	Department of Trusts	Department of International	Other departments	Adjustments and eliminations	Total
Net interest revenue	\$ (3,501,331)	2,085,991	-	(211,259)	5,283	-	(1,621,316)
Net revenue other than interest	6,430,849	(8,456,821)	34,342	292,904	132,242	-	(1,566,484)
Net revenue	<u>2,929,518</u>	<u>(6,370,830)</u>	<u>34,342</u>	<u>81,645</u>	<u>137,525</u>	<u>-</u>	<u>(3,187,800)</u>
Bad debt expense, commitment and guarantee liability provision	(805,376)	-	-	105,133	-	-	(700,243)
Operating expense	(839,224)	(281,781)	(19,706)	(38,239)	(936,149)	-	(2,115,099)
Profit (Loss) from continuing operations before tax	<u>\$ 1,284,918</u>	<u>(6,652,611)</u>	<u>14,636</u>	<u>148,539</u>	<u>(798,624)</u>	<u>-</u>	<u>(6,003,142)</u>
Total assets	<u>\$ 740,735,207</u>	<u>563,994,847</u>	<u>15,151</u>	<u>13,289,533</u>	<u>33,859,022</u>	<u>(390,817,268)</u>	<u>961,076,492</u>
For the year ended December 31, 2023	Operating segments	Department of Treasury	Department of Trusts	Department of International	Other departments	Adjustments and eliminations	Total
Net interest revenue	\$ (4,606,665)	2,462,797	-	(102,208)	5,519	-	(2,240,557)
Net revenue other than interest	7,456,650	(3,448,246)	30,061	171,658	202,696	-	4,412,819
Net revenue	<u>2,849,985</u>	<u>(985,449)</u>	<u>30,061</u>	<u>69,450</u>	<u>208,215</u>	<u>-</u>	<u>2,172,262</u>
Bad debt expense, commitment and guarantee liability provision	63,421	-	-	(107,341)	-	-	(43,920)
Operating expense	(778,146)	(293,261)	(19,726)	(35,117)	(881,419)	-	(2,007,669)
Profit (Loss) from continuing operations before tax	<u>\$ 2,135,260</u>	<u>(1,278,710)</u>	<u>10,335</u>	<u>(73,008)</u>	<u>(673,204)</u>	<u>-</u>	<u>120,673</u>
Total assets	<u>\$ 811,056,142</u>	<u>652,715,285</u>	<u>10,691</u>	<u>11,839,742</u>	<u>33,789,538</u>	<u>(435,519,620)</u>	<u>1,073,891,778</u>