Notes on capital adequacy management

Year 2024

Item	Content
Briefly discuss the methods of evaluating the capital adequacy of banks in the face of current and future business	The bank’s methods and procedures for assessing capital adequacy are as follows: I. Set the internal management target value and early warning indicator of capital adequacy ratio: 1. The Bank comprehensively considers (1) relevant laws and regulations; (2) the Bank’s operating strategies, risk management strategies, own capital structure and risk appetite; (3) business cycles and capital market changes; (4) external Rating requirements; (5) Capital affordability under stress testing, setting internal management target values and early warning indicators for common equity ratio, Category 1 capital ratio and capital adequacy ratio. 2. The above-mentioned internal management target values are based on the principle of complying with the statutory capital requirements for domestic systemically important banks by the competent authorities and the internal management capital requirements of relevant laws. In addition, early warning indicators are set above each management target value as a monitoring and a buffer to maintain the bank's capital adequacy so that it can respond in advance. II. Control procedures for maintaining capital adequacy: 1. The Bank’s capital management is closely integrated with funding sources, market changes, business and income growth expectations, etc., and regularly reviews the capital adequacy ratio and the use of risky assets in each business segment. When the capital adequacy ratio is equal to or lower than the early warning indicator At that time, if there is a real risk of insufficient capital, it will be reported to the approval level in accordance with internal procedures, and relevant units will be summoned to develop countermeasures. 2. After comprehensive consideration of relevant factors, and after reporting to the Bank’s Asset and Liability Management Committee for approval, set risk asset limit targets and monitor the implementation to effectively control the bank’s total risk assets to ensure that all capital is adequate Sex ratios are in line with internal management objectives. 3. The Bank has revised the "Business Crisis Contingency Measures" in accordance with the reporting structure required by the competent authorities, which clearly stipulates contingency measures and implementation details in the event of insufficient capital.

Capital adequacy ratio

December 31, 2024 (unit: NT $1000; %)

Item	The Bank		Merger	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Self-owned capital:				
Tier1 net capital of common equity	328,978,089	314,867,906	328,977,225	314,865,920
Other tier1 net capital of non-common equity	3,200,000	0	3,200,000	0
Tier2 net capital	56,790,086	49,254,463	56,825,832	49,279,457
Total self-owned capital	388,968,175	364,122,369	389,003,057	364,145,377
Weighted risky assets:				
Credit risks	2,478,133,130	2,251,237,966	2,480,992,764	2,253,237,502
Operation risk	119,052,700	104,522,863	120,407,475	105,384,038
Market risk	28,795,438	21,083,550	28,777,150	21,045,463
Total weighted risky assets	2,625,981,268	2,376,844,379	2,630,177,389	2,379,667,003
Common equity ratio	12.53	13.25	12.51	13.23
Tier1 capital ratio	12.65	13.25	12.63	13.23
Capital adequacy ratio	14.81	15.32	14.79	15.30
Leverage ratio:				
Net capital of tier1	332,178,089	314,867,906	332,177,225	314,865,920
Total exposure	4,549,588,047	4,320,591,977	4,583,850,053	4,348,783,585
Leverage ratio	7.30	7.29	7.25	7.24