

Notes on capital adequacy management

Year 2025

Item	Content
<p>Briefly discuss the methods of evaluating the capital adequacy of banks in the face of current and future business</p>	<p>The bank's methods and procedures for assessing capital adequacy are as follows:</p> <ol style="list-style-type: none"> I. Set the internal management target value and early warning indicator of capital adequacy ratio: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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, 2025 (unit: NT \$1000; %)

Item	The Bank		Merger	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Self-owned capital:				
Tier1 net capital of common equity	360,019,689	328,978,089	360,019,005	328,977,225
Other tier1 net capital of non-common equity	3,200,000	3,200,000	3,200,000	3,200,000
Tier2 net capital	54,172,452	56,790,086	54,197,535	56,825,832
Total self-owned capital	417,392,141	388,968,175	417,416,540	389,003,057
Weighted risky assets:				
Credit risks	2,430,625,024	2,478,133,130	2,432,631,668	2,480,992,764
Operation risk	67,018,250	119,052,700	67,745,825	120,407,475
Market risk	44,719,738	28,795,438	44,719,225	28,777,150
Total weighted risky assets	2,542,363,012	2,625,981,268	2,545,096,718	2,630,177,389
Common equity ratio	14.16	12.53	14.15	12.51
Tier1 capital ratio	14.29	12.65	14.27	12.63
Capital adequacy ratio	16.42	14.81	16.40	14.79
Leverage ratio:				
Net capital of tier1	363,219,689	332,178,089	363,219,005	332,177,225
Total exposure	4,826,253,417	4,549,588,047	4,864,903,989	4,583,850,053
Leverage ratio	7.53	7.30	7.47	7.25