

CTBC BANK CO., LTD. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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

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Representation Letter

The entities that are required to be included in the consolidated financial statements of CTBC Bank Co., Ltd. for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard No. 10 “Consolidated Financial Statements”, endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements of the affiliates is fully included in the consolidated financial statements. Consequently, CTBC Bank Co., Ltd. and subsidiaries do not prepare a separate set of consolidated financial statements of the affiliated enterprises.

Company name: CTBC Bank Co., Ltd.
Chairman: Chen, Jia-Wen
Date: March 13, 2026



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Independent Auditors' Report

To the Board of Directors of CTBC Bank Co., Ltd.:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, Jin Kuan Yin No. 10802731571 issued by the Financial Supervisory Commission, and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Bank and its subsidiaries 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.

Emphasis of Matter

The judicial cases are stated in Note 9(c). Part of judicial cases are still under investigation by the judiciary, and the results remain uncertain. Our opinion is not modified in respect of this matter.

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 for the year ended December 31, 2025. 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. In our judgment, the key audit matters which should communicate through the auditors' report were as follows:

1. Assessment of the fair value of financial instruments

Please refer to Note 4 for the related accounting policies of the assessment of the fair value of financial instruments, Note 5 for the accounting assumptions and estimation uncertainty, and Note 6(ap) for the other details.

Description of key audit matter:

Level 3 financial instruments owned by the Bank and its subsidiaries were valued via evaluation model due to the lack of transaction prices at active market, and the referred input values could not be obtained from the public market. Thus, it demands significant professional judgments from the management by using different valuation techniques and assumptions for input values. Therefore, the fair value assessment of level 3 financial instruments is one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: Testing the management's control procedures over the classification, measurement and disclosure of fair value of financial instruments, including evaluating how the management determines the classification of financial instruments, choosing the appropriate evaluation method and deciding the prime parameter hypothesis, and confirming that the presentation and disclosure of financial instruments are in accordance with the International Financial Reporting Standards (IFRS Accounting Standards). For financial instruments using evaluation model to measure their fair value, we perform sample calculations of the valuation of financial instruments, and compare the result with the book value to assess the appropriateness of the valuation.

2. Impairment of loans and receivables

Please refer to Note 4 for the related accounting policies of impairment of loans and receivables, Note 5 for the accounting assumptions and estimation uncertainty, and Note 6(h), (i), (j) and (ap) for the other details.

Description of key audit matter:

The management assessed the expected credit loss (ECL) of loans and receivables by identifying whether the credit risk of credit assets has significantly increased since initial recognition, then dividing ECL into 12-month ECL and lifetime ECL, and dividing them into collective assessment and individual assessment to measure them by using different impairment methods. For collective assessment, the impairment is calculated by establishing an impairment model and using the past loss experience, current market conditions and forward-looking estimation on assets with similar credit risk characteristic to form basic estimation. For individual assessment, the measurement is based on expected future recoverable cash flows. The aforementioned measurement methods involved significant professional judgments and estimation by the management; therefore, the impairment of loans and receivables is one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: Understanding the methodology and related control procedures on how the management assesses and measures the impairment amount of loans and receivables. For collective assessment, we assessed the impairment model adopted by the management and reviewed the appropriateness of the calculation of the impairment parameters (including probability of default, loss given default, exposure at default and recovery rate) via sampling. For individual assessment, we used sampling test to assess the appropriateness of the estimation of future recoverable amounts and the value of collateral. Meanwhile, we assessed whether the allowance for loans and receivables meets the regulation requirement.

Other Matter

Individual financial statements of the Bank were additionally prepared, and we have expressed an unqualified opinion with emphasis of matter and other matter on it for user reference.

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, Regulations Governing the Preparation of Financial Reports by Securities Firms 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 for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including audit committee) are responsible for overseeing the Bank and its subsidiaries’ financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries’ internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit and developing the Bank and its subsidiaries' audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Chen, Chun-Kuang and Chen, Fu-Jen.

KPMG

Taipei, Taiwan (Republic of China)

March 13, 2026

Notes to Readers

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

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

CTBC BANK CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024				December 31, 2025		December 31, 2024	
ASSETS		Amount	%	Amount	%	LIABILITIES AND EQUITY		Amount	%	Amount	%
11000	Cash and cash equivalents (note 4, 6(a))	\$ 83,362,477	1	69,392,039	1	Liabilities:					
11500	Due from Central Bank and call loans to banks (note 6(b))	506,625,535	7	468,715,108	7	21000	Deposits from Central Bank and other banks (note 6 (s))	\$ 124,993,046	2	121,047,354	2
12000	Financial assets measured at fair value through profit or loss (note 4, 6(c), (u), (ap) and 7)	309,296,498	4	411,313,748	6	21500	Due to Central Bank and other banks (note 6(t))	12,576,144	-	14,676,151	-
12100	Financial assets measured at fair value through other comprehensive income (note 4, 6(d), (u), (ap) and 8)	453,076,684	7	331,638,557	5	22000	Financial liabilities measured at fair value through profit or loss (note 4, 6(c), (ap) and 7)	84,877,383	1	86,639,460	1
12200	Investment in debt instruments at amortized cost (note 4, 6(e), (u), (ap) and 8)	973,121,158	14	1,017,934,513	16	22300	Financial liabilities-hedging (note 4, 6(f) and (ap))	4,252,994	-	154,656	-
12300	Financial assets-hedging (note 4, 6(f) and (ap))	209,928	-	26,847	-	22500	Securities sold under repurchase agreements (note 4 and 6(u))	183,685,499	3	216,573,932	4
12500	Securities purchased under resell agreements (note 4, 6(g) and 7)	32,247,252	-	51,575,872	1	23000	Payables (note 6(v) and 7)	99,864,180	1	98,400,882	2
13000	Receivables-net (note 4, 6(h), (j), (ap) and 7)	197,644,856	3	192,257,654	3	23200	Current income tax liabilities (note 4)	8,486,749	-	7,829,567	-
13200	Current income tax assets (note 4)	2,713,906	-	2,124,346	-	23500	Deposits and remittances (note 6(w) and 7)	5,680,752,252	86	5,331,302,909	83
13500	Loans-net (note 4, 6(f), (i), (j), (ap), 7 and 8)	4,161,603,582	62	3,768,166,955	58	24000	Financial debentures (note 6(x))	84,603,753	1	54,701,457	1
15000	Investment under equity method-net (note 4 and 6(k))	3,408,881	-	3,503,636	-	25513	Commercial papers issued-net (note 6(y))	5,566,163	-	5,135,751	-
15500	Other financial assets-net (note 4, 6(j), (m), (ap) and 8)	2,724,860	-	2,471,715	-	25597	Other financial liabilities (note 6(z))	80,588,499	1	66,785,800	1
18500	Premises and equipment-net (note 4 and 6(o))	41,147,693	1	40,902,326	1	25600	Provisions (note 4, 6(j), (aa) and (ad))	4,199,278	-	3,985,446	-
18600	Right-of-use assets-net (note 4 and 6(p))	16,190,624	-	16,837,783	-	26000	Lease liabilities (note 4, 6(ac) and 7)	15,193,163	-	15,725,350	-
18700	Investment property-net (note 4 and 6(n))	4,695,097	-	4,755,499	-	29300	Deferred tax liabilities (note 4 and 6(ae))	6,080,372	-	6,198,135	-
19000	Intangible assets-net (note 4 and 6(q))	31,293,588	-	30,940,335	1	29500	Other liabilities (note 6(ab) and 7)	24,786,460	-	23,727,526	-
19300	Deferred tax assets (note 4 and 6(ae))	13,047,889	-	12,367,079	-		Total Liabilities	<u>6,420,505,935</u>	<u>95</u>	<u>6,052,884,376</u>	<u>94</u>
19500	Other assets-net (note 4, 6(r) and 7)	48,625,241	1	48,168,825	1		Stockholders' Equity - Parent Company:				
							Capital stock:				
						31101	Common stock (note 6(af))	171,284,526	2	158,016,512	2
						31500	Capital surplus (note 6(af))	31,167,230	-	30,533,914	-
							Retained earnings:				
						32001	Legal reserve	154,500,435	2	139,560,606	2
						32003	Special reserve (note 6(af))	24,439,381	-	29,552,616	1
						32005	Undistributed earnings (note 6(af) and (ag))	58,931,327	1	49,799,479	1
						32500	Other equity interest (note 6(af))	(9,351,539)	-	(13,599,988)	-
						38000	Non-controlling interests (note 6(l))	<u>29,558,454</u>	<u>-</u>	<u>26,345,322</u>	<u>-</u>
							Total Equity	<u>460,529,814</u>	<u>5</u>	<u>420,208,461</u>	<u>6</u>
TOTAL ASSETS		<u>\$ 6,881,035,749</u>	<u>100</u>	<u>6,473,092,837</u>	<u>100</u>	TOTAL LIABILITIES AND EQUITY		<u>\$ 6,881,035,749</u>	<u>100</u>	<u>6,473,092,837</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

	2025		2024		Change %	
	Amount	%	Amount	%		
41000	Interest income (note 6(ai) and 7)	\$ 195,379,382	114	185,130,708	120	6
51000	Interest expenses (note 6(ai) and 7)	(100,597,437)	(58)	(107,164,980)	(70)	6
	Net interest income (note 6(ai))	<u>94,781,945</u>	<u>56</u>	<u>77,965,728</u>	<u>50</u>	<u>22</u>
	Net non-interest income					
49100	Service fee and commission income (note 6(aj) and 7)	55,190,655	32	49,768,952	32	11
49200	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (note 6(ak))	15,393,185	9	21,286,678	14	(28)
49310	Realized gains (losses) on financial assets measured at fair value through other comprehensive income	4,031,755	2	2,411,779	2	67
49450	Gains (losses) on derecognition of financial assets measured at amortized cost (note 6(e))	15,890	-	8,140	-	95
49600	Foreign exchange gains (losses)	2,715,675	2	2,776,553	2	(2)
49700	(Provision for) reversal of impairment losses on assets	564,268	-	(30,073)	-	1,976
49750	Proportionate share of gains (losses) from associates or joint ventures under equity method (note 6(k))	217,188	-	34,652	-	527
49800	Other net non-interest income	2,494,091	1	2,509,269	2	(1)
49815	Gains (losses) on investment property	25,791	-	(22,608)	-	214
49899	Public-welfare lottery payment	(2,700,000)	(2)	(2,700,000)	(2)	-
	Net revenue	<u>172,730,443</u>	<u>100</u>	<u>154,009,070</u>	<u>100</u>	<u>12</u>
58200	(Provision for) reversal of bad debt expenses, commitment and guarantee liability provision (note 6(j))	<u>(11,856,618)</u>	<u>(7)</u>	<u>(10,944,761)</u>	<u>(7)</u>	<u>(8)</u>
	Operating expenses:					
58500	Employee benefits expenses (note 6(al) and (an))	(48,958,445)	(28)	(42,906,522)	(28)	(14)
59000	Depreciation and amortization expenses (note 6(am))	(7,441,561)	(4)	(7,324,896)	(5)	(2)
59500	Other general and administrative expenses (note 6(ao) and 7)	(33,686,302)	(20)	(30,005,422)	(19)	(12)
	Total operating expenses	<u>(90,086,308)</u>	<u>(52)</u>	<u>(80,236,840)</u>	<u>(52)</u>	<u>(12)</u>
	Net income (loss) before tax from continuing operations	<u>70,787,517</u>	<u>41</u>	<u>62,827,469</u>	<u>41</u>	<u>13</u>
61003	Less: Income tax expenses (benefits) (note 6(ae))	(11,796,337)	7	(12,084,866)	8	2
	Net income (loss)	<u>58,991,180</u>	<u>34</u>	<u>50,742,603</u>	<u>33</u>	<u>16</u>
65000	Other comprehensive income (loss):					
65200	Items that will not be reclassified subsequently to profit or loss					
65201	Remeasurement gains (losses) related to defined benefit plans	311,933	-	311,479	-	-
65205	Changes in designated as financial liabilities measured at fair value through profit or loss attributable to credit risk	(794,985)	-	(423,154)	-	(88)
65204	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	10,151,241	6	1,465,897	1	592
65206	Proportionate share of other comprehensive income (loss) from associates or joint ventures under the equity method - Items that will not be reclassified subsequently to profit or loss	(18)	-	2,726	-	(101)
65220	Less: Income tax related to items that will not be reclassified to profit or loss	161,194	-	34,021	-	(374)
	Subtotal	<u>9,506,977</u>	<u>6</u>	<u>1,322,927</u>	<u>1</u>	<u>619</u>
65300	Items that are or may be reclassified subsequently to profit or loss					
65301	Exchange differences of overseas subsidiaries' financial reports translation	(3,747,156)	(2)	6,757,393	4	(155)
65308	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	1,509,391	1	(359,083)	-	520
65306	Proportionate share of other comprehensive income (loss) from associates or joint ventures under the equity method - Items that are or may be reclassified subsequently to profit or loss	162,859	-	(84,962)	-	(292)
65320	Less: Income tax related to items that are or may be reclassified to profit or loss	(405,759)	-	343,940	-	218
	Subtotal	<u>(1,669,147)</u>	<u>(1)</u>	<u>5,969,408</u>	<u>4</u>	<u>(128)</u>
65000	Other comprehensive income (loss)	<u>7,837,830</u>	<u>5</u>	<u>7,292,335</u>	<u>5</u>	<u>7</u>
66000	Total comprehensive income (loss)	<u>\$ 66,829,010</u>	<u>39</u>	<u>58,034,938</u>	<u>38</u>	<u>15</u>
	Net Income (loss) attributable to:					
67101	Parent company	\$ 57,298,147	33	49,423,933	32	16
67111	Non-controlling interest	1,693,033	1	1,318,670	1	28
		<u>\$ 58,991,180</u>	<u>34</u>	<u>50,742,603</u>	<u>33</u>	<u>16</u>
	Comprehensive income (loss) attributable to:					
67301	Parent company	\$ 63,181,809	37	54,912,666	36	15
67311	Non-controlling interest	3,647,201	2	3,122,272	2	17
		<u>\$ 66,829,010</u>	<u>39</u>	<u>58,034,938</u>	<u>38</u>	<u>15</u>
	Earnings per share (unit: NT dollars) (note 6(ah))	<u>\$ 3.35</u>		<u>2.89</u>		

See accompanying notes to consolidated financial statements.

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

CTBC BANK CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Stockholders' Equity - Parent Company										
	Capital stock		Retained earnings			Other equity interest			Stockholders' equity-parent company	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences of overseas subsidiaries' financial reports translation	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Change in designated as financial liabilities measured at fair value through profit or loss attributable to credit risk			
Balance at January 1, 2024	\$ 147,962,186	30,139,671	127,316,868	30,273,312	40,812,502	(13,651,338)	(6,590,745)	1,528,858	357,791,314	23,520,993	381,312,307
Net income (loss)	-	-	-	-	49,423,933	-	-	-	49,423,933	1,318,670	50,742,603
Other comprehensive income (loss)	-	-	-	-	261,893	5,401,066	164,297	(338,523)	5,488,733	1,803,602	7,292,335
Total comprehensive income (loss)	-	-	-	-	49,685,826	5,401,066	164,297	(338,523)	54,912,666	3,122,272	58,034,938
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	12,243,738	-	(12,243,738)	-	-	-	-	-	-
Cash dividends of common share	-	-	-	-	(19,235,084)	-	-	-	(19,235,084)	(297,943)	(19,533,027)
Stock dividends of common share	10,054,326	-	-	-	(10,054,326)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(720,696)	720,696	-	-	-	-	-	-
Share-based payment transactions	-	394,243	-	-	-	-	-	-	394,243	-	394,243
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	113,603	-	(113,603)	-	-	-	-
Balance at December 31, 2024	158,016,512	30,533,914	139,560,606	29,552,616	49,799,479	(8,250,272)	(6,540,051)	1,190,335	393,863,139	26,345,322	420,208,461
Net income (loss)	-	-	-	-	57,298,147	-	-	-	57,298,147	1,693,033	58,991,180
Other comprehensive income (loss)	-	-	-	-	262,496	(4,338,370)	10,595,546	(636,010)	5,883,662	1,954,168	7,837,830
Total comprehensive income (loss)	-	-	-	-	57,560,643	(4,338,370)	10,595,546	(636,010)	63,181,809	3,647,201	66,829,010
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	14,939,829	-	(14,939,829)	-	-	-	-	-	-
Cash dividends of common share	-	-	-	-	(26,704,791)	-	-	-	(26,704,791)	(434,432)	(27,139,223)
Stock dividends of common share	13,268,014	-	-	-	(13,268,014)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(5,113,235)	5,113,235	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	(363)	-	-	(2,113)	-	-	-	(2,476)	363	(2,113)
Share-based payment transactions	-	633,679	-	-	-	-	-	-	633,679	-	633,679
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,372,717	-	(1,372,717)	-	-	-	-
Balance at December 31, 2025	\$ 171,284,526	31,167,230	154,500,435	24,439,381	58,931,327	(12,588,642)	2,682,778	554,325	430,971,360	29,558,454	460,529,814

See accompanying notes to consolidated financial statements.

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

CTBC BANK CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Net Income (Loss) Before Tax	\$ 70,787,517	62,827,469
Adjustments:		
Income and expenses items:		
Depreciation expense	5,688,791	5,718,767
Amortization expense	1,778,962	1,631,933
Provision for (reversal of) expected credit loss / bad debt expenses, commitment and guarantee liability provision	11,856,618	10,944,761
Net (gains) losses on financial assets or liabilities measured at fair value through profit or loss	(2,793,613)	161,357
Interest expense	100,597,437	107,164,980
Interest income	(195,379,382)	(185,130,708)
Dividend income	(1,266,336)	(1,177,201)
Net change in other provisions	38,310	96,518
Share-based payment transactions	633,679	394,243
Proportionate share of (gains) losses from associates and joint ventures under the equity method	(217,188)	(34,652)
(Gains) losses on disposal and retirement of premises and equipment	26,972	28,399
(Gains) losses on disposal of investment properties	(48,787)	-
(Gains) losses on disposal and retirement of intangible assets	2,897	8,595
Provision for (reversal of) impairment losses on financial assets	(616,576)	14,072
Provision for (reversal of) impairment losses on non-financial assets	52,308	16,001
(Gains) losses on disposal of foreclosed properties	(4,924)	(8,707)
Other adjustments	469,197	673,923
Subtotal of income and expense items	<u>(79,181,635)</u>	<u>(59,497,719)</u>
Changes in Operating Assets and Liabilities:		
Net Changes in Operating Assets:		
(Increase) decrease in due from Central Bank and call loans to banks	(79,767,929)	10,287,214
(Increase) decrease in financial assets measured at fair value through profit or loss	104,733,963	15,844,538
(Increase) decrease in financial assets measured at fair value through other comprehensive income	(109,141,504)	(55,545,356)
(Increase) decrease in investments in debt instruments at amortized cost	44,793,933	(154,239,764)
(Increase) decrease in hedging financial assets	(183,081)	271,513
(Increase) decrease in receivables	(2,298,943)	(2,433,551)
(Increase) decrease in loans	(404,686,383)	(322,208,556)
(Increase) decrease in other financial assets	(488,522)	(727,940)
(Increase) decrease in other assets	(4,288,090)	(59,146)
Net Changes in Operating Assets	<u>(451,326,556)</u>	<u>(508,811,048)</u>
Net Changes in Operating Liabilities:		
Increase (decrease) in deposits from Central Bank and other banks	3,945,692	27,764,425
Increase (decrease) in financial liabilities measured at fair value through profit or loss	(14,022,666)	9,742,037
Increase (decrease) in hedging financial liabilities	4,098,338	114,936
Increase (decrease) in payables	3,582,109	(3,270,342)
Increase (decrease) in deposits and remittances	349,449,343	331,220,524
Increase (decrease) in other financial liabilities	14,886,602	2,927,641
Increase (decrease) in employee benefits reserve	439,937	(233,725)
Increase (decrease) in other liabilities	1,058,934	5,805,588
Net Changes in Operating Liabilities	<u>363,438,289</u>	<u>374,071,084</u>
Net Changes in Operating Assets and Liabilities	<u>(87,888,267)</u>	<u>(134,739,964)</u>
Sum of Adjustments	<u>(167,069,902)</u>	<u>(194,237,683)</u>
Cash provided by (used in) Operating Activities	(96,282,385)	(131,410,214)
Interest received	192,011,870	183,516,322
Dividends received	1,273,102	1,234,026
Interest paid	(93,499,326)	(92,418,213)
Income taxes refund (paid)	(12,392,782)	(11,326,425)
Net Cash Flows Provided by (Used in) Operating Activities	<u>(8,889,521)</u>	<u>(50,404,504)</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2025</u>	<u>2024</u>
Cash Flows from Investing Activities:		
Purchase of premises and equipment	\$ (2,752,386)	(2,536,039)
Disposal of premises and equipment	8,123	4,645
Purchase of intangible assets	(1,611,723)	(1,843,812)
Disposal of foreclosed properties	29,736	220,412
Disposal of investment properties	95,880	-
Net Cash Flows Provided by (Used in) Investing Activities	<u>(4,230,370)</u>	<u>(4,154,794)</u>
Cash Flows from Financing Activities:		
Decrease in due to Central Bank and other banks	(2,100,007)	(4,018,216)
Increase in commercial papers payable	424,970	-
Decrease in commercial papers payable	-	(734,446)
Issuance of financial debentures	30,823,280	4,606,114
Repayment of financial debentures	(1,300,000)	(3,500,000)
Increase in securities sold under repurchase agreements	-	12,623,707
Decrease in securities sold under repurchase agreements	(32,888,433)	-
Increase in designated as financial liabilities measured at fair value through profit or loss	16,981,594	900,556
Decrease in designated as financial liabilities measured at fair value through profit or loss	(4,873,184)	(503,485)
Payment of lease liabilities	(3,114,200)	(2,697,290)
Cash dividends paid	(27,139,223)	(19,533,027)
Interest paid	(9,131,064)	(11,346,064)
Net Cash Flows Provided by (Used in) Financing Activities	<u>(32,316,267)</u>	<u>(24,202,151)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,779,527)	2,581,979
Increase (decrease) in Cash and Cash Equivalents	(47,215,685)	(76,179,470)
Cash and Cash Equivalents at the Beginning of Period	<u>445,593,670</u>	<u>521,773,140</u>
Cash and Cash Equivalents at the End of Period	<u>\$ 398,377,985</u>	<u>445,593,670</u>
Composition of Cash and Cash Equivalents:		
Cash and cash equivalents recognized in balance sheet	\$ 83,362,477	69,392,039
Due from Central Bank and call loans to bank which meet IAS 7 definition of cash and cash equivalents	282,768,256	324,625,759
Securities purchased under resell agreements which meet IAS 7 definition of cash and cash equivalents	<u>32,247,252</u>	<u>51,575,872</u>
Cash and Cash Equivalents at the End of Period	<u>\$ 398,377,985</u>	<u>445,593,670</u>

See accompanying notes to consolidated financial statements.

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

CTBC BANK CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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

(1) Company history:

CTBC Bank Co., Ltd. (the “Bank”) was originally incorporated in March 1966 as “China Securities Investment Corporation.” In December 1970, the Bank changed its organization and was renamed China Trust Co., Ltd. Twenty-one years later, on July 2, 1992, it was approved to conduct commercial banking business and changed its name to CTBC Bank Co., Ltd.

In order to restructure overall resources, lower costs, expand the business scope, enhance competitiveness, and improve the quality of financial services and operating efficiency, on September 30, 2003, the Bank’s Board of Directors resolved to acquire Grand Commercial Bank, a wholly owned subsidiary of CTBC Financial Holding Co., Ltd., and to merge with it, with the Bank as the surviving entity. The acquisition date of record was December 1, 2003.

On August 1, 1991, Grand Commercial Bank was approved to conduct commercial banking business, and it began operations on December 30, 1991. As of November 30, 2003, Grand Commercial Bank had a business department, a trust department, a domestic banking unit, an offshore banking unit, and 42 domestic branches.

In order to develop the business units, enhance competitiveness, and provide customers with more convenient and varied financial services, the Bank assumed the outstanding assets, liabilities and operations of Fengshan Credit Cooperative (“FSCC”) and Enterprise Bank of Hualien (“EBH”) on October 1, 2004, and September 8, 2007, respectively.

In order to enhance the effectiveness of the overall operation of CTBC Financial Holding Company and to reduce operational risk and cost, the Bank merged with Chinatrust Bills Finance Corp., a wholly owned subsidiary of CTBC Financial Holding Co., Ltd., by issuing common shares in a 0.77-for-1 exchange for the shares of Chinatrust Bills Finance Corp. on April 26, 2008. The Bank is the surviving entity from this merger.

In order to restructure overall resources and fulfill operating efficiency, the Bank merged with CTBC Insurance Brokers Co., Ltd., a wholly owned subsidiary of CTBC Financial Holding Co., Ltd. by issuing common shares in a 10.47-for-1 exchange for the shares of CTBC Insurance Brokers Co., Ltd. on November 30, 2015. The Bank is the surviving entity from this merger.

Based on the business license issued by the Financial Supervisory Commission, the Bank operates within the authorized business scope regarding commercial banks.

The Bank’s headquarters coordinate corporate-wide operations and establishes domestic and overseas banking units to expand business. As of December 31, 2025, the Bank had 157 domestic branches, 15 foreign branches and 9 overseas representative offices, whereas its subsidiaries had 192 overseas offices.

The Bank’s parent company and ultimate parent company is CTBC Financial Holding Co., Ltd.

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

The consolidated financial statements were approved by the Board of Directors on March 13, 2026.

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

- Amendments to IAS21 “Lack of Exchangeability”

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

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

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

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

The following new and amended standards, which may be relevant to the Bank and subsidiaries, 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
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	A full gain or loss is recognized in accounting when sale or contribution of assets between an investor and its associate or joint venture occurred, if it’s considered as the loss of control of a subsidiary that constitutes a business. A deferred unrealized gain or loss computed by shareholding ratio is recognized when the transaction that involves assets does not constitute a business.	Effective date to be determined by IASB

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CTBC BANK CO., 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”	<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. ● 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

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

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Bank and subsidiaries do 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:

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies:

(a) Assertion of compliance

The consolidated financial reports were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, IFRSs, IASs, interpretations and pronouncements as accepted by the FSC (“IFRS Accounting Standards as accepted by the FSC”).

(b) Basis of compilation

The consolidated financial reports have been prepared on a historical cost basis except for the following material items in the balance sheet:

- (i) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);
- (ii) Financial instruments measured at fair value through other comprehensive income;
- (iii) Hedging derivative financial instruments measured at fair value;
- (iv) Cash-settled share-based payment agreements liability measured at fair value; and
- (v) Defined benefit assets, which are recognized as the net amount of pension plan assets plus unrecognized prior service cost and unrecognized actuarial losses, minus unrecognized actuarial gains and present value of defined benefits obligation.

(c) Basis of consolidation

(i) Basis of compilation for consolidated financial reports

The consolidated financial reports encompass the Bank itself and controlled entities. All significant of the Bank and subsidiaries intra-group transactions are written-off.

(ii) The control of a special purpose entity (“SPE”) by the Bank and subsidiaries may be indicated if the following criteria are met simultaneously.

- 1) The entity has powers to obtain the majority of the benefits of the SPE’s activities through voting rights or other rights;
- 2) By having a right to the majority of the SPE’s benefits, the entity is exposed to the SPE’s business risks;
- 3) The entity is capable of using its leverage over the SPE to influence the benefits of the SPE.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Subsidiaries and special purpose entities included in the consolidated financial reports:

Name of Investor Company	Name of Subsidiary	Primary Business	Percentage of Ownership		Description
			December 31, 2025	December 31, 2024	
CTBC Bank Co., Ltd.	CTBC Bank (Philippines) Corp.	Commercial banking and financing business	99.75 %	99.72 %	(Note 1)
CTBC Bank Co., Ltd.	PT Bank CTBC Indonesia	Commercial banking and financing business	99.00 %	99.00 %	
CTBC Bank Co., Ltd.	CTBC Bank Corp. (Canada)	Commercial banking and financing business	100.00 %	100.00 %	
CTBC Bank Co., Ltd.	The Tokyo Star Bank, Ltd.	Commercial banking and financing business	100.00 %	100.00 %	
CTBC Bank Co., Ltd.	CTBC Capital Corp.	Investment business	100.00 %	100.00 %	
CTBC Bank Co., Ltd.	LH Financial Group Public Company Limited	Investment business	46.61 %	46.61 %	
CTBC Capital Corp.	CTBC Bank Corp. (USA)	Commercial banking and financing business	100.00 %	100.00 %	
The Tokyo Star Bank, Ltd.	Tokyo Star Business Finance, Ltd.	Financing and assurance business	100.00 %	100.00 %	
The Tokyo Star Bank, Ltd.	Tokyo Star Servicer, Ltd.	Credit management business	100.00 %	-	(Note 2)
LH Financial Group Public Company Limited	Land and Houses Fund Management Company Limited	Fund management business	99.99 %	99.99 %	
LH Financial Group Public Company Limited	Land and Houses Bank Public Company Limited	Commercial banking and financing business	99.99 %	99.99 %	
LH Financial Group Public Company Limited	Land and Houses Securities Public Company Limited	Securities business	99.92 %	99.92 %	
Land and Houses Securities Public Company Limited	Land and Houses Advisory Company Limited	Securities investment consultant business	- %	99.99 %	(Note 3)

Note 1: In October 2025, the Bank increased its capital contribution to its subsidiary, CTBC Bank (Philippines) Corp., raising its equity interest from 99.72% to 99.75%.

Note 2: On August 1, 2025, the Bank's subsidiary, The Tokyo Star Bank, Ltd., obtained control over Tokyo Star Servicer, Ltd. From the acquisition date, its financial statements have been included in the consolidated financial statements.

Note 3: The company has completed its liquidation.

(d) Foreign currency

(i) A foreign currency transaction, which is denominated or requires settlement in a foreign currency, shall be recorded on initial recognition in the functional currency by applying the foreign currency spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) At each balance sheet date, foreign currency monetary items shall be translated using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.
- (iii) Foreign currency differences arising on the settlement of a foreign currency transaction are recognized in current profit or loss. Foreign currency differences arising on the retranslation of monetary items, except for differences arising on the retranslation of monetary items designated as hedging instruments in a hedge of the net investments in foreign operations or in a qualifying cash flow hedge are recognized directly in other comprehensive income, are recognized in profit or loss when it incurred.
- (iv) When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange difference of that gain or loss shall be recognized in other comprehensive income. Otherwise, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange difference of that gain or loss shall be recognized in profit or loss.
- (v) Functional currency and presentation currency

The functional currency of the Bank and subsidiaries is the currency of the primary economic environment in which they operate. The consolidated financial reports are presented in New Taiwan Dollars, the functional currency of the Bank.

- (e) Cash and cash equivalents

The statements of cash flows are compiled based upon cash and cash equivalents. Cash comprises cash on hand, savings accounts, checking accounts, and unrestricted time deposits or negotiable certificates of deposit which may be terminated anytime without impairing the principal. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and will mature within a short period so that interest rate fluctuations have little effect on their values. Cash equivalents include short-term bills with maturities within three months from the investment date.

Cash and cash equivalents comprise time deposits that are used by the Bank and subsidiaries in the management of its short-term cash commitments and are not for investment or other purposes. Additionally, the aforementioned deposits are readily convertible to fixed amount of cash and are subject to an insignificant risk of changes in their fair value.

- (f) Financial instruments

Financial assets held by the Bank and subsidiaries are recorded on the trading date, the fair value is recorded at the time of initial recognition. Except for financial instruments classified as fair value through profit or loss (FVTPL), other financial instruments are initially recognized at acquiring or issuing cost plus transaction costs. However, if the handling fee arising from the sale and purchase does not reach the principle of materiality, it will be charged to current expenses. Upon disposition, the cost of sale of equity securities is determined by the moving-average method, and the cost of sale of debt securities is determined by the first-in, first-out (FIFO) method.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Financial assets

Financial assets are classified into the following categories: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and measured at amortized cost.

1) Financial assets measured at fair value through profit or loss

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

- a) Financial assets held for trading
 - i) Its main purpose is to sell or repurchase in the near future.
 - ii) When it was originally recognized, it was part of the identifiable financial commodity investment of a group of merged management with evidence showing the mode of operation in which this combination is actually a short-term profit in the near term.
- b) Financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- c) In addition to being designated as a hedged item by hedge accounting, financial assets designated as at fair value through profit or loss at initial recognition.
- d) Derivative financial instrument

At each balance sheet date, the fair value is remeasured, and the resulting gain or loss from such remeasurement is recognized in current profit or loss.

2) Financial assets measured at fair value through other comprehensive income

- a) Financial assets measured at fair value through other comprehensive income, if both of the following conditions are met and financial assets were not designated as financial assets measured at fair value through profit or loss:
 - i) The financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
 - ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
 - 1. Principal is the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. However, in some cases, the time value of money element may be modified (i.e., imperfect). In such cases, the Bank and subsidiaries must assess the modification to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The fair value of debt instruments measured at fair value through other comprehensive income shall be remeasured at each balance sheet date. The resulting gain or loss from such remeasurement is recognized directly in other comprehensive income. Interest on a debt instrument shall be recorded under the accrual basis, with the relevant premium/discount amortized by using the effective-interest-rate method. Credit losses on the financial instrument shall be recognized as well. If, in a subsequent period, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. The balance of impaired adjustment amount in other comprehensive income after the reversal shall not be negative. A gain or loss on financial assets is recognized directly in other comprehensive income, except for foreign exchange gains or losses arising from monetary financial assets, until the financial assets are derecognized, at which time the cumulative gain or loss previously recognized in other comprehensive income is charged to profit or loss.

- b) At initial recognition, an irrevocable election is made to present changes in the fair value of an equity instrument that is not held for trading in other comprehensive income. When the equity instrument is derecognized, the amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the cumulative gain or loss may be transferred within equity or into retained earnings directly. Dividends are recognized in profit or loss unless the dividend represents the recovery of part of the investment costs clearly.

3) Financial assets at amortized cost

Financial assets measured at amortized cost include cash and cash equivalents, debt instruments measured at amortized cost, securities under repurchase/resell agreements, loans and receivables, deposits pledged and other financial assets that are not measured at fair value, etc.

Financial assets measured at amortized cost are initially recognized at whose fair value plus transaction costs. After initial recognition, the amortized cost minus impairment loss are determined by using the effective-interest-rate method. The interest income and impairment loss are recognized in profit or loss. Until the financial assets are derecognized, at which time the cumulative gain or loss is charged to profit or loss.

a) Debt instruments at amortized cost

The debt instrument investments held by the Bank and subsidiaries shall be measured at amortized cost if both of the following conditions are met:

- i) The financial assets are held within a business model whose objective is achieved by collecting contractual cash flows; and

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Bank and subsidiaries, whose business model is to hold assets in order to collect contractual cash flows, may sell financial assets when there is an increase in the assets' credit risk. Sales made for other reasons may be consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows if those sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent). For debt instruments measured at amortized cost, the effective-interest-rate method shall be used to calculate amortized cost and interest revenue. Credit-impaired loss shall be recognized for assets measured at amortized cost. If, in a subsequent period, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. The carrying amount after the reversal shall not exceed the recoverable amount.

- b) Securities under repurchase/resell agreements

Securities sold/purchased with a commitment to repurchase/resell at predetermined price are treated as financing transactions. The difference between the cost and the repurchase/resell price is treated as interest expenses/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 resell agreements.

- c) Loans and receivables

At initial recognition, loans and receivables include incremental direct transaction costs, and the subsequent measurement recognizes interest revenues through the effective interest method on accrual basis, under which the loans and receivables are carried at amortized cost less impairment losses. Loans are reclassified as a non-accrual account if either of the following conditions is met, and interest collected while accruing of interest has been suspended is included in earnings only to the extent of cash actually received.

- Collection of payment of principal or interest accrued is considered highly unlikely; or
- Payment of principal or interest accrued is over 3 or 6 months past due; or
- Payment of principal, interest accrued and other suspense account of credit card is over 90 days past due.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
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Loans and receivables are assessed on each reporting day and the credit risk of loans and receivables have been significantly increased since the initial recognition. Comparing the risk of breach of contract on the reporting date and the original date of recognition, and considering the credit risk from the original recognition, the significant increase of reasonable and verifiable information as a basis for the estimation of default risk and expected loss rate. In accordance with the expected credit losses and with reference to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans” and relevant regulations issued by the FSC. The provision will be determined based on the higher of the amount calculated in accordance with regulatory requirements.

Nonaccrual accounts deemed uncollectible are written off upon approval of the Board of Directors. The recovery of written-off loans and accounts receivable is accounted for under the reversal of the allowance for credit losses.

Off-balance-sheet loan commitments and financial guarantee contracts should be evaluated for the possibility of bad debts and the provisions of guarantee or financial commitments should be recognized.

4) Financial asset impairment

The Bank and subsidiaries should consider the past events, the current situation and the forecast of future economic conditions, to identify whether the credit risk of financial instruments has significantly increased since the initial recognition; After the credit risk has increased significantly, these financial instruments should be recognized lifetime expected credit loss; If there is no significant increase in credit risk after recognition, the impairment loss should be measured against the 12-month expected credit loss. For the judgment and forward-looking adjustment method after the recognition of whether the credit risk has increased significantly, please refer to Note 6(ap).

5) Derecognition of financial assets

The Bank and subsidiaries shall derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Bank and subsidiaries transfer substantially all the risks and rewards of ownership of the financial assets.

Securities lending agreement or repurchase transactions, where bonds or stocks are taken as collateral, shall not be derecognized, because the Bank and subsidiaries have retained substantially all the risks and rewards of ownership. The transaction of asset-backed securitization applies to such situation when the Bank and subsidiaries still retain partial risks.

6) Reclassification of financial assets

The Bank and subsidiaries reclassify all affected financial assets in accordance with regulations only when changing the business model of managing financial assets.

(ii) Financial liabilities

Financial liabilities held by the Bank and subsidiaries include financial liabilities measured at fair value through profit or loss (including the instruments designated as at fair value through profit or loss), financial liabilities measured at amortized cost and hedge derivatives.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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1) Financial liabilities measured at fair value through profit or loss

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

- a) A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, is classified as an instrument held for trading as well. Financial liabilities held for trading include obligations to deliver financial assets borrowed by a short seller.
- b) A financial liability designated as measured at fair value through profit or loss on initial recognition, except that designated as a hedged item in accordance with the hedge accounting.

Financial liabilities falling under this category are measured at fair value in the balance sheet at the balance sheet date. Moreover, the changes in fair value are recognized as current profit or loss. While for financial liabilities designated at fair value through profit or loss, its fair value changed in the liability's 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 accounted as current profit or loss.

Under certain circumstances, the Bank and subsidiaries may not recognize profit or loss of a financial asset or a financial liability at initial recognition, if a fair value is not derived from a quoted market price in an active market and is based on the evaluation method with data retrieved from unobservable market. In the above scenario, the recognition of the difference between fair value at initial recognition and transaction price is deferred. After initial recognition, the entity shall recognize the aforesaid deferred difference as a gain or a loss only to the extent that it arises from a change in a factor that market participants would take into account when pricing the asset or liability.

2) Financial liabilities measured at amortized cost

Financial liabilities are classified at financial liabilities measured at amortized cost, except for financial liabilities measured at fair value through profit or loss, hedged derivatives financial liabilities, financial debentures, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

3) Derecognition of a financial liability

The Bank and subsidiaries shall remove a financial liability from its statement of financial position when, and only when, it is extinguished.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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4) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities will be offset and recognized in the net amount on the balance sheet only when the Bank and subsidiaries have statutory rights to offset and intend to net settle or realize assets and to pay off liabilities at the same time.

5) The Bank and subsidiaries shall not reclassify any financial liability.

(iii) Derivatives and hedging accounting

Derivative instruments are initially recognized at fair value on contract date and subsequently measured at fair value. Fair value includes quoted price in an active market, occurring market transaction prices or model valuation technique. All derivatives instruments are recognized as assets with positive fair value and as liabilities with negative fair value.

The Bank and subsidiaries should account for financial liabilities embedded in derivatives if the economic characteristics and risks of the embedded derivatives are closely related to the economic characteristics of the host contract. If not, the host contract is not a financial liability that is measured at fair value through profit or loss. Unless choosing to designate an overall hybrid contract to measure financial liabilities at fair value through profit or loss, the Bank and subsidiaries should recognize the host contract and embedded derivatives separately. In addition, the embedded derivative is recognized as a financial liability as measured at fair value through profit or loss.

When a fair value hedge, cash flow hedge, and hedge of a net investment in a foreign operation are in conformity with all the conditions for applying hedge accounting, the affected profit or loss is recognized by offsetting the changes in the fair value of hedging instruments and hedged items. The related accounting treatments are as follows:

- 1) Fair value hedge: Changes in the fair value of derivatives that are designated and qualified as fair value hedging instruments against the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment are recognized through profit or loss in the current period.
- 2) Cash flow hedge: Where a derivative financial instrument is designated as a hedge of the variability in cash flow of a recognized asset or liability or a highly probable forecast transaction, the effective portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognized directly under other comprehensive income. When the hedged transaction actually affects the profit or loss, the gain or loss previously recognized under other comprehensive income shall be recognized through current profit or loss. Any gain or loss from the change in fair value relating to an ineffective portion of the hedge transaction is recognized immediately through profit or loss in the current period.
- 3) Hedge of a net investment in a foreign operation: The effective portion of any gain or loss on a hedging instrument relating to a hedge against foreign currency fluctuation in a foreign operation is recognized directly in other comprehensive income until the disposal of the foreign operation, at the time which the cumulative gain or loss recognized directly under other comprehensive income is recognized in profit or loss in the current period.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(iv) Financial guarantee contracts

The Bank and subsidiaries recognize financial guarantee liabilities initially at their fair value at the date of providing guarantee. The Bank and subsidiaries receive commission income with non-arm's-length transaction at contract date; this is, the income could represent the fair value of financial guarantee contract. The advanced service fee is recognized as a deferred item and amortized by straight-line method over the life of the financial guarantee.

Financial guarantee contracts shall be subsequently measured by the Bank and subsidiaries at the higher of:

- 1) The amount determined in accordance with "Provisions"; and
- 2) The amount initially recognized less, when appropriate, cumulative amortization recognized from deferred revenues.

(g) Investment properties

Investment properties could be recognized by the Bank and subsidiaries only to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use by the Bank and subsidiaries. If these portions could be sold separately, the Bank and subsidiaries account for the portions separately. The portion that is held for use is treated following "Premises and equipment", and another portion that is held to earn rentals or for capital appreciation or both is regarded as investment property. If the portions could not be sold separately, and if an insignificant portion is held for use, then the whole property is regarded as investment property.

Investment property shall be recognized as an asset when, and only when it is probable that the future economic benefits that are associated with the investment property will flow to the Bank and subsidiaries, and the cost of the investment property can be measured reliably. Subsequent expenditure is capitalized as cost only when it is probable that the future economic benefits that are associated with the investment property will flow to the Bank and subsidiaries, and the cost of the investment property can be measured reliably. Regular repair costs are recognized as expenses in the period they are incurred.

If the recognition criteria are met, the Bank and subsidiaries recognize the cost of replacement in the carrying amount of the replaced investment property at the time the cost is incurred. The carrying amount of the part that is replaced is derecognized.

After initial recognition, real estate property is subsequently measured by cost model, and amortized by the depreciable amount. Its depreciation method, useful life and residual value can be referred to the regulation of "Premises and equipment".

When the use of a property changes such that it is reclassified as premises and equipment, the book value at the date of reclassification becomes its cost for subsequent accounting.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(h) Non-financial asset impairment

At each balance sheet date, the recoverable amount of an asset is estimated and compared with the carrying amount whenever there is an indication that the non-financial asset may be impaired. An impairment loss is recognized when the recoverable amount, higher of fair market value or value in use, is less than the carrying amount. For assets other than goodwill, a reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior-period estimation. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

(i) Assets held for sale

For an asset or a disposal group to be classified as held for sale, it needs to be disposed through sale rather than through continuing use to recover its carrying amount. Assets or disposal groups that meet the criteria to be classified as such must be subject only to terms that are usual and customary and be available for immediate sale, which is highly probable, within one year of such classification. After being classified as held for sale, it is measured at the lower of carrying amount and fair value less costs to sell.

Amortization or depreciation on intangible assets, premises and equipment ceases once they are classified as held for sale.

(j) Investments in associates

Investments in associates in which the Bank or its subsidiaries are able to exercise significant influence and subsidiaries the Bank has control over are accounted for under the equity method and initially recognized at cost. Goodwill, deducting accumulated impairment loss, related to an associate is included in the carrying amount of the investment. The equity method discontinues to be used from the date when it ceases to have significant influence, and the book value is taken as the new cost of the investment.

The Bank or its subsidiaries have significant influence if holding, directly or indirectly 20% or more of the voting right of the investee. However, an exception will apply if the Bank or its subsidiaries can specify that it has no significant influence over an investee.

After the date of acquisition the Bank or its subsidiaries' share of the profit or loss of the associates is recognized in profit or loss. Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment may also be necessary for changes in the Bank or its subsidiaries' proportionate interest in the associates arising from changes in the associates' other comprehensive income. If the Bank or its subsidiaries' share of losses of an associate equals or exceeds their interest in the associate (including non-guarantee long-term receivables), the Bank or its subsidiaries discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Bank or its subsidiaries has incurred legal or constructive obligations or made payments on behalf of the associate.

Changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances the carrying amounts of the parent's ownership interest and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.

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(k) Interest in joint ventures

The joint agreements include joint operations and joint ventures, and have the following characteristics:

- (i) The parties are bound by a contractual arrangement;
- (ii) The contractual arrangement gives two or more of those parties joint control of the arrangement.

The Bank or its subsidiaries distinguish between joint operations and joint ventures by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances. In joint operations, the Bank or its subsidiaries account for its share of the joint assets, liabilities, revenues and expenses in accordance with the contractual arrangement. In joint ventures, the Bank or its subsidiaries account for its investment using the equity method.

(l) Cash surrender value of life insurance

The Bank's U.S. subsidiary purchased single-premium life insurance under which the executive officers and directors are the insured, while the subsidiary is the owner and beneficiary thereof. The cash surrender value indicates the amount that would be received if the life insurance is terminated prior to the maturity date, and is accounted for under "other assets."

(m) Premises and equipment

The Bank and subsidiaries' premises and equipment are recognized after deducting any accumulated depreciation and accumulated impairment losses from historical cost. The historical cost includes any costs directly attributable to acquiring the assets.

Subsequent expenditure of premises and equipment shall be recognized as an asset or be included in the carrying amount of assets, when, and only when it is probable that the future economic benefits that are associated with premises and equipment will flow to the Bank or its subsidiaries, and the cost of premises and equipment can be measured reliably. The carrying amount of those parts that are replaced is derecognized. A major improvement or repair expense that can extend the benefits over afterward period is regarded as capital expenditure; while frequent maintenance or repairs are charged to current expenses.

If the Bank and subsidiaries have obligations to dismantle, remove and restore the premises and equipment, the obligation for which the Bank and subsidiaries incur either when the item is acquired or as a consequence of having used the item during a particular period shall be recognized as the cost of the premises and equipment as well as a liability.

Depreciation is computed using the straight-line method; the useful lives are calculated based on the normal economic lives. Each part of an item of premises and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The residual value and the useful life of an asset shall be reviewed or adequately adjusted at each financial year-end.

The gain or loss arising from the disposition of an item of premises and equipment shall be recognized in current profit or loss and determined as the difference between the disposal proceeds and the carrying amount of the item.

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

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(n) Intangible assets

(i) Computer software

Computer software system expenses, which are recorded on the basis of the actual cost of acquisition, are amortized using a straight-line method over its useful lives. Its amortization method, useful lives and residual value are referred to the regulation of properties and equipment. The Bank and subsidiaries use the cost model to proceed with subsequent measurement.

(ii) Goodwill

The Bank and subsidiaries account a business combination by applying the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities assumed by the acquirer and the equity interests issued by the acquirer. In addition, other expense directly contributed to the acquisition is included. The acquirer shall measure the identifiable assets acquired from business combination and the liabilities or contingent liabilities assumed at their acquisition-date fair values without considering non-controlling interest. The acquirer shall recognize goodwill as of the acquisition date measured as the excess of the consideration transferred over the fair value of net identifiable assets held according to holding proportion. Adversely, the difference may result in directly recognizing a gain on a purchase.

Goodwill relating to cash-generating units is tested for impairment periodically each year. An impairment loss is recognized when the recoverable amount is less than the carrying amount. Impairment losses cannot be reversed once an impairment loss has been recognized.

(o) Leases

(i) Identifying a lease

At inception of a contract, the Bank and subsidiaries assess 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.

(ii) As a lessor

The leases are classified as finance leases, if the Bank and subsidiaries transfer substantially the entire risks and rewards incidental to the ownership of the assets. Otherwise, the leases are classified as operating leases.

- 1) Operating lease: Lease payments or receivables under an operating lease shall be recognized in current profit or loss using a straight-line method over the lease term.
- 2) Finance lease: As lessors, the Bank and subsidiaries shall derecognize assets held under a finance lease at contract date and recognize them as lease payment receivable at an amount equal to the present value of lease payments. The difference between gross amount and present value of lease payment is recognized as unrealized interest income and transferred to interest income of current period on an accrual basis. Lease revenue is calculated based on the interest rate implicit in the lease on the remaining balance of lease payment receivables and recognized in current profit or loss over the lease term.

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(iii) As a lessee

The Bank and subsidiaries recognize a right-of-use asset and a lease liability at the lease commencement date. The initial amount of the right-of-use asset 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 restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Refer to “Premises and equipment” and “Non-financial assets impairment” for the review of useful life and the impairment assessment policy.

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 the Bank and subsidiaries’ incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- 1) Fixed payments, including payments that may, in form, contain variability but that, in substance, are unavoidable.
- 2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) Amounts expected to be payable under a residual value guarantee; and
- 4) Amounts expected for the exercise price under a purchase option, lease payments under an extension option, and penalties for early termination, if the Bank and subsidiaries are reasonably certain to exercise or early terminate.

The lease liability is measured by the effective interest method to recognize the interest expense, and remeasured to reflect the changes as follows:

- 1) The lease term changes;
- 2) The future lease payments change to reflect a change in an index or rate; or
- 3) If there is a change in the Bank and subsidiaries’ estimate of the amount expected to be payable under a residual value guarantee, or if the Bank and subsidiaries change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured to reflect above changes, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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(p) Foreclosed properties

Foreclosed properties received are stated at acquired cost, and the difference between it and the nominal value of the original claim is reflected as a credit loss. On the balance sheet date, if the foreclosed properties received are still unsold, they shall be evaluated at the lower of carrying amount and net fair market value. If there is sufficient evidence indicating that the net fair market value is lower than the carrying amount of foreclosed properties, the difference after reassessment is accounted for under impairment loss on assets. Gain or loss on disposal of foreclosed properties is recognized in current profit or loss as well.

(q) Provisions

The Bank and subsidiaries recognize provisions only if all of the following conditions are met:

- (i) An entity has a present, legal or constructive obligation, as a result of a past event;
- (ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) A reliable estimate can be made of the amount of the obligation.

The Bank and subsidiaries shall not recognize provisions for future operating losses.

Where there are a number of similar obligations the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

The amount of a provision is measured subsequently as the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The deficiency is recognized as profit or loss of the current period.

(r) Revenue recognition

The Bank and subsidiaries' incomes are recognized on an accrual basis. Please refer to Note 4(f)(i)3) for more information on interest income from receivables and loans.

(s) Employee benefit

- (i) Short-term employee benefit: The Bank or its subsidiaries expect to settle all short-term non-discounted benefits in 12 months after the end of annual financial reporting date in which the services are rendered by employees, and recognize as current expenses.

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- (ii) Post-employment benefit: The Bank and subsidiaries' pension plan comprises defined contribution plan and defined benefit plan.
- 1) A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. 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. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.
 - 2) A defined benefit plan is a post-employment benefit plan under which benefit is paid to an employee on the basis of their ages, service periods and compensated salaries at the date of retirement. The Bank recognizes remeasurements of the defined benefit plan which are incurred by the change of actual experience and actuarial assumption in other comprehensive income, and recognize pension asset or liability in balance sheet in which asset or liability is the amount of actuarial present value of defined benefits obligation deducting fair value of plan assets. The calculation of defined benefits obligation is performed annually by an actuary using the projected unit credit method. The actuarial present value of defined benefits obligation is calculated by discounting future cash flow at the yield rate on AA credit rated bonds that have maturity dates approximating the terms of the obligation and that are denominated in the same currency in which the benefits are expected to be paid. In accordance with the article 30 of the Regulations Governing the Preparation of Financial Reports by Public Bank's, when the interest incurred from retiree deposits with favorable rates exceed the interest generated from market rate, it should be considered the actuarial amount according to defined benefit plan regulated on IAS 19 "Employee Benefits" since the employee's retirement date. Otherwise, the parameter of actuarial assumption of competent authority should be followed (if have). The interim amount of defined benefit plan is determined based on the pension cost rate, which is the actuarial rate at the end of last fiscal year, and the amount, which is from the beginning of the year to the end of current period. In addition, an adjustment would be made if significant market fluctuation, significant decrease, pay-off or other significant one-time event occurs after the end of period.
 - 3) The defined contribution plan of overseas unit is in accordance with respective authorities' regulation.
- (iii) Termination benefits: Termination benefits are incurred when the Bank or its subsidiaries terminate employment prior to qualifying for retirement, or the employees accepted voluntary redundancy to get termination benefits in return. Termination benefits are recognized as a liability when the Bank and subsidiaries are committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to provide termination benefits or make an offer of termination benefits to encourage voluntary redundancy. Termination benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

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(t) Share-based payment transactions

The Bank and subsidiaries' accounting treatments of share-based payment are as below.

- (i) Equity-settled share-based payments are measured at fair value at the date of grant. The vesting period is estimated based on the ultimate vesting conditions that must be satisfied. The vesting conditions include service conditions and performance conditions, including market conditions. In valuing equity-settled payments, no account is taken of any vesting conditions other than market conditions.
- (ii) For cash-settled share-based payment transactions, a liability equal to the portion of the goods or services received is recognized at its current fair value determined at each balance sheet date and at the date of settlement, with any changes in the fair value recognized in profit or loss of the period.

Fair value of the share options at the grant date is measured with the use of an option pricing model based on management's best estimate of the exercise price, expected term, underlying share price, expected volatility, expected dividend yield, risk-free interest rate, and any other inputs to the model.

(u) Compensations of employees and directors

The Bank's employees' and directors' (including independent directors) compensations are recognized as current expenses. Any difference lies between the actual allocation amount and the amount previously recognized in the financial report is considered as change in accounting estimates which is then recognized as profit or loss in next year.

(v) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss. Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the years calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years. 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 tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities may be offset against each other if the following criteria are met by the Bank and subsidiaries:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) Levied by the same taxing authority; or
 - 2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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A deferred tax asset should be 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 profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such deferred tax assets shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the deferred tax assets can be utilized.

The tax on undistributed surplus earnings levied by the Bank in accordance with the Income Tax Law recognized in a current expense on the day when the shareholders' meeting resolves to distribute the surplus.

As a subsidiary of CTBC Financial Holding Co., Ltd., the Bank files a consolidated corporate income tax return with its parent company and subsidiaries. The difference between the consolidated income tax and the Bank's ordinary income tax is adjusted at the parent-company level, and the Bank recognizes such difference as payables or receivables.

(w) **Contingent liabilities**

A contingent liability is defined as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or its subsidiaries; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Bank and subsidiaries shall not recognize a contingent liability; instead, contingent liability shall be appropriately disclosed.

(x) **Operating segments**

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

The prime responsibility of the Bank's parent company CTBC Financial Holding Co., Ltd. is the management of its subsidiaries, whose operational performance and resource allocation are executed under board approval of the parent company. The Bank and subsidiaries periodically report actual financial results to the Group's Management Board, and thereby leading to its role as the chief operating decision maker.

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

In preparing these consolidated financial statements, management must make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

The management should continuously evaluate the estimates and assumptions. Changes in the valuation of accounting estimates are recognized at the occurrence and the impacted future periods.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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Please refer to the following for accounting policies and management judgments which have significant impacts on the financial statements of the Bank and subsidiaries.

(a) Impairment of financial assets

The impairment of financial assets of the Bank and subsidiaries is recognized as the 12-month expected credit loss or the lifetime credit loss by identifying whether the credit risk of financial instruments has been significantly increased since the initial recognition. To evaluate the expected credit losses for 12-month and lifetime, the Bank and subsidiaries consider the default probability (Probability of default, "PD") of financial assets or issuers or counterparties, 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. The Bank and subsidiaries consider historical experiences, current market conditions and forward-looking estimates to decide the assumptions and input values to be used in determining the impairment loss. For the details of the relevant assumptions and input values, please refer to Note 6(ap).

(b) Assessment of goodwill impairment

Assessment of goodwill impairment depends on subjective judgment by the Bank and subsidiaries, including identifying cash-generating units, allocating goodwill to related cash generating units, and deciding recoverable amount of related cash generating units. The management of the Bank and subsidiaries shall estimate the expected future cash flow from cash generating units and decide proper discount rate for calculating present value. If the actual cash flow is less than expected, significant impairment losses may incur.

(c) Assessment of the fair value of financial instruments

The Bank and subsidiaries hold certain financial instruments without active markets, including financial instruments lacking active market quotes and financial instruments that turned out to be inactive due to market conditions (e.g., low market liquidity). When a market is inactive, there are usually only a few or no observable market data available to measure the fair value of financial instruments. Determination of the existence of an active market for a financial instrument requires management's judgment. If the market for an investment held by the Bank and subsidiaries are not active, the fair value of the instrument is determined using valuation techniques. The Bank and subsidiaries use quotes from independent third parties or prices derived from internally developed models to determine the fair value of those financial instruments. When the fair value may be publicly obtained from independent sources it shall be adopted first. Overall, the Bank and subsidiaries would decide a source or a technique as a fair value determination method that can reflect the price achieved between market participants through regular trading as of the reporting date. Valuation techniques include adoption of recent arm's-length transactions, reference to other instruments with a substantially identical basis, application of discounted cash flow analysis, etc., which may also include a number of assumptions related to each variable (such as credit risk and interest rate). Adoption of different valuation techniques or assumptions may lead to significant discrepancies in fair value determination results.

Please refer to Note 6(ap) for the estimated fair value of the above financial instruments.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 30,360,527	34,008,938
Petty cash and revolving fund	30,998	26,659
Checks for clearance	1,720,600	2,271,652
Cash in transit	2,330,238	3,107,096
Due from other banks	29,478,614	24,714,194
Cash equivalents	<u>19,441,500</u>	<u>5,263,500</u>
Total	<u>\$ 83,362,477</u>	<u>69,392,039</u>

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

	December 31, 2025	December 31, 2024
Required reserve—Account A	\$ 121,710,238	133,749,328
Required reserve—Account B	117,656,080	106,572,477
Required reserve—Foreign Currency	738,793	753,963
Due from Central Bank	99,164,763	114,427,186
Call loans to banks	<u>167,355,661</u>	<u>113,212,154</u>
Total	<u>\$ 506,625,535</u>	<u>468,715,108</u>

The reserves for deposits are calculated at prescribed rates, using the average monthly balances of various deposit accounts, and are appropriated and deposited in the reserve account of the Central Bank of the Republic of China (Taiwan). Deposits in “Required reserve—Account A” are interest free and can be withdrawn at any time; deposits in “Required reserve—Account B” are interest bearing and cannot be withdrawn except for the monthly adjustment to the required reserve permitted by relevant regulations.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(c) Financial instruments measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss of the Bank and subsidiaries were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Mandatorily measured at fair value through profit or loss		
Commercial papers	\$ 196,957,353	216,426,033
Treasury bills	3,994,166	412,543
Government bonds	5,617,943	2,933,999
Corporate bonds	12,506,226	7,955,360
Financial debentures	1,912,581	1,387,937
Convertible bonds	5,987,254	983,430
Beneficiary certificates	531,187	916,203
Negotiable certificates of deposits	10,887,446	92,192,396
Stocks	4,001,560	3,513,513
Other securities and bonds	31,373	-
Derivative financial assets	66,059,934	84,111,209
Valuation adjustment of financial assets	<u>809,475</u>	<u>481,125</u>
Total	<u>\$ 309,296,498</u>	<u>411,313,748</u>

Please refer to Note 6(u) for information with regard to repurchase conditions for financial assets measured at fair value through profit or loss shown above.

Financial liabilities measured at fair value through profit or loss of the Bank and subsidiaries were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Derivative financial liabilities	\$ 63,733,689	77,756,355
Financial liabilities designated at fair value through profit or loss	<u>21,143,694</u>	<u>8,883,105</u>
Total	<u>\$ 84,877,383</u>	<u>86,639,460</u>

The aforementioned financial liabilities designated at fair value through profit or loss were issued by the Bank. The amounts of fair value and its changes which were attributable to changes in the credit risk were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial debentures at fair value	\$ 21,143,694	8,883,105
Cumulative changes in fair value that are attributable to changes in the credit risk	(692,934)	(1,487,919)
The difference between book value and the amount payable upon maturity as specified in the contract	5,466,599	6,184,681

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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The Bank assesses changes in fair value that were not attributable to changes in market conditions that give rise to swing of market risk to evaluate changes in fair value due to shift of credit risk. For the years ended December 31, 2025 and 2024, there was no transfer of the cumulative gain or loss within equity.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Debt investments measured at fair value through other comprehensive income		
Negotiable certificates of deposits	\$ 173,839	12,110,923
Treasury bills	20,494,371	12,143,714
Government bonds	217,239,482	144,387,551
Corporate bonds	12,251,610	10,052,610
Financial debentures	63,285,196	59,683,330
Asset-backed securities	38,184,825	46,252,863
Other securities and bonds	53,261,130	31,543,142
Valuation adjustment of financial assets	<u>(5,633,173)</u>	<u>(7,927,693)</u>
Subtotal	<u>399,257,280</u>	<u>308,246,440</u>
Equity investments measured at fair value through other comprehensive income		
Stocks	\$ 36,073,600	12,804,623
Beneficiary certificates	12,186,303	14,425,891
Valuation adjustment of financial assets	<u>5,559,501</u>	<u>(3,838,397)</u>
Subtotal	<u>53,819,404</u>	<u>23,392,117</u>
Total	<u>\$ 453,076,684</u>	<u>331,638,557</u>

The changes in allowance for credit losses attributed to the financial assets above were as follows:

	<u>For the year ended December 31, 2025</u>					
	<u>12-month ECL</u>	<u>Lifetime ECL (Collectively assessed)</u>	<u>Lifetime ECL (Individually assessed)</u>	<u>Lifetime ECL (Not purchased or originated credit- impaired financial assets)</u>	<u>Lifetime ECL (Purchased or originated credit- impaired financial assets)</u>	<u>The provision of impairment in accordance with IFRS 9 (Total)</u>
Beginning balance	\$ 30,251	642,147	-	191,400	-	863,798
Changes in financial instruments that have been identified at the beginning of the period:						
– The financial assets that have been derecognized	(11,430)	(610,547)	-	-	-	(621,977)
New financial assets originated or purchased	16,827	-	-	-	-	16,827
Foreign exchange and other movement	<u>(2,415)</u>	<u>(31,600)</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>(26,015)</u>
Ending balance	<u>\$ 33,233</u>	<u>-</u>	<u>-</u>	<u>199,400</u>	<u>-</u>	<u>232,633</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the year ended December 31, 2024					
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit- impaired financial assets)	Lifetime ECL (Purchased or originated credit- impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)
Beginning balance	\$ 26,795	602,558	-	179,600	-	808,953
Changes in financial instruments that have been identified at the beginning of the period:						
– The financial assets that have been derecognized	(13,199)	-	-	-	-	(13,199)
New financial assets originated or purchased	11,942	-	-	-	-	11,942
Foreign exchange and other movement	4,713	39,589	-	11,800	-	56,102
Ending balance	<u>\$ 30,251</u>	<u>642,147</u>	<u>-</u>	<u>191,400</u>	<u>-</u>	<u>863,798</u>

For the years ended December 31, 2025 and 2024, the dividends of the Bank and subsidiaries related to equity investments at fair value through other comprehensive income were as follows:

	For the years ended December 31	
	2025	2024
Amounts derecognized during the reporting period	\$ 282,875	131,256
Amounts held by the end of the reporting period	971,518	938,375
Total	<u>\$ 1,254,393</u>	<u>1,069,631</u>

The Bank and subsidiaries disposed the equity investments measured at fair value through other comprehensive income based on investment consideration for the years ended December 31, 2025 and 2024. The gains (losses) of disposal were recognized in Retained Earnings. The information of fair value at the date of derecognition and gains (losses) on disposal was as follows:

	The fair value at the date of derecognition		(Losses) gains on disposal	
	For the years ended December 31		For the years ended December 31	
	2025	2024	2025	2024
Stocks	<u>\$ 35,099,371</u>	<u>6,797,297</u>	<u>630,299</u>	<u>(783,775)</u>

Please refer to Notes 6(u) and 8 for information with regard to the repurchase conditions for, or restrictions on, financial assets measured at fair value through other comprehensive income shown above.

(e) Investment in debt instruments at amortized cost

	December 31, 2025	December 31, 2024
Negotiable certificates of deposits	\$ 305,440,622	349,406,405
Treasury bills	6,892,725	26,790,118
Government bonds	247,255,743	282,003,747
Corporate bonds	136,727,175	111,444,106
Financial debentures	60,178,526	67,078,609
Asset-backed securities	166,262,045	138,760,815
Others	50,454,926	42,524,467
Less: Allowance for credit losses	(90,604)	(73,754)
Total	<u>\$ 973,121,158</u>	<u>1,017,934,513</u>

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The changes in allowance for credit losses attributed to the above assets were as follows:

	For the year ended December 31, 2025					
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)
Beginning balance	\$ 73,754	-	-	-	-	73,754
Changes in financial instruments that have been identified at the beginning of the period:						
— Transfer to lifetime ECL	(62)	62	-	-	-	-
— The financial assets that have been derecognized	(7,240)	-	-	-	-	(7,240)
New financial assets originated or purchased	21,475	-	-	-	-	21,475
Foreign exchange and other movement	531	2,084	-	-	-	2,615
Ending balance	<u>\$ 88,458</u>	<u>2,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,604</u>
	For the year ended December 31, 2024					
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)
Beginning balance	\$ 56,077	-	327	2,256	-	58,660
Changes in financial instruments that have been identified at the beginning of the period:						
— Transfer to 12-month ECL	2,207	-	-	(2,207)	-	-
— The financial assets that have been derecognized	(6,173)	-	(320)	-	-	(6,493)
New financial assets originated or purchased	17,462	-	-	-	-	17,462
Foreign exchange and other movement	4,181	-	(7)	(49)	-	4,125
Ending balance	<u>\$ 73,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,754</u>

The Bank and subsidiaries derecognized investment in debt instruments measured at amortized cost for the purpose of fund management for the years ended December 31, 2025 and 2024. The information of the gains (losses) on disposal was as follows:

	For the years ended December 31	
	2025	2024
Government bonds	\$ 14,814	400
Corporate bonds	(2,300)	7,857
Total	<u>\$ 12,514</u>	<u>8,257</u>

Please refer to Notes 6(u) and 8 for information with regard to the repurchase conditions for, or restrictions on, investment in debt instruments measured at amortized cost shown above.

(f) Financial instruments — hedging

Hedging financial assets of the Bank and subsidiaries were as follows:

	December 31, 2025	December 31, 2024
Fair value hedge:		
Interest rate swaps	\$ 174,974	26,847
Hedge of a net investment in a foreign operation:		
Currency swaps	34,954	-
Total	<u>\$ 209,928</u>	<u>26,847</u>

(Continued)

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Hedging financial liabilities of the Bank and subsidiaries were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fair value hedge:		
Due to other banks	\$ 4,204,108	-
Hedge of a net investment in a foreign operation:		
Currency swaps	<u>48,886</u>	<u>154,656</u>
Total	<u>\$ 4,252,994</u>	<u>154,656</u>

- (i) For the years ended December 31, 2025 and 2024, the hedging financial instruments of the Bank and subsidiaries have no ineffective portion of hedging.
- (ii) Fair value hedge

The Bank and subsidiaries entered into interest rate swaps; these contracts convert the actual risk exposure positions to floating rate pricing to reduce interest rate risk and simultaneously hedge against the fair value fluctuations of certain fixed-rate assets caused by market interest rate changes. In addition, to mitigate fluctuations in the fair value of foreign-currency-denominated equity securities caused by exchange rate movements, the Bank used interbank borrowings as a hedging instrument to reduce foreign exchange risk.

Hedged items	Financial instruments designated as hedging instruments	Designated hedging instruments	
		Fair value	
		December 31, 2025	December 31, 2024
Loans	Interest rate swaps	\$ 174,974	26,847
Foreign stocks measured at fair value through other comprehensive income	Due to other banks	(4,204,108)	-

The information of the Bank and subsidiaries designated as the hedged items on December 31, 2025 and 2024 were as follows:

	The carrying amount of the hedged items		The cumulative amount of adjustment included in the carrying amount of the hedged item at fair value hedge		The separate line items of the hedged items included in the balance sheet	Fair value change / profit or loss of hedging ineffective portion	Provision of cash flow hedge
	Assets	Liabilities	Assets	Liabilities			
December 31, 2025							
Fair value hedge:							
Foreign exchange risk	\$ 4,204,108	-	39,200	-	Financial assets measured at fair value through other comprehensive income	-	-
Interest rate risk	5,501,920	-	(174,428)	-	Loans	-	-
December 31, 2024							
Fair value hedge:							
Interest rate risk	\$ 3,547,310	-	(27,110)	-	Loans	-	-

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(iii) Hedge of a net investment in a foreign operation

In order to minimize the risk from overseas equity-method investments, the Bank entered into currency swaps to hedge against foreign exchange fluctuation.

<u>Hedged items</u>	<u>Designated hedging instruments</u>		
	<u>Financial instruments designated as hedging instruments</u>	<u>Fair value</u>	
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
CTBC Bank Co., Ltd.-Ho Chi Minh City Branch	Currency swaps	\$ 1,431	(4,231)
CTBC Capital Corp.	Currency swaps	(43,134)	(61,767)
CTBC Bank Corp. (Canada)	Currency swaps	(599)	(603)
The Tokyo Star Bank, Ltd.	Currency swaps	28,370	(88,055)

The amounts applicable to the hedge accounting that affects the statements of comprehensive income for the years ended December 31, 2025 and 2024 were as follows:

	<u>Recognized in other comprehensive income</u>	<u>Recognized in profit or loss of the ineffective portion of hedging</u>	<u>The separate line items of the hedged items included in the statements of comprehensive income</u>	<u>Provision of hedge reclassified to profit or loss</u>		
				<u>The hedged items no longer expected to occur and transfer</u>	<u>The hedged items have affected profit or loss and transferred</u>	<u>The separate line items affected by reclassification</u>
December 31, 2025						
Hedge of net investment						
Foreign exchange risk						
— Hedge of a net investment in a foreign operation	\$ 867,122	-	-	-	-	-
December 31, 2024						
Hedge of net investment						
Foreign exchange risk						
— Hedge of a net investment in a foreign operation	\$ (449,026)	-	-	-	-	-

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- (iv) The amount, timing and uncertainty of the aforementioned hedging instruments affecting the Bank and subsidiaries' future cash flow were as follows:

	<u>Maturity date</u>				
	<u>Up to 1 month</u>	<u>1-3 months</u>	<u>3 months to 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2025					
Fair value hedge					
Interest rate swaps					
Notional Amount	-	-	-	JPY11,500,000	JPY15,900,000
Range of Interest Rate				0.4460~1.2250	0.7960~1.5280
Due to other banks					
Contract Amount	USD 91,249	-	-	-	-
Range of FX (NTD/USD)	31.450				
Contract Amount	JPY 6,650,573				
Range of FX (NTD/JPY)	0.2015				
Hedge of net investment					
Exchange transaction					
Notional Amount	USD 504,500	-	-	-	-
Range of FX (NTD/USD)	31.260~31.499				
Notional Amount	CAD 10,000	-	-	-	-
Range of FX (NTD/CAD)	22.895				
Notional Amount	JPY 52,970,726	-	-	-	-
Range of FX (NTD/JPY)	0.2014				
<u>Maturity date</u>					
	<u>Up to 1 month</u>	<u>1-3 months</u>	<u>3 months to 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2024					
Fair value hedge					
Interest rate swaps					
Notional Amount	-	-	-	JPY 3,000,000	JPY13,900,000
Range of Interest Rate				0.4460	0.7960~0.9750
Hedge of net investment					
Exchange transaction					
Notional Amount	USD 470,500	-	-	-	-
Range of FX (NTD/USD)	32.633~32.685				
Notional Amount	CAD 10,000	-	-	-	-
Range of FX (NTD/CAD)	22.758				
Notional Amount	JPY 52,970,726	-	-	-	-
Range of FX (NTD/JPY)	0.2080~0.2083				

- (g) Securities purchased under resell agreements

	December 31, 2025	December 31, 2024
Securities purchased under resell agreements	<u>\$ 32,247,252</u>	<u>51,575,872</u>
Face value of securities	<u>\$ 32,250,975</u>	<u>52,590,900</u>

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(h) Receivables — net

	December 31, 2025	December 31, 2024
Notes receivable	\$ 247,041	744,833
Accounts receivable	124,471,409	111,533,270
Accounts receivable factoring	21,132,053	31,405,887
Interest receivable	25,645,425	22,266,827
Acceptances receivable	12,707,818	11,390,685
Accrued income	73,634	33,040
Other receivables	<u>16,096,738</u>	<u>17,814,737</u>
Subtotal	200,374,118	195,189,279
Less: Allowance for credit losses	<u>(2,729,262)</u>	<u>(2,931,625)</u>
Total	<u>\$ 197,644,856</u>	<u>192,257,654</u>

Please refer to Note 6(j) for changes in allowance for credit losses of receivables listed above.

Please refer to Note 6(ap) for credit risk and market risk information listed above. Receivables of the Bank and subsidiaries should be included in impairment assessment, excluding that of credit card receivables, which is accounted for under provisions. Total receivables do not encompass investments in security-related and other receivables whose impairment assessments are consistent with corresponding assets.

(i) Loans — net

	December 31, 2025	December 31, 2024
Corporate loans	\$ 1,026,709,803	1,003,396,723
Micro business loans	2,218,878	3,674,355
Mortgage loans	1,353,545,519	1,173,367,570
Consumer loans	<u>336,467,980</u>	<u>283,174,048</u>
Subtotal of NTD loans	2,718,942,180	2,463,612,696
Foreign currency loans	1,498,198,116	1,357,205,118
Non-accrual loans	<u>12,372,314</u>	<u>10,765,071</u>
Subtotal	4,229,512,610	3,831,582,885
Less: Allowance for credit losses	(66,138,681)	(61,656,669)
Less: Adjustment of discount and premium	<u>(1,770,347)</u>	<u>(1,759,261)</u>
Total	<u>\$ 4,161,603,582</u>	<u>3,768,166,955</u>

Please refer to Note 6(ap) for the industry information.

Non-performing loans of the Bank and subsidiaries were as follows:

	December 31, 2025	December 31, 2024
Non-performing loans	<u>\$ 21,137,250</u>	<u>18,642,140</u>

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Suspended interest on non-accrual loans of the Bank and subsidiaries were as follows:

	For the years ended December 31	
	2025	2024
Suspended interest on non-accrual loans	\$ 339,395	316,743

For the years ended December 31, 2025 and 2024, there were no loans written off without recourse.

Please refer to Note 8 for information with regard to the restrictions on the loans shown above.

Please refer to Note 6(j) for changes in allowance for credit losses of loans listed above.

Please refer to Note 6(ap) for credit risk and market risk information listed above.

(j) Allowance for credit losses

The changes in allowance for credit losses, attributed to receivables, loans, other financial assets, and financing guarantee etc., were as follows:

(i) Receivables

	For the year ended December 31, 2025							Additional provision of impairment in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)	Additional provision of impairment in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"		
Beginning balance	\$ 652,525	166,559	45,027	1,584,194	162	2,448,467	483,158	2,931,625	
Changes in financial instruments that have been identified at the beginning of the period:									
– Transfer to lifetime ECL	(10,648)	12,102	124	(1,578)	-	-	-	-	
– Transfer to the credit-impaired financial assets	(59,521)	(92,245)	(168)	151,934	-	-	-	-	
– Transfer to 12-month ECL	79,387	(54,364)	-	(25,023)	-	-	-	-	
– The financial assets that have been derecognized	(57,991)	(14,483)	-	(79,975)	(129)	(152,578)	-	(152,578)	
New financial assets originated or purchased	148,707	25,195	1	20,197	145	194,245	-	194,245	
Additional provision of impairment in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	-	-	(112,545)	(112,545)	
Write-offs	-	-	-	(1,409,206)	-	(1,409,206)	-	(1,409,206)	
Recoveries of amounts previously written off	-	-	-	895,860	-	895,860	-	895,860	
Foreign exchange and other movement	(41,258)	91,509	(8,173)	339,813	(30)	381,861	-	381,861	
Ending balance	\$ 711,201	134,273	36,811	1,476,216	148	2,358,649	370,613	2,729,262	

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For the year ended December 31, 2024

	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit- impaired financial assets)	Lifetime ECL (Purchased or originated credit- impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)	Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Beginning balance	\$ 738,537	170,504	36,430	1,312,260	169,056	2,426,787	254,639	2,681,426
Changes in financial instruments that have been identified at the beginning of the period:								
– Transfer to lifetime ECL	(13,862)	15,373	-	(1,511)	-	-	-	-
– Transfer to the credit-impaired financial assets	(83,578)	(118,810)	-	202,388	-	-	-	-
– Transfer to 12-month ECL	42,931	(33,788)	(2)	(9,141)	-	-	-	-
– The financial assets that have been derecognized	(60,225)	(14,674)	(7)	(38,236)	(26)	(113,168)	-	(113,168)
New financial assets originated or purchased	140,684	27,703	-	28,877	153	197,417	-	197,417
Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	-	-	228,519	228,519
Write-offs	-	-	-	(1,691,545)	-	(1,691,545)	-	(1,691,545)
Recoveries of amounts previously written off	-	-	-	901,068	-	901,068	-	901,068
Foreign exchange and other movement	(111,962)	120,251	8,606	880,034	(169,021)	727,908	-	727,908
Ending balance	<u>\$ 652,525</u>	<u>166,559</u>	<u>45,027</u>	<u>1,584,194</u>	<u>162</u>	<u>2,448,467</u>	<u>483,158</u>	<u>2,931,625</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Loans

For the year ended December 31, 2025								
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit- impaired financial assets)	Lifetime ECL (Purchased or originated credit- impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)	Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Beginning balance	\$ 14,752,080	4,206,724	545,682	16,801,310	111,263	36,417,059	25,239,610	61,656,669
Changes in financial instruments that have been identified at the beginning of the period:								
– Transfer to lifetime ECL	(1,375,142)	1,758,165	57,570	(440,593)	-	-	-	-
– Transfer to the credit-impaired financial assets	(374,436)	(889,392)	(79,252)	1,343,080	-	-	-	-
– Transfer to 12-month ECL	2,011,338	(1,548,733)	-	(462,605)	-	-	-	-
– The financial assets that have been derecognized	(2,543,518)	(632,157)	-	(1,538,277)	(91,403)	(4,805,355)	-	(4,805,355)
New financial assets originated or purchased	3,256,161	590,631	4,112	1,151,880	85,940	5,088,724	-	5,088,724
Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	-	-	4,755,974	4,755,974
Write-offs	(44,482)	-	-	(7,568,490)	(982)	(7,613,954)	-	(7,613,954)
Recoveries of amounts previously written off	113	-	-	2,212,131	-	2,212,244	-	2,212,244
Foreign exchange and other movement	(3,197,595)	1,032,852	300,795	6,698,569	9,758	4,844,379	-	4,844,379
Ending balance	<u>\$ 12,484,519</u>	<u>4,518,090</u>	<u>828,907</u>	<u>18,197,005</u>	<u>114,576</u>	<u>36,143,097</u>	<u>29,995,584</u>	<u>66,138,681</u>
For the year ended December 31, 2024								
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit- impaired financial assets)	Lifetime ECL (Purchased or originated credit- impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)	Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Beginning balance	\$ 15,576,592	3,690,127	664,576	14,040,144	58,140	34,029,579	22,490,634	56,520,213
Changes in financial instruments that have been identified at the beginning of the period:								
– Transfer to lifetime ECL	(418,848)	2,054,449	1,353	(1,636,954)	-	-	-	-
– Transfer to the credit-impaired financial assets	(505,014)	(1,653,453)	(6,746)	2,165,211	2	-	-	-
– Transfer to 12-month ECL	1,373,693	(958,909)	(16,633)	(398,151)	-	-	-	-
– The financial assets that have been derecognized	(3,388,064)	(921,110)	(177,796)	(2,594,301)	(15,518)	(7,096,789)	-	(7,096,789)
New financial assets originated or purchased	4,439,188	559,052	-	3,639,201	96,567	8,734,008	-	8,734,008
Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	-	-	2,748,976	2,748,976
Write-offs	(14,422)	-	-	(7,837,564)	(27,638)	(7,879,624)	-	(7,879,624)
Recoveries of amounts previously written off	99	-	-	2,205,494	-	2,205,593	-	2,205,593
Foreign exchange and other movement	(2,311,144)	1,436,568	80,928	7,218,230	(290)	6,424,292	-	6,424,292
Ending balance	<u>\$ 14,752,080</u>	<u>4,206,724</u>	<u>545,682</u>	<u>16,801,310</u>	<u>111,263</u>	<u>36,417,059</u>	<u>25,239,610</u>	<u>61,656,669</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Short term advances, non-accrual loans and others

For the year ended December 31, 2025								
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit- impaired financial assets)	Lifetime ECL (Purchased or originated credit- impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)	Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Beginning balance	\$ 19,482	39,739	-	305,766	-	364,987	-	364,987
Changes in financial instruments that have been identified at the beginning of the period:								
– Transfer to lifetime ECL	(201)	1,499	-	(1,298)	-	-	-	-
– Transfer to the credit-impaired financial assets	(6)	(39,348)	-	39,354	-	-	-	-
– Transfer to 12-month ECL	2,290	(102)	-	(2,188)	-	-	-	-
– The financial assets that have been derecognized	(16,133)	(654)	-	(41,350)	-	(58,137)	-	(58,137)
New financial assets originated or purchased	12,167	574	-	46,184	-	58,925	-	58,925
Write-offs	-	-	-	(180,049)	-	(180,049)	-	(180,049)
Recoveries of amounts previously written off	-	-	-	4,402	-	4,402	-	4,402
Foreign exchange and other movement	1,084	(493)	-	264,023	-	264,614	-	264,614
Ending balance	<u>\$ 18,683</u>	<u>1,215</u>	<u>-</u>	<u>434,844</u>	<u>-</u>	<u>454,742</u>	<u>-</u>	<u>454,742</u>
For the year ended December 31, 2024								
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit- impaired financial assets)	Lifetime ECL (Purchased or originated credit- impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)	Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Beginning balance	\$ 28,100	430	-	266,181	-	294,711	1,549	296,260
Changes in financial instruments that have been identified at the beginning of the period:								
– Transfer to lifetime ECL	(333)	736	-	(403)	-	-	-	-
– Transfer to the credit-impaired financial assets	(1)	(85)	-	86	-	-	-	-
– Transfer to 12-month ECL	3,531	(441)	-	(3,090)	-	-	-	-
– The financial assets that have been derecognized	(38,155)	(205)	-	(130,485)	-	(168,845)	-	(168,845)
New financial assets originated or purchased	38,790	37,677	-	88,202	-	164,669	-	164,669
Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	-	-	(1,549)	(1,549)
Write-offs	(74)	-	-	(169,935)	-	(170,009)	-	(170,009)
Recoveries of amounts previously written off	-	-	-	1,115	-	1,115	-	1,115
Foreign exchange and other movement	(12,376)	1,627	-	254,095	-	243,346	-	243,346
Ending balance	<u>\$ 19,482</u>	<u>39,739</u>	<u>-</u>	<u>305,766</u>	<u>-</u>	<u>364,987</u>	<u>-</u>	<u>364,987</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Financing commitment and guarantee reserve

For the year ended December 31, 2025								
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit- impaired financial assets)	Lifetime ECL (Purchased or originated credit- impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)	Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Beginning balance	\$ 312,758	52,735	-	19,181	1,475	386,149	645,838	1,031,987
Changes in financial instruments that have been identified at the beginning of the period:								
– Transfer to lifetime ECL	(1,438)	3,382	26	(1,970)	-	-	-	-
– Transfer to the credit-impaired financial assets	(2,526)	(12,268)	-	14,794	-	-	-	-
– Transfer to 12-month ECL	5,050	(4,349)	-	(701)	-	-	-	-
– The financial assets that have been derecognized	(78,107)	(21,673)	-	(62,391)	(34)	(162,205)	-	(162,205)
New financial assets originated or purchased	147,516	2,114	18,484	27,979	718	196,811	-	196,811
Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	-	-	23,605	23,605
Write-offs	-	-	-	(44)	-	(44)	-	(44)
Recoveries of amounts previously written off	-	-	-	25	-	25	-	25
Foreign exchange and other movement	(34,952)	(2,127)	551	24,622	(745)	(12,651)	-	(12,651)
Ending balance	<u>\$ 348,301</u>	<u>17,814</u>	<u>19,061</u>	<u>21,495</u>	<u>1,414</u>	<u>408,085</u>	<u>669,443</u>	<u>1,077,528</u>
For the year ended December 31, 2024								
	12-month ECL	Lifetime ECL (Collectively assessed)	Lifetime ECL (Individually assessed)	Lifetime ECL (Not purchased or originated credit- impaired financial assets)	Lifetime ECL (Purchased or originated credit- impaired financial assets)	The provision of impairment in accordance with IFRS 9 (Total)	Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Beginning balance	\$ 451,427	25,901	39	86,802	9,450	573,619	697,006	1,270,625
Changes in financial instruments that have been identified at the beginning of the period:								
– Transfer to lifetime ECL	(2,829)	3,694	-	(865)	-	-	-	-
– Transfer to the credit-impaired financial assets	(2,915)	(1,791)	-	4,706	-	-	-	-
– Transfer to 12-month ECL	17,957	(17,170)	-	(787)	-	-	-	-
– The financial assets that have been derecognized	(116,465)	(3,131)	-	(540)	(8,100)	(128,236)	-	(128,236)
New financial assets originated or purchased	112,562	33,539	-	341	35	146,477	-	146,477
Additional provision of impairment in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	-	-	(51,168)	(51,168)
Write-offs	-	-	-	(332)	-	(332)	-	(332)
Recoveries of amounts previously written off	-	-	-	4,142	-	4,142	-	4,142
Foreign exchange and other movement	(146,979)	11,693	(39)	(74,286)	90	(209,521)	-	(209,521)
Ending balance	<u>\$ 312,758</u>	<u>52,735</u>	<u>-</u>	<u>19,181</u>	<u>1,475</u>	<u>386,149</u>	<u>645,838</u>	<u>1,031,987</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Investment under equity method—net

December 31, 2025				
Cost of Investment				
	(thousand dollar)	%	Book value	
<u>Associates:</u>				
Grand Bills Finance Corporation	NTD 1,010,880	21.15	\$	2,026,645
AZ-Star Co., Ltd.	JPY 12,000	40.00		25,093
AZ-Star 3 Investment Limited Partnership	JPY 2,066,407	23.56		108,391
<u>Joint venture:</u>				
Xiamen Jinmeixin Consumer Finance Co., Ltd.	RMB 170,000	34.00		<u>1,248,752</u>
Total			\$	<u>3,408,881</u>

December 31, 2024				
Cost of Investment				
	(thousand dollar)	%	Book value	
<u>Associates:</u>				
Grand Bills Finance Corporation	NTD 1,010,880	21.15	\$	1,818,063
AZ-Star Co., Ltd.	JPY 12,000	40.00		21,318
AZ-Star 3 Investment Limited Partnership	JPY 2,066,407	23.56		424,788
<u>Joint venture:</u>				
Xiamen Jinmeixin Consumer Finance Co., Ltd.	RMB 170,000	34.00		<u>1,239,467</u>
Total			\$	<u>3,503,636</u>

For the years ended December 31, 2025 and 2024, the amounts of profit and loss from associates recognized under equity-method investments were as below:

	For the years ended December 31	
	2025	2024
Associates	\$ 213,633	3,216
Joint venture	<u>3,555</u>	<u>31,436</u>
Total	<u>\$ 217,188</u>	<u>34,652</u>

(i) Information of insignificant associates:

The following was the collected prorated financial information of the associates that were individually insignificant to the Bank and subsidiaries. The financial information was derived from the consolidated financial reports.

	For the years ended December 31	
	2025	2024
Net income (loss) from continuing operations	\$ 213,633	3,216
Other comprehensive income (loss)	<u>162,734</u>	<u>(82,303)</u>
Comprehensive income (loss)	<u>\$ 376,367</u>	<u>(79,087)</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Joint venture

Xiamen Jinmeixin Consumer Finance Co., Ltd. was jointly invested by the Bank, GOME Holdings Group Co., Ltd. and Xiamen Jin Yuan Financial Holding Co., Ltd. The investment was joint ventures accounted for using equity method.

The amounts of the investments in individually insignificant joint venture accounted for using equity method by the Bank and subsidiaries were shown below:

	For the years ended December 31	
	2025	2024
Net income (loss) from continuing operations	\$ <u>3,555</u>	<u>31,436</u>

(l) Subsidiary with material non-controlling interests

The non-controlling interests of the subsidiaries that are material to the Bank and subsidiaries were as follows:

Name of Subsidiaries	Main Operating Location/Registered Country of the Company	Proportion of ownership interests and voting rights of non-controlling interests	
		December 31, 2025	December 31, 2024
LH Financial Group Public Company Limited	Thailand	53.39 %	53.39 %

The summarized financial information of LH Financial Group Public Company Limited was as follows. The financial information was prepared in accordance with the IFRS Accounting Standards accepted by FSC and has reflected the adjustment of fair value and the difference of accounting policies made by the Bank and subsidiaries on the acquisition date. Such financial information was the amount without writing off the transaction between the Bank and subsidiaries:

Total assets	\$ 410,240,058	<u>344,173,842</u>
Total liabilities	(355,038,092)	<u>(294,989,516)</u>
Net assets	<u>\$ 55,201,966</u>	<u>49,184,326</u>
Book value of non-controlling interests	<u>\$ 29,473,986</u>	<u>26,260,987</u>
	For the years ended December 31	
	2025	2024
Net revenue	\$ <u>9,201,761</u>	<u>7,355,244</u>
Net income (loss)	\$ 3,163,459	2,462,443
Other comprehensive income (loss)	1,940,171	1,162,118
Total comprehensive income (loss)	<u>\$ 5,103,630</u>	<u>3,624,561</u>
Net income (loss) attributable to non-controlling interests	<u>\$ 1,689,066</u>	<u>1,314,783</u>
Comprehensive income (loss) attributable to non-controlling interests	<u>\$ 2,724,982</u>	<u>1,935,273</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Other financial assets – net

	December 31, 2025	December 31, 2024
Short term advances	\$ 1,632,817	1,106,938
Less: Allowance for credit losses—short-term advances	(96,305)	(97,322)
Deposits pledged	758,621	662,467
Non-accrual loans transferred from non-loan financial assets	682,763	800,886
Less: Allowance for credit losses—non-accrual loans transferred from non-loan financial assets	(270,942)	(193,107)
Others	<u>17,906</u>	<u>191,853</u>
Total	<u><u>\$ 2,724,860</u></u>	<u><u>2,471,715</u></u>

Please refer to Note 6(j) for information with regard to the changes of short-term advances and allowance for credit losses of non-accrual loans transferred from non-loan financial assets shown above.

Please refer to Note 8 for information with regard to the restrictions on the other financial assets shown above.

(n) Investment property – net

December 31, 2025				
Asset	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land	\$ 3,985,959	-	14,271	3,971,688
Buildings	<u>1,417,076</u>	<u>688,763</u>	<u>4,904</u>	<u>723,409</u>
Total	<u><u>\$ 5,403,035</u></u>	<u><u>688,763</u></u>	<u><u>19,175</u></u>	<u><u>4,695,097</u></u>
Fair value				<u><u>\$ 7,260,044</u></u>

December 31, 2024				
Asset	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land	\$ 4,007,657	-	15,106	3,992,551
Buildings	<u>1,434,058</u>	<u>664,794</u>	<u>6,316</u>	<u>762,948</u>
Total	<u><u>\$ 5,441,715</u></u>	<u><u>664,794</u></u>	<u><u>21,422</u></u>	<u><u>4,755,499</u></u>
Fair value				<u><u>\$ 7,244,127</u></u>

Changes in the cost were as follows:

	January 1, 2025	Current increase	Current decrease	Others	December 31, 2025
Land	\$ 4,007,657	8,313	30,011	-	3,985,959
Buildings	<u>1,434,058</u>	<u>13,212</u>	<u>30,194</u>	-	<u>1,417,076</u>
Total	<u><u>\$ 5,441,715</u></u>	<u><u>21,525</u></u>	<u><u>60,205</u></u>	<u><u>-</u></u>	<u><u>5,403,035</u></u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>January 1, 2024</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others</u>	<u>December 31, 2024</u>
Land	\$ 4,007,661	284,250	284,254	-	4,007,657
Buildings	1,427,530	104,307	97,779	-	1,434,058
Total	<u>\$ 5,435,191</u>	<u>388,557</u>	<u>382,033</u>	<u>-</u>	<u>5,441,715</u>

Changes in accumulated depreciation were as follows:

	<u>January 1, 2025</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others</u>	<u>December 31, 2025</u>
Buildings	\$ <u>664,794</u>	<u>37,081</u>	<u>13,112</u>	<u>-</u>	<u>688,763</u>

	<u>January 1, 2024</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others</u>	<u>December 31, 2024</u>
Buildings	\$ <u>622,416</u>	<u>88,598</u>	<u>46,220</u>	<u>-</u>	<u>664,794</u>

Changes in accumulated impairment were as follows:

	<u>January 1, 2025</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others</u>	<u>December 31, 2025</u>
Land	\$ 15,106	-	835	-	14,271
Buildings	6,316	-	1,412	-	4,904
Total	<u>\$ 21,422</u>	<u>-</u>	<u>2,247</u>	<u>-</u>	<u>19,175</u>

	<u>January 1, 2024</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others</u>	<u>December 31, 2024</u>
Land	\$ 31,627	-	16,521	-	15,106
Buildings	7,591	-	1,275	-	6,316
Total	<u>\$ 39,218</u>	<u>-</u>	<u>17,796</u>	<u>-</u>	<u>21,422</u>

Useful lives of Investment property is as follows:

Buildings 21~56 years

The fair value of investment property is based on a valuation by an independent appraiser who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The value of investment properties is estimated through application of market value method.

The Bank and subsidiaries recognized provision for and reversal of impairment losses due to the disposal and changes in market environment.

The Bank and subsidiaries have no pledged investment properties.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Premises and equipment – net

<u>December 31, 2025</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net</u>
Land	\$ 13,619,414	-	41,383	13,578,031
Buildings	33,930,490	12,925,693	23,493	20,981,304
Transportation equipment	78,892	47,875	-	31,017
Miscellaneous equipment	12,436,576	7,236,667	326	5,199,583
Construction in progress	735,890	-	-	735,890
Prepayment for equipment	274,355	-	-	274,355
Prepayment for land and buildings	347,513	-	-	347,513
Total	<u>\$ 61,423,130</u>	<u>20,210,235</u>	<u>65,202</u>	<u>41,147,693</u>
<u>December 31, 2024</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net</u>
Land	\$ 13,630,905	-	41,383	13,589,522
Buildings	33,754,520	12,068,673	23,493	21,662,354
Transportation equipment	83,129	48,716	1	34,412
Miscellaneous equipment	11,648,123	6,702,284	341	4,945,498
Construction in progress	583,182	-	-	583,182
Prepayment for equipment	87,358	-	-	87,358
Total	<u>\$ 59,787,217</u>	<u>18,819,673</u>	<u>65,218</u>	<u>40,902,326</u>

Changes in the cost were as follows:

	<u>January 1, 2025</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others (exchange difference)</u>	<u>December 31, 2025</u>
Land	\$ 13,630,905	-	8,313	(3,178)	13,619,414
Buildings	33,754,520	538,870	271,819	(91,081)	33,930,490
Transportation equipment	83,129	14,646	15,317	(3,566)	78,892
Miscellaneous equipment	11,648,123	1,648,614	797,587	(62,574)	12,436,576
Construction in progress	583,182	626,784	471,888	(2,188)	735,890
Prepayment for equipment	87,358	524,993	335,860	(2,136)	274,355
Prepayment for land and buildings	-	347,513	-	-	347,513
Total	<u>\$ 59,787,217</u>	<u>3,701,420</u>	<u>1,900,784</u>	<u>(164,723)</u>	<u>61,423,130</u>
	<u>January 1, 2024</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others (exchange difference)</u>	<u>December 31, 2024</u>
Land	\$ 13,621,353	284,254	284,250	9,548	13,630,905
Buildings	33,258,144	677,740	303,603	122,239	33,754,520
Transportation equipment	82,299	13,276	14,728	2,282	83,129
Miscellaneous equipment	11,090,481	2,014,391	1,565,349	108,600	11,648,123
Construction in progress	442,123	569,455	429,212	816	583,182
Prepayment for equipment	298,286	344,610	555,825	287	87,358
Total	<u>\$ 58,792,686</u>	<u>3,903,726</u>	<u>3,152,967</u>	<u>243,772</u>	<u>59,787,217</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Changes in accumulated depreciation were as follows:

	January 1, 2025	Current increase	Current decrease	Others (exchange difference)	December 31, 2025
Buildings	\$ 12,068,673	1,182,438	251,324	(74,094)	12,925,693
Transportation equipment	48,716	13,181	11,988	(2,034)	47,875
Miscellaneous equipment	6,702,284	1,366,268	783,868	(48,017)	7,236,667
Total	<u>\$ 18,819,673</u>	<u>2,561,887</u>	<u>1,047,180</u>	<u>(124,145)</u>	<u>20,210,235</u>
	January 1, 2024	Current increase	Current decrease	Others (exchange difference)	December 31, 2024
Buildings	\$ 11,028,569	1,208,445	247,619	79,278	12,068,673
Transportation equipment	46,789	14,091	13,539	1,375	48,716
Miscellaneous equipment	6,742,831	1,426,540	1,546,785	79,698	6,702,284
Total	<u>\$ 17,818,189</u>	<u>2,649,076</u>	<u>1,807,943</u>	<u>160,351</u>	<u>18,819,673</u>

Changes in accumulated impairment were as follows:

	January 1, 2025	Current increase	Current decrease	Others (exchange difference)	December 31, 2025
Land	\$ 41,383	-	-	-	41,383
Buildings	23,493	-	-	-	23,493
Transportation equipment	1	-	1	-	-
Miscellaneous equipment	341	-	-	(15)	326
Total	<u>\$ 65,218</u>	<u>-</u>	<u>1</u>	<u>(15)</u>	<u>65,202</u>
	January 1, 2024	Current increase	Current decrease	Others (exchange difference)	December 31, 2024
Land	\$ 41,383	-	-	-	41,383
Buildings	23,493	-	-	-	23,493
Transportation equipment	1	-	-	-	1
Miscellaneous equipment	472	-	116	(15)	341
Total	<u>\$ 65,349</u>	<u>-</u>	<u>116</u>	<u>(15)</u>	<u>65,218</u>

Useful lives of premises and equipment are as follows:

Buildings	2~59 years
Transportation equipment	5~9 years
Miscellaneous equipment	1~25 years

The Bank and subsidiaries recognized provision for and reversal of impairment losses due to the disposal and changes in market environment.

The Bank and subsidiaries have no pledged premises and equipment.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Right-of-use assets

December 31, 2025	Cost	Accumulated depreciation	Accumulated impairment	Net
Superficies	\$ 10,281,479	1,858,515	-	8,422,964
Buildings	16,535,149	9,557,813	-	6,977,336
Transportation equipment	294,078	140,054	-	154,024
Miscellaneous equipment	1,137,510	501,210	-	636,300
Total	\$ 28,248,216	12,057,592	-	16,190,624

December 31, 2024	Cost	Accumulated depreciation	Accumulated impairment	Net
Superficies	\$ 10,281,479	1,581,377	-	8,700,102
Buildings	16,395,759	9,189,221	-	7,206,538
Transportation equipment	267,375	137,836	-	129,539
Miscellaneous equipment	1,159,934	358,330	-	801,604
Total	\$ 28,104,547	11,266,764	-	16,837,783

Changes in the cost were as follows:

	January 1, 2025	Current increase	Current decrease	Others (exchange difference)	December 31, 2025
Superficies	\$ 10,281,479	-	-	-	10,281,479
Buildings	16,395,759	2,540,910	2,094,693	(306,827)	16,535,149
Transportation equipment	267,375	99,136	74,193	1,760	294,078
Miscellaneous equipment	1,159,934	32,226	21,061	(33,589)	1,137,510
Total	\$ 28,104,547	2,672,272	2,189,947	(338,656)	28,248,216

	January 1, 2024	Current increase	Current decrease	Others (exchange difference)	December 31, 2024
Superficies	\$ 9,914,850	366,629	-	-	10,281,479
Buildings	15,666,687	1,855,869	1,325,067	198,270	16,395,759
Transportation equipment	232,842	73,773	47,164	7,924	267,375
Miscellaneous equipment	1,190,893	31,879	36,668	(26,170)	1,159,934
Total	\$ 27,005,272	2,328,150	1,408,899	180,024	28,104,547

Changes in accumulated depreciation were as follows:

	January 1, 2025	Current increase	Current decrease	Others (exchange difference)	December 31, 2025
Superficies	\$ 1,581,377	277,138	-	-	1,858,515
Buildings	9,189,221	2,577,722	2,016,024	(193,106)	9,557,813
Transportation equipment	137,836	70,646	69,272	844	140,054
Miscellaneous equipment	358,330	175,206	21,061	(11,265)	501,210
Total	\$ 11,266,764	3,100,712	2,106,357	(203,527)	12,057,592

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>January 1, 2024</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others (exchange difference)</u>	<u>December 31, 2024</u>
Superficies	\$ 1,304,961	276,416	-	-	1,581,377
Buildings	7,639,141	2,574,590	1,078,099	53,589	9,189,221
Transportation equipment	109,629	65,603	41,432	4,036	137,836
Miscellaneous equipment	225,035	173,497	36,533	(3,669)	358,330
Total	<u>\$ 9,278,766</u>	<u>3,090,106</u>	<u>1,156,064</u>	<u>53,956</u>	<u>11,266,764</u>

In May 2006, the Bank acquired the superficieses of lots 43, 43-1, 45 and 45-1 of Jingmao Section, Nankang, Taipei, from Taiwan Fertilizer Co., Ltd. for 50 years through a public tender. The acquisition cost amounted to \$3,364,140 thousand (including business tax and other related expenses of the superficieses). The rental is determined annually at the rate of 8% of the government assessed present value. Please refer to Note 8 for information on performance guarantee deposits.

(q) Intangible assets – net

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Goodwill	\$ 10,400,034	10,385,891
Computer software	7,033,118	6,696,566
Business rights	13,779,247	13,779,247
Others	81,189	78,631
Total	<u>\$ 31,293,588</u>	<u>30,940,335</u>

Goodwill of the Bank and subsidiaries was acquired from business combination.

The Bank merged LH Financial Group Public Company Limited and acquired business right, which was generated via obtaining the right of management in bank business regarding to its branches' channel. There are potential economic benefits arising from the business right, wherein the economic benefits were recognized in fair value on the acquisition date.

Changes in intangible assets were as follows:

	<u>January 1, 2025</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others (exchange difference)</u>	<u>December 31, 2025</u>
Goodwill	\$ 10,385,891	14,713	-	(570)	10,400,034
Computer software	6,696,566	2,646,506	2,244,614	(65,340)	7,033,118
Business rights	13,779,247	-	-	-	13,779,247
Others	78,631	-	697	3,255	81,189
Total	<u>\$ 30,940,335</u>	<u>2,661,219</u>	<u>2,245,311</u>	<u>(62,655)</u>	<u>31,293,588</u>

	<u>January 1, 2024</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Others (exchange difference)</u>	<u>December 31, 2024</u>
Goodwill	\$ 10,385,891	-	-	-	10,385,891
Computer software	6,053,896	2,645,734	1,997,269	(5,795)	6,696,566
Business rights	13,779,247	-	-	-	13,779,247
Others	75,019	-	1,257	4,869	78,631
Total	<u>\$ 30,294,053</u>	<u>2,645,734</u>	<u>1,998,526</u>	<u>(926)</u>	<u>30,940,335</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Useful lives of intangible assets are as follows:

Computer software	1~15 years
Others	10 years
(r) Other assets – net	

	December 31, 2025	December 31, 2024
Prepayments	\$ 14,152,495	13,319,832
Foreclosed properties received – net	7,957,441	8,477,444
Temporary payments	196,397	410,126
Refundable deposits – net	21,881,238	21,380,695
Cash surrender value of life insurance	2,935,509	2,963,808
Others	1,502,161	1,616,920
Total	<u>\$ 48,625,241</u>	<u>48,168,825</u>

(s) Deposits from Central Bank and other banks

	December 31, 2025	December 31, 2024
Deposits from Central Bank	\$ 166,030	195,560
Deposits from other banks	29,299,547	32,308,817
Deposits from post offices	63,441	99,673
Overdraft against other banks	858,490	1,319,277
Due to other banks	94,605,538	87,124,027
Total	<u>\$ 124,993,046</u>	<u>121,047,354</u>

(t) Due to Central Bank and other banks

	December 31, 2025	December 31, 2024
Financing from Central Bank-Others	\$ -	582,160
Financing from Central Bank	9,117,869	8,500,567
Financing from other banks	3,458,275	5,593,424
Total	<u>\$ 12,576,144</u>	<u>14,676,151</u>

Financing from Central Bank-Others:

CTBC Bank Co., Ltd.

	December 31, 2025	December 31, 2024
Borrowings (INR in thousands)	\$ -	1,520,000
Interest rate	-	6.52%
Maturity date		01/01/2025
Interest payment		at the maturity date

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Financing from Central Bank:

(i) The Tokyo Star Bank, Ltd.

	December 31, 2025	December 31, 2024
Borrowings (JPY in thousands)	\$ 5,400,000	3,300,000
Interest rate	0.75%	0.25%
Maturity date	01/07/2026	01/08/2025
Interest payment	at the maturity date	at the maturity date

(ii) LH Financial Group Public Company Limited

	December 31, 2025	December 31, 2024
Borrowings (THB in thousands)	\$ 8,057,722	8,158,722
Interest rate	0.01%	0.01%
Maturity date	06/23/2028	06/23/2028
Interest payment	at the maturity date	at the maturity date

Financing from other banks:

LH Financial Group Public Company Limited

	December 31, 2025	December 31, 2024
Inter bank borrowings (THB in thousands)	\$ 3,468,681	5,844,748
Interest rate	0.01~1.40%	0.01~2.67%
Maturity date	08/09/2027	12/21/2026

(u) Securities sold under repurchase agreements

<u>Assets</u>	December 31, 2025			
	Par value	Selling price (Note)	Designated repurchase amount	Designated repurchase date
Financial assets measured at fair value through profit or loss	\$ 1,100,000	1,098,375	1,099,063	Before January 16, 2026
Financial assets measured at fair value through other comprehensive income	83,523,450	78,466,743	78,658,199	Before January 20, 2026
Investment in debt instruments at amortized cost	108,333,137	104,120,381	104,314,128	Before January 29, 2026
Total	<u>\$ 192,956,587</u>	<u>183,685,499</u>	<u>184,071,390</u>	

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2024				
Assets	Par value	Selling price (Note)	Designated repurchase amount	Designated repurchase date
Financial assets measured at fair value through profit or loss	\$ 14,015,931	13,999,223	14,008,627	Before March 06, 2025
Financial assets measured at fair value through other comprehensive income	64,300,077	61,212,278	61,385,377	Before February 06, 2025
Investment in debt instruments at amortized cost	169,981,742	141,362,431	141,996,884	Before February 14, 2025
Total	<u>\$ 248,297,750</u>	<u>216,573,932</u>	<u>217,390,888</u>	

Note: Recognized under securities sold under repurchase agreements.

(v) Payables

	December 31, 2025	December 31, 2024
Accounts payable	\$ 8,904,091	8,083,577
Accounts payable factoring	6,761,797	7,813,052
Accrued expenses	31,114,707	25,335,210
Interest payable	18,583,373	20,702,185
Acceptances payable	12,496,441	11,307,465
Collection payable	7,566,859	6,988,720
Miscellaneous lottery accounts payable	850,165	848,379
Financial transaction payable	2,780,172	5,867,495
Other payables	10,806,575	11,454,799
Total	<u>\$ 99,864,180</u>	<u>98,400,882</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Deposits and remittances

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
NTD deposits		
Checking accounts	\$ <u>13,054,702</u>	<u>13,570,790</u>
Demand deposits		
Demand deposits	486,345,381	433,433,754
Demand savings deposits	1,421,944,607	1,323,756,057
Public treasury deposits	<u>26,920,967</u>	<u>16,631,710</u>
Subtotal of demand deposits	<u>1,935,210,955</u>	<u>1,773,821,521</u>
Time deposits		
Time deposits	457,738,930	455,694,736
Time savings deposits	786,071,953	723,899,716
Negotiable certificates of deposits	2,235,800	344,200
Public treasury deposits	37,345,000	41,839,521
Others	<u>11,714,500</u>	<u>11,529,500</u>
Subtotal of time deposits	<u>1,295,106,183</u>	<u>1,233,307,673</u>
Subtotal of NTD deposits	<u>3,243,371,840</u>	<u>3,020,699,984</u>
Foreign currency deposits	2,435,567,555	2,309,036,256
Stored value cards	165	165
Remittances under custody	100,225	60,338
Remittances outstanding	<u>1,712,467</u>	<u>1,506,166</u>
Total	<u>\$ 5,680,752,252</u>	<u>5,331,302,909</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Financial debentures

Bonds	December 31, 2025	December 31, 2024
2014-1	\$ 20,000,000	20,000,000
2014-2	13,500,000	13,500,000
2015-2	12,000,000	12,000,000
2015-3	-	300,000
2020-1	-	1,000,000
2021-2	1,000,000	1,000,000
2025-21	8,050,000	-
2025-60	21,950,000	-
LHFG26DA	1,196,400	1,148,400
LHFG27DA	2,492,500	2,392,500
LHFG29DA	1,360,905	1,306,305
LHBANK315A	2,392,800	2,296,800
JP357880ARQ8	823,280	-
Unamortized discount	(162,132)	(242,548)
Total	\$ 84,603,753	54,701,457

Bonds	Terms of transactions			Bond issued Type
	Issue date	Maturity date	Interest rate	
2014-1	06/18/2014	N/A	A=3.70%, B=4.00%	Perpetual non accumulated subordinated financial debentures
2014-2	06/26/2014	06/26/2029	A=2.00%	Unsecured subordinated financial debentures
2015-2	06/10/2015	N/A	3.60%	Perpetual non accumulated subordinated financial debentures
2015-3	06/18/2015	06/18/2025	B=2.00%, C=2.05%	Unsecured subordinated financial debentures
2020-1	11/06/2020	11/06/2025	0.43%	Unsecured subordinated financial debentures
2021-2	05/18/2021	05/18/2026	0.43%	Unsecured subordinated financial debentures
2025-21	06/05/2025	A:06/05/2035, B:N/A	A=2.30%, B=3.45%	A:Unsecured subordinated financial debentures, B:Perpetual non accumulated subordinated financial debentures
2025-60	09/23/2025	A:09/23/2032, B:09/23/2040, C:N/A	A=2.25%, B=2.60%, C=4.50%	A and B:Unsecured subordinated financial debentures, C:Perpetual non accumulated subordinated financial debentures
LHFG26DA	12/04/2024	12/04/2026	2.61%	Unsecured subordinated financial debentures
LHFG27DA	12/04/2024	12/03/2027	2.70%	Unsecured subordinated financial debentures
LHFG29DA	12/04/2024	12/04/2029	3.20%	Unsecured subordinated financial debentures
LHBANK315A	05/21/2021	05/21/2031	3.75%	Unsecured subordinated financial debentures
JP357880ARQ8	12/17/2025	12/15/2028	1.79%	Unsecured subordinated financial debentures

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Commercial paper payable-net

The information of commercial papers payable issued by the Bank and subsidiaries was as below:

	December 31, 2025	December 31, 2024
Commercial papers payable	\$ 5,583,200	5,158,230
Less: Discount on commercial papers payable	<u>(17,037)</u>	<u>(22,479)</u>
Total	<u>\$ 5,566,163</u>	<u>5,135,751</u>
Rate range	1.50~2.27%	2.41~2.80%
Duration	07/03/2025 ~ 06/08/2026	07/02/2024 ~ 06/16/2025

(z) Other financial liabilities

	December 31, 2025	December 31, 2024
Principal received from structured products	\$ 70,981,027	64,784,689
Guarantee deposit received-securities lending transaction	9,589,749	1,987,252
Others	<u>17,723</u>	<u>13,859</u>
Total	<u>\$ 80,588,499</u>	<u>66,785,800</u>

(aa) Provisions

	December 31, 2025	December 31, 2024
Settlement compensation provision	\$ 146,767	118,598
Employee benefits provision	2,522,725	2,394,721
Guarantee reserve	801,317	716,690
Financing commitment provision	276,211	315,297
Other provisions	<u>452,258</u>	<u>440,140</u>
Total	<u>\$ 4,199,278</u>	<u>3,985,446</u>

(ab) Other liabilities

	December 31, 2025	December 31, 2024
Amount received in advance	\$ 1,276,630	1,137,989
Payable in custody	681,224	371,581
Deferred income	2,931,309	2,576,318
Guarantee deposits received	15,245,076	16,759,946
Temporary receipt	4,581,892	2,631,748
Others	<u>70,329</u>	<u>249,944</u>
Total	<u>\$ 24,786,460</u>	<u>23,727,526</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ac) Lease liabilities

	<u>Summary</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Superficies	Superficies	\$ 6,996,518	7,123,413
Buildings	Leased Buildings	7,383,791	7,649,663
Transportation equipment	Leased official cars	159,106	134,194
Miscellaneous equipment	Leased office equipment	<u>653,748</u>	<u>818,080</u>
Total		<u>\$ 15,193,163</u>	<u>15,725,350</u>

A few real estates include lease extension options to extend the lease while some of them are not reasonably assured that options will be exercised, so the measurement of lease liabilities did not reflect the terms.

Maturity analysis of lease liabilities (undiscounted) for the Bank and subsidiaries was as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Less than one year	\$ 3,080,794	2,938,763
Between one and five years	6,486,176	6,498,580
More than five years	<u>10,462,508</u>	<u>10,807,833</u>
Total	<u>\$ 20,029,478</u>	<u>20,245,176</u>

For the years ended December 31, 2025 and 2024, the total cash outflows of leases were \$4,176,352 thousand and \$3,738,380 thousand, respectively.

(ad) Employee benefits

(i) Defined contribution plan

The Bank's defined contribution plan follows the Labor Pension Act of the R.O.C. and makes monthly cash contributions to the employees' individual pension accounts at the Bureau of Labor Insurance at the rate of 6% of the employees' monthly salary. Under this plan, the Bank has no legal or constructive obligation to make other payments after the Bank makes the fixed amount of contribution to the Bureau of Labor Insurance.

For the years ended December 31, 2025 and 2024, the pension expense under defined contribution plan of the Bank and subsidiaries amounted to \$1,042,485 thousand and \$902,892 thousand, respectively, and were contributed to the Bureau of Labor Insurance or labor agencies designated by local authorities in the case of overseas units.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Employee benefits provision

Employee benefits provisions recognized by the Bank in the balance sheet were as follows:

	December 31, 2025	December 31, 2024
Defined benefits plan	\$ 790,189	802,058
Retiree deposits with favorable rates and other post-employment benefits	614,636	589,121
Total	<u>\$ 1,404,825</u>	<u>1,391,179</u>

1) Defined benefits plan

	December 31, 2025	December 31, 2024
Present value of defined benefits obligation	\$ 7,415,195	6,990,138
Fair value of plan assets	<u>(6,625,006)</u>	<u>(6,188,080)</u>
Net defined benefit liability	<u>\$ 790,189</u>	<u>802,058</u>

The Bank's defined benefits plan contributes to designated depository account with Bank of Taiwan. Payments of pension benefits to employees who are covered by the Labor Standards Act are calculated based on the employee's average monthly salary for the last 6 months prior to approved retirement and base point (b.p.) entitlement based on years of service.

a) Composition of plan assets

The Bank's labor pension fund contributed in compliance with Labor Standard Act is managed by Bureau of Labor Funds, Ministry of Labor. According to Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund with regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statement shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Please refer to the website of Bureau of Labor Funds, Ministry of Labor for information on labor pension fund assets utilization including earning rate and fund assets allocation.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Movements in present value of the defined benefits obligation

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

	For the years ended December 31	
	2025	2024
Defined benefits obligation at January 1	\$ 6,990,138	7,242,852
Current service costs and interest	139,727	141,143
Past service costs	606,823	-
Remeasurements of net defined benefit liability		
Actuarial gains and losses arising from changes in demographic assumptions	-	12,289
Actuarial gains and losses arising from changes in financial assumption	33,867	(71,472)
Actuarial gains and losses arising from experience adjustments	183,685	328,411
Benefits paid by the plan	<u>(539,045)</u>	<u>(663,085)</u>
Defined benefits obligation at December 31	<u>\$ 7,415,195</u>	<u>6,990,138</u>

c) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets for the Bank for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31	
	2025	2024
Fair value of plan assets at January 1	\$ 6,188,080	5,700,405
Interest income	87,260	66,284
Remeasurements of net defined benefit liability		
Return on plan assets (exclude current interest)	615,145	666,454
Contribution paid to defined benefit plans	273,566	418,022
Benefits paid by the plan	<u>(539,045)</u>	<u>(663,085)</u>
Fair value of plan assets at December 31	<u>\$ 6,625,006</u>	<u>6,188,080</u>

d) Expense recognized in profit or loss

The expenses recognized in profit or loss for the Bank for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31	
	2025	2024
Current service costs	\$ 43,966	59,733
Past service costs	606,823	-
Net interest of net defined benefit liability	<u>8,501</u>	<u>15,126</u>
Total	<u>\$ 659,290</u>	<u>74,859</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- e) Remeasurement of net defined benefit liability recognized in other comprehensive income

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

	For the years ended December 31	
	2025	2024
Cumulative amount at January 1	\$ (420,629)	(817,855)
Recognized during the period	<u>397,593</u>	<u>397,226</u>
Cumulative amount at December 31	<u>\$ (23,036)</u>	<u>(420,629)</u>

- f) Primary actuarial assumptions

The following were the primary actuarial assumptions at the reporting date:

	December 31, 2025	December 31, 2024
Discount rate	1.250 %	1.375 %
Increasing rate of future compensation levels	3.000 %	3.000 %

The Bank expected \$112,917 in contributions to be paid to defined benefit plans within a year after report date of 2025.

Weighted average duration base on defined benefits plan was 4 years.

- g) Sensitivity analysis

When adopted primary actuarial assumption changes, the effects of present value of defined benefits obligation as of December 31, 2025 and 2024 were as follows:

	The effects of present value of defined benefits obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2025		
Discount rate	\$ (72,492)	73,949
Increasing rate of future compensation levels	64,957	(63,998)
December 31, 2024		
Discount rate	\$ (70,076)	71,517
Increasing rate of future compensation levels	62,865	(61,910)

The sensitivity analysis above analyzing the effects of changes in single assumptions is based on other assumptions remain unchanged. In practice, changes in many assumptions may link together. Sensitivity analysis and net pension liability of balance sheet were calculated under the same approach.

The methodology for sensitivity analysis and assumptions adopted are the same as last year.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Retiree deposits with favorable rates and other post-employment benefits

The reconciliations between present value of the Bank's defined benefits obligation and fair value of plan assets were as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefits obligation	\$ 614,636	589,121
Fair value of plan assets	-	-
Net defined benefit liability	\$ 614,636	589,121

The Bank's obligation to grant retirees, including current employees retiring in the future, fixed-amount deposits with favorable rates is based on the Bank's Regulations for Subsidizing the Retiree Benefits.

a) Movements in present value of the defined benefits obligation

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

	For the years ended December 31	
	2025	2024
Defined benefits obligation at January 1	\$ 589,121	568,191
Current service costs and interest	27,285	25,883
Past service costs	24,225	25,385
Remeasurements of net defined benefit liability		
Actuarial gains and losses arising from changes in financial assumptions	2,480	(1,596)
Actuarial gains and losses arising from experience adjustments	6,262	5,137
Benefits paid by the plan	(34,737)	(33,879)
Defined benefits obligation at December 31	\$ 614,636	589,121

b) Expense recognized in profit or loss

The expense recognized in profit or loss for the Bank for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31	
	2025	2024
Past service costs	\$ 24,225	25,385
Current service costs	11,243	11,109
Net interest of net defined benefit liability	16,042	14,774
Total	\$ 51,510	51,268

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- c) Net remeasurement of defined benefit liability recognized in other comprehensive income

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

	For the years ended December 31	
	2025	2024
Cumulative amount at January 1	\$ (58,406)	(54,865)
Recognized during the period	(8,742)	(3,541)
Cumulative amount at December 31	\$ (67,148)	(58,406)

- d) Primary actuarial assumptions

	December 31, 2025		December 31, 2024	
	Favorable rates for employee deposits	Other post- employment benefits	Favorable rates for employee deposits	Other post- employment benefits
Discount rate	4.00 %	1.500%~1.625%	4.00 %	1.625%~1.750%
Expected rate of return on deposited fund	2.00 %	-	2.00 %	-
Withdrawal rate of retirement favorable deposit/utilization rate on subsidy for health examination and social networking	2.00 %	35%~65%	2.00 %	36%~66%
Probability of future changes in favorable rates deposits scheme	50.00 %	-	50.00 %	-

- e) Sensitivity analysis

When adopted primary actuarial assumption changes, the effects of present value of the benefits obligation as of December 31, 2025 and 2024 were as follows:

Favorable rates for employee deposits	The effects of present value of the benefits obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2025		
Discount rate	\$ (7,957)	8,311
Withdrawal rate of retirement favorable deposit	(8,454)	8,809
December 31, 2024		
Discount rate	(7,692)	8,038
Withdrawal rate of retirement favorable deposit	(8,172)	8,520

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
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Other post- employment benefits	The effects of present value of the benefits obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2025		
Discount rate	\$ (9,919)	10,485
December 31, 2024		
Discount rate	(9,576)	10,125

The sensitivity analysis above analyzing the effects of changes in single assumptions is based on other assumptions remain unchanged. In practice, changes in many assumptions may link together. Sensitivity analysis and net pension liability of balance sheet were calculated under the same approach.

The methodology for sensitivity analysis and assumptions adopted are the same as last year.

(iii) Defined benefits plan of overseas branches and subsidiaries

Defined benefits plan of overseas branches and subsidiaries recognized in consolidated balance sheets was as follows:

	December 31, 2025	December 31, 2024
Defined benefits plan	\$ 1,117,900	1,003,542

For the years ended December 31, 2025 and 2024, expenses recognized by overseas branches and subsidiaries in profit and loss amounted to \$283,301 thousand and \$327,080 thousand, respectively.

For the years ended December 31, 2025 and 2024, other comprehensive income recognized by overseas subsidiaries in actuarial profit and loss amounted to \$76,918 of loss and \$82,206 of loss, respectively.

(ae) Income tax

(i) Income tax

For the years ended December 31, 2025 and 2024, the income tax expenses (benefits) and related accounts were as follows:

	For the years ended December 31	
	2025	2024
Current income tax expenses (benefits)	\$ 12,460,405	11,661,376
Deferred income tax expenses (benefits)	(664,068)	423,490
Income tax expenses (benefits)	\$ 11,796,337	12,084,866

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024, the income tax expenses (benefits) recognized under other comprehensive income of the Bank and subsidiaries were as follows:

	For the years ended December 31	
	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement (gains) losses related to defined benefit plans	\$ 60,978	59,371
Proportionate share of other comprehensive (income) losses from associates or joint ventures under the equity method	107	67
Changes in designated as financial liabilities measured at fair value through profit or loss attributable to credit risk	(158,975)	(84,631)
Unrealized gains and losses from investment in equity instruments measured at fair value through other comprehensive income	259,084	59,214
Total	\$ 161,194	34,021
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences of overseas subsidiaries' financial reports translation	\$ (325,186)	172,463
Unrealized gains and losses from investment in debt instruments measured at fair value through other comprehensive income	(80,573)	171,477
Total	\$ (405,759)	343,940

The reconciliations of income tax expenses and net income before income tax of the Bank and subsidiaries were as follows:

	For the years ended December 31	
	2025	2024
Net income before income tax	\$ 70,787,517	62,827,469
Straight income tax	15,792,758	13,770,012
Effects of foreign and domestic tax rate spread	(126,287)	(204,071)
Tax-exempt income	(3,672,164)	(1,423,420)
Adjustments of prior year's income tax	155,310	(51,396)
Additional income tax on unappropriated earnings	2	-
Others	(171,890)	190,190
Investment tax credit	(191,714)	(180,816)
Effects of change in tax rate	10,322	(15,633)
Income tax expense	\$ 11,796,337	12,084,866

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

As of December 31, 2025 and 2024, the unrecognized deferred tax assets of the Bank and subsidiaries are as below:

	December 31, 2025	December 31, 2024
Tax effect of deductible temporary differences	\$ 678,228	985,839
The carryforward of unused tax losses	<u>655,867</u>	<u>524,357</u>
Total	<u><u>\$ 1,334,095</u></u>	<u><u>1,510,196</u></u>

Tax losses are calculated based on the provisions of local Income Tax Act of the Subsidiaries. The net losses are allowed, as assessed by local tax authorities, to offset taxable income over a period of five years. These losses are not recognized as deferred tax assets because it is not probable that the subsidiaries will have sufficient taxable income in the future to use the temporary difference.

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

<u>Year of loss</u>	<u>Unused tax losses</u>	<u>Expiry date</u>
2020	\$ 227,678	2025
2021	123,089	2026
2022	99,508	2027
2023	901,167	2028
2024	986,060	2029
2025	<u>941,832</u>	2030
	<u><u>\$ 3,279,334</u></u>	

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2025 and 2024 were as follows:

	For the year ended December 31, 2025				
	Beginning Balance	Recognize in profit and loss	Recognize in other comprehensive income	Others	Ending Balance
Proportion of gains and losses recognized from the investments in associates and joint ventures under equity method	\$ (2,683,646)	(501,498)	-	-	(3,185,144)
Changes in designated as financial liabilities measured at fair value through profit or loss attributable to credit risk	(297,584)	-	158,975	-	(138,609)
Unrealized gains and losses on foreign exchange and financial instruments	(29,444)	479,058	(442,075)	(21,804)	(14,265)
Allowance for credit losses	4,822,059	223,597	-	(49,124)	4,996,532
(Provision for) reversal of impairment losses on assets	24,515	166,327	-	6,795	197,637
Employee benefits liability	353,045	83,675	-	234	436,954
Settlement compensation provision	16,751	(396)	-	-	16,355
Guarantee reserve	72,847	17,347	-	(263)	89,931
Exchange differences of overseas subsidiaries' financial reports translation	2,237,173	-	325,186	-	2,562,359
Defined benefit plan actuarial gains and losses	115,830	(2,780)	(60,978)	(1,774)	50,298
Loss carryforward and others	1,862,481	183,599	263,564	(40,117)	2,269,527
Unrealized re-evaluation of financial debentures	(939,361)	(44,456)	-	-	(983,817)
Deferred fee income	614,278	59,595	-	(4,114)	669,759
Deferred tax assets (liabilities)-net	\$ 6,168,944	664,068	244,672	(110,167)	6,967,517
Information disclosed in balance sheet:					
Deferred tax assets	\$ 12,367,079				13,047,889
Deferred tax liabilities	(6,198,135)				(6,080,372)
Total	\$ 6,168,944				6,967,517

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the year ended December 31, 2024				Ending Balance
	Beginning Balance	Recognize in profit and loss	Recognize in other comprehensive income	Others	
Proportion of gains and losses recognized from the investments in associates and joint ventures under equity method	\$ (2,247,436)	(436,210)	-	-	(2,683,646)
Changes in designated as financial liabilities measured at fair value through profit or loss attributable to credit risk	(382,215)	-	84,631	-	(297,584)
Unrealized gains and losses on foreign exchange and financial instruments	441,455	(379,389)	(140,564)	49,054	(29,444)
Allowance for credit losses	4,367,593	391,293	-	63,173	4,822,059
(Provision for) reversal of impairment losses on assets	25,404	(255)	-	(634)	24,515
Employee benefits liability	386,460	(40,253)	-	6,838	353,045
Settlement compensation provision	16,751	-	-	-	16,751
Guarantee reserve	86,152	(21,813)	-	8,508	72,847
Exchange differences of overseas subsidiaries' financial reports translation	2,409,636	-	(172,463)	-	2,237,173
Defined benefit plan actuarial gains and losses	179,199	(4,648)	(59,371)	650	115,830
Loss carryforward and others	1,531,335	413,535	(90,127)	7,738	1,862,481
Unrealized re-evaluation of financial debentures	(568,130)	(371,231)	-	-	(939,361)
Deferred fee income	592,225	25,481	-	(3,428)	614,278
Deferred tax assets (liabilities)-net	\$ 6,838,429	(423,490)	(377,894)	131,899	6,168,944
Information disclosed in balance sheet:					
Deferred tax assets	\$ 12,033,553				12,367,079
Deferred tax liabilities	(5,195,124)				(6,198,135)
Total	\$ 6,838,429				6,168,944

(iii) Uncertainty over income tax treatments

For all the Bank's and subsidiaries' income tax return which have already returned but have not assessed, the Bank and subsidiaries evaluate some related factors, such as relevant interpretations letter and previous experience, and consider that it has already estimated income tax liabilities properly.

(iv) The Bank's income tax returns assessed and administrative remedies filed were as below:

The Bank has complied with collection authority to assess income tax return until the fiscal year of 2019.

Year	Recheck
2019	Income from overseas branches

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Year	Administrative appeals
2016	Other losses

(af) Equity

(i) Capital stock

As of December 31, 2025, the Bank's authorized capital was \$180,000,000 thousand, representing 18,000,000 thousand common shares with par value at NTD 10 per share, and paid in capital for common stock was \$171,284,526 thousand, with 17,128,453 thousand common shares issued.

On May 23, 2025, the Bank's Board of Directors, on behalf of shareholders' meeting, decided a capital increase of 1,326,801 thousand shares from retained earnings which amounted to \$13,268,014 thousand, with August 4, 2025 as its baseline for capital increase.

(ii) Capital surplus

The components and sources of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Additional paid-in capital-stock	\$ 29,894,908	29,816,623
Share based payment transactions-Equity settled	1,257,215	702,184
Others	15,107	15,107
Total	\$ 31,167,230	30,533,914

In compliance with the Company Act, capital surplus can only be used to offset a deficit when surplus reserve is not sufficient to offset losses or to be distributed by issuing new shares or by cash pursuant to a resolution to be adopted by a shareholders' meeting as required in Article 241, Paragraph 1 of the Company Act. Furthermore, according to Article 72-1, Paragraph 1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be used to increase capital shall not exceed 10% of total paid-in capital. The capital surplus arising from a capital increase can be capitalized only in the following fiscal year after being registered by the Bank with the competent authority for approval.

Equity-based share-based payment is to award the employees the Bank and subsidiaries who meet performance criteria with restricted rights to receive new shares issued by CTBC Financial Holdings, the parent company of the Bank and subsidiaries. The nature of transaction is the capital investment of the parent company to the Bank, and the salary expenses and capital surplus are recognized during the vesting period.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Special Reserve

The components of special reserve were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Deductions on other equity interests	\$ 13,599,990	18,713,225
Gain from bargain purchase transactions	10,633,805	10,633,805
Transfer of trading loss reserve to retained earnings	<u>205,586</u>	<u>205,586</u>
Total	<u>\$ 24,439,381</u>	<u>29,552,616</u>

In accordance with Jin Kuan Zheng Fa Zi No. 1090150022 and the “Q&A on the Application of Special Reserve Appropriation and Reversal after Adopting International Financial Reporting Standards (IFRSs Accounting Standards),” special reserves appropriations and reversals are made. Subsequently, when there is a net reversal of other equity deductions, the special reserve can be reversed and distributed as earnings to the extent of the reversal.

In accordance with Jin Kuan Yin Fa Zi No. 10310006310, the increase in retained earnings resulting from the recognition of bargain purchase gains due to mergers and acquisitions by the Bank or its subsidiaries should be appropriated as a special reserve of the same amount.

In accordance with relevant FSC directives, the trading loss reserves appropriated before the end of 2010 should be transferred to a special reserve. After the transfer, it cannot be used except as stipulated by the competent authority.

(iv) Other equity interest

Changes in the Bank and subsidiaries’ other equity interest were as below:

	<u>Exchange differences of</u> <u>overseas subsidiaries’</u> <u>financial reports translation</u>	<u>Unrealized</u> <u>gains (losses) from financial</u> <u>assets measured at fair</u> <u>value through other</u> <u>comprehensive income</u>	<u>Changes in designated as</u> <u>financial liabilities</u> <u>measured at fair value</u> <u>through profit or loss</u> <u>attributable</u> <u>to credit risk</u>	<u>Total</u>
January 1, 2025	\$ (8,250,272)	(6,540,051)	1,190,335	(13,599,988)
Translation difference of exchange differences of overseas subsidiaries’ net assets	(5,205,492)	-	-	(5,205,492)
Gains and losses on designated as hedging instruments in a hedge of the net investments in overseas subsidiaries	867,122	-	-	867,122
Proportionate share of other comprehensive income and loss from associates under equity method	-	162,300	-	162,300
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income	-	13,206,541	-	13,206,541
Cumulative gains and losses reclassified to profit or loss on disposal of investments in debt instrument at fair value through other comprehensive income	-	(2,777,362)	-	(2,777,362)
Disposal of investments in equity instruments designated at fair value through other comprehensive income and loss	-	(1,368,650)	-	(1,368,650)
Changes in designated as financial liabilities measured at fair value through profit or loss attributable to credit risk	-	-	(636,010)	(636,010)
December 31, 2025	<u>\$ (12,588,642)</u>	<u>2,682,778</u>	<u>554,325</u>	<u>(9,351,539)</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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	Exchange differences of overseas subsidiaries' financial reports translation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Changes in designated as financial liabilities measured at fair value through profit or loss attributable to credit risk	Total
January 1, 2024	\$ (13,651,338)	(6,590,745)	1,528,858	(18,713,225)
Translation difference of exchange differences of overseas subsidiaries' net assets	5,850,092	-	-	5,850,092
Gains and losses on designated as hedging instruments in a hedge of the net investments in overseas subsidiaries	(449,026)	-	-	(449,026)
Proportionate share of other comprehensive income and loss from associates under equity method	-	(82,572)	-	(82,572)
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income	-	1,588,225	-	1,588,225
Cumulative gains and losses reclassified to profit or loss on disposal of investments in debt instrument at fair value through other comprehensive income	-	(1,342,147)	-	(1,342,147)
Disposal of investments in equity instruments designated at fair value through other comprehensive income and loss	-	(112,812)	-	(112,812)
Changes in designated as financial liabilities measured at fair value through profit or loss attributable to credit risk	-	-	(338,523)	(338,523)
December 31, 2024	<u>\$ (8,250,272)</u>	<u>(6,540,051)</u>	<u>1,190,335</u>	<u>(13,599,988)</u>

(ag) Earnings distribution and dividend policy

As a subsidiary of CTBC Financial Holding Co., Ltd., the Bank is required to fulfill the operating fund demands of the parent company and to maintain its own capital adequacy ratio. Therefore, common stock dividends and bonuses are generally distributed as cash dividends. The Bank adopts a constant and balanced dividend policy through annual common stock dividends and distribution of bonuses.

The above-mentioned methodology is merely a guideline used to select an appropriate dividend policy. In consideration of current operations and capital budget planning for the next year, an appropriate dividend distribution ratio is selected.

Annual earnings, if any, are used to pay taxes, to make certain adjustments in accordance with financial accounting standards, and to offset cumulative losses. Then 30% of the remaining earnings are appropriated as legal reserve and set provision for or reversal of special reserve according to the regulations. Subsequent to all appropriations aforesaid, the remaining balance and the undistributed earnings at the beginning period should report to the Board of Directors for the discussion of dividend distribution ahead of seeking approval from shareholders. Before the legal reserve balance reaches an amount equal to total paid in capital, cash dividends are limited to 15% of total paid in capital. When the legal reserve balance reaches an amount equal to total paid in capital, or satisfies the Article 50, paragraph 2 of the Banking Law, if the Bank is sound in both its finance and business operations and has set aside legal reserve in compliance with the Company Act, the restrictions stipulated in the preceding paragraph shall not apply.

A resolution on 2024 earnings distribution of the Bank was approved by the Board of Directors, on behalf of shareholders' meeting on May 23, 2025, and cash dividend amounting to \$26,704,791 thousand and stock dividend amounting to \$13,268,014 thousand were distributed.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
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A resolution on 2023 earnings distribution of the Bank was approved by the Board of Directors, on behalf of shareholders' meeting on May 24, 2024, and cash dividend amounting to \$19,235,084 thousand and stock dividend amounting to \$10,054,326 thousand were distributed.

Relevant information approved by the Board of Directors on behalf of shareholders' meeting is available on Market Observation Post System or other sites.

(ah) EPS

	For the years ended December 31	
	2025	2024
Net income (loss) attributable to common stockholders	\$ <u>57,298,147</u>	<u>49,423,933</u>
Weighted-average outstanding shares of common stock (in thousands)	<u>17,128,453</u>	<u>17,128,453</u>
Basic EPS (in dollars)	\$ <u>3.35</u>	<u>2.89</u>

(ai) Net interest income

	For the years ended December 31	
	2025	2024
<u>Interest income</u>		
Loan	\$ 139,410,844	130,273,151
Revolving credit	3,657,560	3,401,727
Securities	37,560,839	31,946,282
Due from Central Bank	3,111,247	2,538,670
Due from banks and call loans to banks	8,965,346	14,618,076
Others	2,656,548	2,351,242
Derivative financial instruments-hedging	<u>16,998</u>	<u>1,560</u>
Subtotal	<u>195,379,382</u>	<u>185,130,708</u>
<u>Interest expense</u>		
Deposits	83,277,429	88,524,493
Due to other banks	4,258,343	3,405,062
Borrowings and other financing	9,951,813	12,291,212
Lease liabilities	497,782	509,041
Others	2,583,489	2,430,184
Derivative financial instruments-hedging	<u>28,581</u>	<u>4,988</u>
Subtotal	<u>100,597,437</u>	<u>107,164,980</u>
Net interest income	\$ <u>94,781,945</u>	<u>77,965,728</u>

Interest income and expense from financial assets and liabilities measured at fair value through profit or loss are excluded.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
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(aj) Service fee and commission income

	For the years ended December 31	
	2025	2024
<u>Commission income</u>		
Credit card business	\$ 8,189,103	7,329,582
Wealth management business	30,560,685	27,411,056
Credit business	5,072,750	4,173,487
Lottery business	6,958,657	6,196,958
Others	<u>10,328,426</u>	<u>9,919,102</u>
Subtotal of commission income	<u>61,109,621</u>	<u>55,030,185</u>
<u>Service fee</u>		
Credit card business	1,590,250	1,288,571
Wealth management business	509,051	455,227
Others	<u>3,819,665</u>	<u>3,517,435</u>
Subtotal of service fee	<u>5,918,966</u>	<u>5,261,233</u>
Service fee and commission income	<u>\$ 55,190,655</u>	<u>49,768,952</u>

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

	For the years ended December 31	
	2025	2024
<u>Disposal gains (losses)</u>		
Commercial paper	\$ 3,235	1,997
Treasury bills	25,668	65,901
Government bonds	42,484	177,745
Corporate bonds	844,024	357,869
Financial debentures	607,083	466,695
Beneficiary certificates	78,466	46,955
Negotiable certificates of deposits	112,207	54,739
Asset-backed securities	-	871
Stocks	488,457	79,870
Other securities and bonds	2,178	(2,329)
Derivative financial instruments	<u>7,114,150</u>	<u>14,792,954</u>
Subtotal	<u>9,317,952</u>	<u>16,043,267</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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	For the years ended December 31	
	2025	2024
<u>Valuation gains (losses)</u>		
Commercial paper	(110,119)	110,095
Treasury bills	(15,787)	14,613
Government bonds	(12,135)	(8,666)
Corporate bonds	8,985	(13,095)
Financial debentures	250,403	1,580,304
Convertible bonds	(58,843)	156,772
Beneficiary certificates	(10,272)	11,880
Negotiable certificates of deposits	(44,768)	45,149
Assets-backed securities	(1)	8
Stocks	549,371	132,014
Other securities and bonds	641	1,681
Derivative financial instruments	2,236,138	(2,192,100)
Adjustment of fair value hedge	-	(12)
Subtotal	<u>2,793,613</u>	<u>(161,357)</u>
<u>Dividend income</u>	11,943	107,570
<u>Interest income</u>	4,291,004	6,006,570
<u>Interest expense</u>	<u>(1,021,327)</u>	<u>(709,372)</u>
Total	<u><u>\$ 15,393,185</u></u>	<u><u>21,286,678</u></u>

(al) Employee benefits expenses

	For the years ended December 31	
	2025	2024
Salary expenses	\$ 42,193,197	37,215,503
Insurance expenses	2,665,724	2,534,157
Share based payment transactions-Cash-settled	-	75
Share based payment transactions-Equity-settled	633,679	394,243
Retirement expenses		
Defined contribution plan	1,042,485	902,892
Defined benefits plan	988,258	443,220
Other personnel expenses	<u>1,435,102</u>	<u>1,416,432</u>
Total	<u><u>\$ 48,958,445</u></u>	<u><u>42,906,522</u></u>

For the years ended December 31, 2025 and 2024, the numbers of the Bank and subsidiaries' employees were 19,916 and 19,259, respectively.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(am) Depreciation and amortization expenses

	For the years ended December 31	
	2025	2024
Housing	\$ 1,182,438	1,162,226
General equipment	414,493	460,858
Transportation equipment	13,181	14,091
Information equipment	<u>951,775</u>	<u>965,682</u>
Subtotal of depreciation expenses	<u>2,561,887</u>	<u>2,602,857</u>
Superficies	277,138	276,416
Buildings	2,577,722	2,574,590
Transportation equipment	70,646	65,603
Miscellaneous equipment	<u>175,206</u>	<u>173,497</u>
Subtotal of depreciation expenses for right-of-use assets	<u>3,100,712</u>	<u>3,090,106</u>
Amortization of information software	1,778,265	1,630,676
Other deferred expenses	<u>697</u>	<u>1,257</u>
Subtotal of amortization	<u>1,778,962</u>	<u>1,631,933</u>
Total	<u><u>\$ 7,441,561</u></u>	<u><u>7,324,896</u></u>

(an) Compensations of employees

Annual earnings, if any, should be appropriated 0.05% as compensations of employees. However, if there is any cumulative loss, the Bank should offset cumulative losses in priority. Compensations of employees which are recognized as current period operating expenses based on the Bank's net income before tax excluding the amount of the compensations of employees at the end of the accounting period multiplied by the estimate of remuneration distribution set by the Bank's articles of incorporation. The estimated compensations of employees for the years ended December 31, 2025 and 2024 were \$33,463 thousand and \$29,736 thousand, respectively. The actual compensations of employee of 2024 and 2023 amounted to \$29,736 thousand and \$25,091 thousand with no difference from the amount recognized in the annual financial reports. Relevant information is available on Market Observation Post System.

(ao) Other general and administrative expenses

	For the years ended December 31	
	2025	2024
Site usage and general equipment expenses	\$ 3,242,226	2,842,596
Information equipment expenses	4,176,963	3,760,042
General administration expenses	5,946,853	5,525,721
Marketing and promotion expenses	4,519,142	3,899,774
Other expenses	8,836,100	7,705,593
Business tax	<u>6,965,018</u>	<u>6,271,696</u>
Total	<u><u>\$ 33,686,302</u></u>	<u><u>30,005,422</u></u>

The total amount of rent expenses of exemption for short-term lease contracts and low value assets of the Bank and subsidiaries for the years ended December 31, 2025 and 2024 were \$564,370 thousand and \$532,049 thousand, respectively.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ap) Financial instruments

- (i) Methods and assumptions used by the Bank and subsidiaries for fair value evaluation of financial instruments were as follows:
- 1) Fair value of short-term financial instruments is estimated by their book value on the balance sheet date. Since these instruments have short maturities, the book value is adopted as a reasonable basis in estimating the fair value. The method is applied to cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, deposits from Central Bank and other banks, due to Central Bank and other banks, securities sold under repurchase agreements, payables, remittances, and other financial liabilities.
 - 2) If there is a quoted price in an active market for the financial asset, including financial instruments measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost and financial instruments-hedging, the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices provided by financial institutions. The estimates, hypotheses and discount rates for valuation referring to quoted prices, from financial institutions, of financial instruments have substantially the same terms and characteristics, including the credit quality of debtors, the remaining term over which the contractual interest rate is fixed, the remaining term to repayment of the principal, and the currency in which the payments are to be made. Fair value for an equity investment is determined based on either the price calculated using a valuation technique or its book value.
 - 3) Loans and deposits are both classified as interest-bearing financial assets; therefore, the book value of financial assets is equivalent to their fair value. The net book value of the non-accrual account, after deducting provision for credit loss, is adopted as the fair value.
 - 4) Fair value of long-term liabilities is estimated by the present value of expected future cash flows. The discount rate is based on rates of equivalent loans available elsewhere; that is, loans with similar maturity date and terms (close to the maturity date).
 - 5) Derivatives usually adopt mark-to-model prices. The Discounted-Cash-Flow method is adopted for non-option derivatives, and the Black-Scholes Model is adopted for most options.
 - 6) The exchange price is used for financial instruments traded on an exchange. Over the counter (OTC) positions use independent price/parameter quotes by reliable brokers or data vendors, such as Reuters, Bloomberg, etc. In general, the closing price, settlement price, mid-price at a fixed cut-off time, and the average price of several independent brokers could be used as market data for valuation purposes.
 - 7) The Bank and subsidiaries would calculate credit valuation adjustment (CVA) by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying exposure at default (EAD) of the counterparty. On the contrary, debit valuation adjustment (DVA) is computed by applying probability of default of the Bank and subsidiaries considering loss given default of the Bank and subsidiaries before being multiplied by exposure at default of the Bank and subsidiaries.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Bank and subsidiaries adopt IFRS 9 or take any observable data into account to evaluate the probability of impairment and loss rate of allowance for doubtful accounts as the estimates of PD and LGD. In addition, mark to market assessment of a derivative instrument from Over the Counter (OTC) is applied as EAD. For those accounts have showed significant increase in credit risk, would be the CVA assessed individually by taking into account of the changes of exposures, conditions of collaterals and the recovery probabilities.

- 8) Except the following listed items, the book value is considered to be a reasonable basis of estimated fair value if the Bank and subsidiaries do not measure a financial instrument at fair value.

Financial assets	December 31, 2025	
	Book value	Fair value
Investment in debt instruments at amortized cost	\$ 973,121,158	954,150,124

Financial assets	December 31, 2024	
	Book value	Fair value
Investment in debt instruments at amortized cost	\$ 1,017,934,513	983,978,899

(ii) Fair value hierarchy information on financial instruments

1) The definition of fair value hierarchy

a) Level 1

Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. The definition of active market has all of the following conditions: (1) the products traded in the market are homogeneous, (2) willing parties are available anytime in the market, and (3) price information is available for the public.

b) Level 2

Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than quoted price in an active market, including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The examples of observable price are as follows:

- i) The quoted price for an identical financial instrument in an active market means the fair value from the market transaction prices for an identical financial instrument. An identical financial instrument should be determined by its characteristics and terms of transaction. The fair value of a financial instrument has to be adjusted according to the observable market price of the identical financial instrument. The reasons for adjustments include time lag of the occurring market transaction prices for an identical financial instrument (the quoted prices do not represent fair value at the measurement date), the difference in transaction terms for financial instruments, transaction prices involving related parties, and the correlation between the observable transaction prices of identical financial instruments and the market prices of held financial instruments.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- ii) The quoted market price of the same or identical financial instruments in an inactive market.
- iii) The fair value is estimated on the basis of the results of a valuation technique, and the market inputs used (i.e., interest rate, yield curve, and fluctuation rate) are based on obtainable data from the market (an observable input means an input can be derived from market data and can reflect the expectation of market participants when the inputs were used in evaluating the prices of financial instruments).
- iv) A majority of inputs are derived from observable market data, or the input correlation can be tested based on observable market data.
- c) Level 3

Input for a fair value measurement for a financial instrument classified in Level 3 is not based on obtainable data from the market (an unobservable input, such as volatility for a share option derived from the share's historical prices, as it does not generally represent current market expectations about future volatility).

2) Fair value hierarchy information on financial instruments

Assets and Liabilities	December 31, 2025			
	Total	Level 1	Level 2	Level 3
<u>Instruments measured at fair value</u>				
<u>Instruments measured at fair value on a recurring basis</u>				
<u>Non-derivative financial instruments assets and liabilities</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Mandatorily measured at fair value through profit or loss				
Investment in equity instruments	\$ 5,310,055	4,777,145	-	532,910
Investment in debt instruments	237,926,509	1,967,302	235,959,137	70
Financial assets measured at fair value through other comprehensive income				
Investment in equity instruments	53,819,404	49,219,910	38,920	4,560,574
Investment in debt instruments	399,257,280	195,313,776	203,943,504	-
Liabilities:				
Designated as financial liabilities measured at fair value through profit or loss	21,143,694	-	-	21,143,694
Financial liabilities—hedging	4,204,108	4,204,108	-	-
<u>Derivative financial instruments assets and liabilities</u>				
Assets:				
Financial assets measured at fair value through profit or loss	66,059,934	1,728,878	63,815,734	515,322
Financial assets—hedging	209,928	-	209,928	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	63,733,689	175,985	63,517,301	40,403
Financial liabilities—hedging	48,886	-	48,886	-
<u>Instruments not measured at fair value</u>				
Investment in debt instruments at amortized cost	954,150,124	633,021,798	307,864,946	13,263,380
Investment property	7,260,044	-	-	7,260,044

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
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Assets and Liabilities	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Instruments measured at fair value				
Instruments measured at fair value on a recurring basis				
Non-derivative financial instruments assets and liabilities				
Assets:				
Financial assets measured at fair value through profit or loss				
Mandatorily measured at fair value through profit or loss				
Investment in equity instruments	\$ 4,666,753	4,179,411	-	487,342
Investment in debt instruments	322,535,786	2,957,842	319,577,871	73
Financial assets measured at fair value through other comprehensive income				
Investment in equity instruments	23,392,117	18,373,544	46,694	4,971,879
Investment in debt instruments	308,246,440	137,920,405	170,326,035	-
Liabilities:				
Designated as financial liabilities measured at fair value through profit or loss	8,883,105	-	-	8,883,105
Derivative financial instruments assets and liabilities				
Assets:				
Financial assets measured at fair value through profit or loss	84,111,209	1,217,250	82,649,515	244,444
Financial assets — hedging	26,847	-	26,847	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	77,756,355	1,415	77,742,346	12,594
Financial liabilities — hedging	154,656	-	154,656	-
Instruments not measured at fair value				
Investment in debt instruments at amortized cost	983,978,899	722,759,655	255,532,261	5,686,983
Investment property	7,244,127	-	-	7,244,127

- 3) No instrument measured at fair value has been transferred between level 1 and level 2 by the Bank and subsidiaries for the years ended December 31, 2025 and 2024.
- 4) Statements of changes in financial assets which were classified to Level 3 based on fair value measurement.

Items	For the year ended December 31, 2025									
	Beginning balance	The amount recognized in current net income	The amount recognized in other comprehensive income	Current increase			Current decrease			Ending balance
				Purchase or issue	Transfer into Level 3 and out of other levels	Transfer into Level 3 of financial assets and out of Level 3 of financial liabilities	Sale, disposal, or settlement	Transfer into other levels and out of Level 3	Transfer into Level 3 of financial liabilities and out of Level 3 of financial assets	
Financial assets measured at fair value through profit or loss										
Mandatorily measured at fair value through profit or loss	\$ 731,859	446,042	(22,086)	149,975	4,214	-	261,524	178	-	1,048,302
Financial assets measured at fair value through other comprehensive income	4,971,879	-	155,064	-	-	-	189	566,180	-	4,560,574
Total	\$ 5,703,738	446,042	132,978	149,975	4,214	-	261,713	566,358	-	5,608,876

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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Items	For the year ended December 31, 2024									
	Beginning balance	The amount recognized in current net income	The amount recognized in other comprehensive income	Current increase			Current decrease			Ending balance
				Purchase or issue	Transfer into Level 3 and out of other levels	Transfer into Level 3 of financial assets and out of Level 3 of financial liabilities	Sale, disposal, or settlement	Transfer into other levels and out of Level 3	Transfer into Level 3 of financial assets and out of Level 3 of financial liabilities	
Financial assets measured at fair value through profit or loss										
Mandatorily measured at fair value through profit or loss	\$ 416,496	259,488	(14,027)	216,330	1,787	-	148,215	-	-	731,859
Financial assets measured at fair value through other comprehensive income	4,249,790	-	259,417	543,465	283	-	81,076	-	-	4,971,879
Total	\$ 4,666,286	259,488	245,390	759,795	2,070	-	229,291	-	-	5,703,738

The policy for when to recognize the transfers in or out of Level 3 is according to the actual date of the event or change in circumstances. This transfer between Level 3 and Level 2 was due to a switch of valuation approach.

Unrealized gains (losses) associated with assets as of December 31, 2025 and 2024 which were recognized in current net income shown in the above table were \$295,385 thousand of profit and \$217,914 thousand of profit, respectively.

- 5) Statements of changes in financial liabilities which were classified to Level 3 based on fair value measurement.

Items	For the year ended December 31, 2025									
	Beginning balance	The amount recognized in current net income	The amount recognized in other comprehensive income	Current increase			Current decrease			Ending balance
				Purchase or issue	Transfer into Level 3 and out of other levels	Transfer into Level 3 of financial liabilities and out of Level 3 of financial assets	Sale, disposal, or settlement	Transfer into other levels and out of Level 3	Transfer into Level 3 of financial assets and out of Level 3 of financial liabilities	
Financial liabilities measured at fair value through profit or loss										
Financial liabilities held for trading	\$ 12,594	542,008	-	-	-	-	514,199	-	-	40,403
Financial liabilities designated at fair value through profit or loss	8,883,105	(642,644)	794,985	16,981,385	-	-	4,873,137	-	-	21,143,694
Total	\$ 8,895,699	(100,636)	794,985	16,981,385	-	-	5,387,336	-	-	21,184,097

Items	For the year ended December 31, 2024									
	Beginning balance	The amount recognized in current net income	The amount recognized in other comprehensive income	Current increase			Current decrease			Ending balance
				Purchase or issue	Transfer into Level 3 and out of other levels	Transfer into Level 3 of financial liabilities and out of Level 3 of financial assets	Sale, disposal, or settlement	Transfer into other levels and out of Level 3	Transfer into Level 3 of financial assets and out of Level 3 of financial liabilities	
Financial liabilities measured at fair value through profit or loss										
Financial liabilities held for trading	\$ 10,781	11,420	-	-	-	-	9,607	-	-	12,594
Financial liabilities designated at fair value through profit or loss	9,034,461	(931,923)	423,154	900,566	-	-	543,153	-	-	8,883,105
Total	\$ 9,045,242	(920,503)	423,154	900,566	-	-	552,760	-	-	8,895,699

The policy for when to recognize the transfers in or out of Level 3 is according to the actual date of the event or change in circumstances.

Unrealized gains (losses) associated with liabilities as of December 31, 2025 and 2024 which were recognized in current net income shown in the above table were \$241,819 thousand of profit and \$1,629,007 thousand of profit, respectively.

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- 6) Sensitivity analysis of Level 3 fair value if reasonably possible alternative assumptions used

Valuation techniques used by the Bank and subsidiaries for fair value measurements of financial instruments are appropriate. However, the use of different valuation models or inputs could lead to different outcomes of fair value measurements. The following statement analyses Level 3 sensitivities for those unobservable inputs in valuation models that have a material impact on the valuation of Level 3 financial instrument. The Bank and subsidiaries' major Level 3 financial instruments include:

- a) Back-to-back derivative transactions: the movements of fair value between financial assets and liabilities can be fully offset for back-to-back trades, so there is no material impact on the income statement.
- b) Financial debentures issued by the Bank: the sensitivity analysis based on the assumption of one basis point change in the Bank's credit spread would have the following effects on other comprehensive income.

	Impacts on of other comprehensive income as fair value changes	
	Favorable changes	Unfavorable changes
December 31, 2025		
<u>Liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Designated as financial liabilities measured at fair value through profit or loss	\$ <u><u>43,095</u></u>	<u><u>(43,096)</u></u>
December 31, 2024		
<u>Liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Designated as financial liabilities measured at fair value through profit or loss	\$ <u><u>34,536</u></u>	<u><u>(34,508)</u></u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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7) Quantitative information about the significant unobservable inputs in Level 3

As of December 31, 2025 and 2024, the relationship between quantitative information about the significant unobservable inputs and fair value cannot be fully controlled practically, thus unobservable quantitative information of fair value were \$0 thousand and \$5,277 thousand of assets, and \$0 thousand and \$5,277 thousand of liabilities, respectively.

Quantitative information about the significant unobservable inputs was as follows:

	December 31, 2025				
	Fair value	Valuation techniques	Key unobservable inputs	Range of inputs	The relation between inputs and fair value
<u>Recurring fair value measurements</u>					
<u>Non-derivative financial instruments assets and liabilities</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	\$ 532,980	Net asset valuation method/market model	Net asset value /value multiple	Not applicable	The higher net asset value/value multiple, the higher fair value
Financial assets measured at fair value through other comprehensive income					
Investments in equity instruments	4,560,574	Net asset valuation method/market model	Net asset value /price-to-earning ratio/price-book ratio/price-to-sales ratio	Not applicable	The higher net asset value/price-to-earning ratio/price-book ratio/price-to-sales ratio, the higher fair value
Liabilities:					
Designated as financial liabilities measured at fair value through profit or loss	21,143,694	Interest rate option/equity option pricing model	Credit risk parameter	0.20~1.67%	The higher credit risk parameter, the lower fair value
<u>Derivative financial instruments assets and liabilities</u>					
Assets:					
Financial assets measured at fair value through profit or loss	515,322	Interest rate option/equity option pricing model	Interest rate /equity correlation coefficient	-18.00~97.00%	The higher interest rate/equity correlation coefficient, the higher fair value
Liabilities:					
Financial liabilities measured at fair value through profit or loss	40,403	Interest rate option/equity option pricing model	Interest rate /equity correlation coefficient	-18.00~97.00%	The higher interest rate/equity correlation coefficient, the higher fair value

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December 31, 2024					
	Fair value	Valuation techniques	Key unobservable inputs	Range of inputs	The relation between inputs and fair value
Recurring fair value measurements					
<u>Non-derivative financial instruments assets and liabilities</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	\$ 487,415	Net asset valuation method/market model	Net asset value /value multiple	Not applicable	The higher net asset value/value multiple, the higher fair value
Financial assets measured at fair value through other comprehensive income					
Investments in equity instruments	4,971,879	Net asset valuation method/market model	Net asset value /price-to-earning ratio/price-book ratio/price-to-sales ratio	Not applicable	The higher net asset value/price-to-earning ratio/price-book ratio/price-to-sales ratio, the higher fair value
Liabilities:					
Designated as financial liabilities measured at fair value through profit or loss	8,883,105	Interest rate option/equity option pricing model	Credit risk parameter	0.14~1.64%	The higher credit risk parameter, the lower fair value
<u>Derivative financial instruments assets and liabilities</u>					
Assets:					
Financial assets measured at fair value through profit or loss	239,167	Interest rate option/equity option pricing model	Interest rate /equity correlation coefficient	-18.00~95.00%	The higher interest rate/equity correlation coefficient, the higher fair value
Liabilities:					
Financial liabilities measured at fair value through profit or loss	7,317	Interest rate option/equity option pricing model	Interest rate /equity correlation coefficient	-18.00~95.00%	The higher interest rate/equity correlation coefficient, the higher fair value

8) The valuation process to level 3 financial instruments

Market risk management unit is responsible for independent model validation, with using and confirming the reliable for independent market data, calibrating valuation model on a regular basis, executing back testing, as well as applying any fair value adjustments if necessary to ensure the valuation results are reasonable.

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(iii) Financial risk information

The Bank and subsidiaries have established the Risk Governance Policy to serve as its primary principle, which covers managerial conception, organizational structure, accountability, and risk management procedures. The major objective of the risk management of the Bank and subsidiaries is to limit potential risks within an acceptable level in order to achieve sustainable operation.

The major risks include credit risk, market risk, operational risk, liquidity risk and interest risk.

The organization structure of risk management consists of Board of Directors, Risk Management Committee, Senior Management and Risk Management Group. The scope of their authorities is illustrated as follows:

Board of Directors, who is responsible for the approval, review, supervision of risk strategies and risk policies, risk management frameworks, and creating the well balanced and independent risk management culture, serves as the primary guidance for all risks, ensure the operation of risk management and undertakes ultimate responsibility of overall risk management.

Risk Management Committee assists the Board in risk governance by communicating, reporting, and recommendations. We expect through the support from Board level in Bank's risk culture, along with supportive behavior and decision-making process, the whole organization can be influenced by Board's determination in risk management.

Senior Management establishes independent risk management functions and effective risks assessment mechanism in accordance with the policy direction of the Board of Directors to ensure that the Bank and subsidiaries operate properly. Senior Management establish an appropriate risk authorization system to supervise and ensure the proper operation of the system.

Risk Management Group is responsible for planning and managing the Bank's risk profiles which include credit, market, operations, interest and liquidity risks of the banking book, developing proper policies and strategies relating to risk identification, measurement, control, and management, and supervising the implementation of system implementation, as well as system operation effectiveness.

1) Market Risk Management

Definition and sources of market risk management

Market risk is the risk that the Bank and subsidiaries' earnings, capital, or its ability to meet business objectives will be adversely affected by changes in the level, volatility, correlation, or liquidity of market risk factors, such as interest rate (including credit spread), foreign exchange, equity and commodity.

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

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The market risk management framework for trading and non-trading portfolios is described as follows:

a) Trading Portfolios Management

i) Objective

The Market Risk Management Policy is the cornerstone of managing market risk-taking activities in the Bank and subsidiaries. The Policy is developed to establish definite market risk management mechanisms of financial transaction, to facilitate market risk communication within the Bank and subsidiaries, and to provide proper management.

ii) Market Risk Management Procedure and Measurement

1. Management Procedures

a. Risk identification

Risk-taking unit shall identify the market risk of financial instruments, and this should be clearly stated in the relevant product program documentation. Market risk management unit (MRMU) executes the identification of market risk independently.

b. Risk measurement

MRMU shall define appropriate and consistent market risk measurement methodologies in line with the business characteristics and risk source to properly evaluate the primary market risk exposure. The risk measurement shall be applied to daily management and shall serve as a foundation for market risk planning, monitoring, and controlling.

Valuation approach and market data adoption for calculating P/L, risk sensitivities, Value at Risk (VaR), stress testing should be approved by MRMU.

c. Risk controlling

Market risk limit is a tool for authorizing and controlling specific forms of market risk arising from the trading activities of the Bank and subsidiaries to ensure that the Bank and subsidiaries are not exposed to market risk beyond the risk appetite. Market risk limit management procedures, such as the establishment, approval, exception management and limit excess treatment, etc., shall comply with the relevant market risk management documents.

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Notes to the Consolidated Financial Statements

d. Risk reporting

Market risk reporting is an effective risk communication tool. MRMU shall submit market risk management reports to senior managers on a daily basis and periodically report the integrated market risk profile to senior executives and the Board to evaluate risk concentration and capacity of the Bank and subsidiaries and to form necessary risk adjusting strategies.

2. Risk Measurement Approaches

a. Value at Risk, VaR

The VaR system is developed and maintained for internal risk management purpose, and will be continually refined to meet the quantitative and qualitative standards of IMA (Internal Model Approach) requirements.

b. Stress Testing

Stress testing is used to calculate a range of trading exposures which result from extreme market events or scenarios. Stress testing measures the impact of exceptional changes in market rate/price, volatility or correlation in the fair value of trading portfolios as a supplement to VaR which is unable to capture the tail risk.

c. Factor Sensitivity

Factor sensitivity is a measurement for monitoring the cross-product exposures within each risk type, including but not limited to foreign exchange, interest rate, equity, commodity, and credit.

iii) Market Risk Mitigation and Hedging

The Bank and subsidiaries' trading portfolios include spots and derivatives. The derivatives are employed to reduce spots exposure or combined with other derivatives to form trading strategy. MRMU evaluates and controls the mitigation effectiveness between trading positions and its' hedge positions by using risk measurement tools, such as VaR, risk sensitivities, etc.

iv) Interest Rate Risk Management

1. Definition

Interest rate risk arises from adverse changes in interest rates. Primary interest rate related instruments held in the Bank and subsidiaries' trading portfolios include bonds and interest rate derivatives, such as interest rate swaps, caps/floors, and swaptions.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
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2. Management Procedure

In order to effectively control the interest rate risk in the trading portfolios, the Bank and subsidiaries control interest rate risk by setting limits in different yield curves and currencies depending on its own business development and management needs.

3. Measurement Approach

PVBP, the change in fair value as the yield curve parallel shifts up by 0.01% (1bp), is used to measure interest rate risk exposures of the Bank and subsidiaries' trading portfolios.

Unit: In Thousands of New Taiwan Dollars

Yield curve parallel shift of +0.01%	Currency	December 31, 2025	December 31, 2024
	HKD	\$ (879)	(103)
	IDR	(460)	(566)
	NTD	(3,522)	9,808
	PHP	(504)	(141)
	THB	(1,362)	(31)
	USD	531	(255)
	Others	(586)	(410)

v) Foreign Exchange Risk

1. Definition

Foreign exchange risk arises from adverse changes in exchange rates. Primary foreign exchange instruments held in the Bank and subsidiaries' trading portfolios include spots, forwards, and currency options.

2. Management Procedure

In order to effectively control the foreign exchange risk for the trading portfolios, the Bank and subsidiaries control foreign exchange risk by setting limits in different currencies or currency pairs depending on its own business development and management needs.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3. Measurement Approach

FX Delta, the change in net present value as the foreign exchange rate moves up by one unit, 1%, is used to measure foreign exchange risk exposure of the Bank and subsidiaries' trading portfolios.

Unit: In Thousands of New Taiwan Dollars

Underlying currency upward movement by 1%	Currency	December 31, 2025	December 31, 2024
	AUD	\$ 476	283
	EUR	492	337
	HKD	(789)	(1,482)
	JPY	(1,097)	411
	PHP	(329)	(352)
	RMB	1,673	1,428
	USD	550	419
	VND	(375)	22
	Others	(309)	755

vi) Other Risk Factor Sensitivities

1. Equity Factor Sensitivity (Equity delta)

Equity Delta is the change in fair value as the underlying stock price or index price moves up by 1%. Primary equity instruments held in the Bank and subsidiaries' trading portfolios include stocks, convertible bonds, equity index futures and options.

2. Commodity Factor Sensitivity (Commodity delta)

Commodity Delta is the change in fair value as the underlying commodity price moves up by 1%. Primary commodity instruments held in the Bank and subsidiaries' trading portfolios include derivatives in gold and crude oil.

3. Credit Spread Factor Sensitivity (CR01, Credit 01)

CR01 is the change in fair value as the credit spread shift up by 0.01% (1bp). Primary credit-linked instruments held in the Bank and subsidiaries' trading portfolios include credit default swaps.

Equity factor sensitivity (Equity delta)	Country/ Commodity	December 31, 2025	December 31, 2024
Equity Factor Sensitivity			
Stock price or index upward movement by 1%	Taiwan	\$ 172	-
	USA	722	(233)
	Netherlands	(5)	-
	Thailand	3	3
Credit Spread Factor Sensitivity			
Credit spread upward shift by 0.01%		(2,088)	(922)

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
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b) Management Mechanism of Non-Trading Purpose Investment Portfolio

i) Management of Non-Trading Purpose Interest Rate Risk

1. Definition of Non-Trading Purpose Interest Rate Risk

Non trading purpose interest rate risk of the Bank and subsidiaries refers to the impact on the Bank and the subsidiaries' future profits or on economic value of assets and liabilities when interest rate changes.

Interest rate risk mainly stems from different sensitivity of assets and liabilities to interest rate change. Such risk could arise from mismatches of repricing timing, amount of asset and liability, varying magnitude of changes in short-term and longer-term interest rates, various interest rate indexes to which asset and liability are linked, or embedded options.

2. Management Objective of Non-Trading Purpose Interest Rate Risk

The "Asset and Liability Management Policy" is the highest guideline of managing the Bank and subsidiaries non trading purpose interest rate risk. The Policy defines the authorities, responsibilities and management procedures. Through the Funds Transfer Mechanism (FTP), funding activities or hedge, the Bank and subsidiaries navigate the asset and liability structure to keep the interest risk exposure within the risk appetite to balance risk and reward.

3. Management Procedures and Risk Measurement of Non-Trading Purpose Interest Rate Risk

In order to earn stabilized profits, the Bank and subsidiaries manage the interest rate risk by keeping the interest rate exposures within the limit approved by the Board, centralizing the interest rate risk from business unit to specified unit through the Match-Term Fund Transfer Pricing, and adjusting the funding positions proactively.

The measurement includes on-balance-sheet-banking book interest-sensitive asset and liabilities, non-trading purpose financial instruments, and interest rate related derivatives which apply hedge accounting.

Interest rate risk management unit periodically conducts the risk reports, which contains the analysis of limit usage, interest rate risk sensitivity and stress test. The risk report shall periodically be submitted to related risk management meetings.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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The Bank and subsidiaries frequently measure interest rate risks by the following tools:

- a. Repricing Gap Report: This report measures the repricing gap between asset and liability by various time buckets in order to understand the status of interest rate mismatch.
 - b. Interest Rate Sensitivity:
 - i. Asset and Liability Mismatch: This measures the impact of 1 basis point change in interest rate on net interest income (NII) and that on economic value of equity (EVE). The analysis of such impact on NII (1bp Δ NII) focuses on changes in interest income and expense within a year; hence, this analysis is of a short-term perspective. The analysis of such impact on EVE (1bp Δ EVE) is of a long-term perspective as it focuses on changes of economic value which will become net interest income received every year later on.
 - ii. Non-trading purpose financial instruments risk sensitivity: Use the PVBP to measure the impact of 1 basis point change in interest rate on fair value.
 - c. Stress Test: This evaluates the impact of a significant change in interest rate on EVE. The test results will be compared with capital in order to examine the appropriateness of exposure.
 - d. (Non-trading purpose financial instruments specified) Profit and Loss: This evaluates the market value of financial instrument, and aims to keep the impact on earnings or equity within risk appetite of the Bank and subsidiaries.
4. Risk Mitigation and Hedge of Non-Trading Purpose Interest Rate Risk

The Bank and subsidiaries set limits to manage risk. After confirming the limit excess, the risk management unit shall identify the causes and the main business unit which leads to the limit breach. The business unit causing the changes in the risk should submit the action plan to the limit authority for approval. The relevant units should keep track of the effectiveness of the action plan and make prompt adjustments to ensure the risk will be effectively reduced.

The Bank and subsidiaries may adjust the interest rate risk exposure by adjusting the asset and liability structures or entering derivative with external counterparties. Prior to executing an external hedge, the hedge plan with specified hedged objective/strategy, hedged position, profit and loss analysis, detailed scheme and whether hedge accounting is complied etc., shall seek approval from the limit authority. After a hedge executed, risk management unit shall periodically review the hedge execution and its effectiveness, and report to the limit authority depending on the impact.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Management of Non-Trading Purpose Foreign Exchange Rate Risk

1. Definition and Sources of Non-Trading Purpose Foreign Exchange Rate Risk

Non-trading purpose foreign exchange (FX) rate risk of the Bank and subsidiaries refers to the impact on the profit or loss due to fluctuation of FX rate on the non-trading purpose FX positions.

2. Management Objective of Non-Trading Purpose Foreign Exchange Rate Risk

The Bank and subsidiaries' management objective of non-trading purpose FX risk aims to keep FX exposures within the risk appetite by the authorities, responsibilities and management procedures defined in the Policy.

3. Management Procedure and Risk Measurement of Non-Trading Purpose Foreign Exchange Rate Risk

The Bank and subsidiaries identify, measure, monitor, and report the FX risk through the thorough risk management framework and procedure. To control the FX risk, the Bank and subsidiaries periodically monitor the risk exposure according to the approved limit hierarchy and sweep FX risk centrally from business units to designated FX management unit. For overseas branches without a specified FX management unit, FX positions will be centrally managed by the Funding Management Unit. The risk factor which measures non-trading purpose Foreign Exchange Risk is "FX Delta", which measures the impact on the profit and loss when FX rate changes.

4. Non-Trading Purpose Foreign Exchange Rate Risk monitoring and reporting

The Bank and subsidiaries set the limits and control mechanisms to manage the FX risk. When an excess of limit is confirmed, the business unit will give an explanation on it and make an action plan; the action plan will then be submitted to the limit authority for approval after being reviewed by the risk management unit. The relevant units should keep track of the effectiveness of the action plan and make prompt adjustments to ensure the risk will be effectively reduced.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) Management of Non-Trading Purpose Equity Risk

1. Definition and Sources of Non-Trading Purpose Equity Risk

Non-trading purpose equity risk of the Bank and subsidiaries refer to the impact on the profit or loss due to equity price fluctuation of non-trading purpose equity positions.

2. Management Objective of Non-Trading purpose Equity Risk

The Bank and subsidiaries' management objective of non-trading purpose equity risk aims to keep equity exposures within the risk appetite and control severe impact on profit or owner equity by the authorities, responsibilities and management procedure defined in the Policy.

3. Management Procedure and Risk Measurement of Non-Trading Purpose Foreign Exchange Rate Risk

The Bank and subsidiaries identify, measure, monitor, and report the equity risk through the thorough risk management framework and procedure. To control the equity risk, the Bank and subsidiaries periodically monitor the risk exposure according to the approved limit hierarchy. The major aspects of Equity limits include the position limit and the year to date loss trigger.

4. Risk Mitigation of Non-Trading Purpose Equity Risk

The Bank and subsidiaries set limits to manage risk. When an excess of limit is confirmed, the business unit should analyze the reasons and impacts, and make an action plan; the action plan will then be submitted to the limit authority for approval after being reviewed by the risk management unit. The relevant units should keep track of the effectiveness of the action plan and make prompt adjustments to ensure the risk will be effectively reduced.

CTBC BANK CO., LTD. AND SUBSIDIARIES
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iv) Factor Sensitivity Analysis

Factor sensitivity analysis by the Bank and subsidiaries was summarized as below:

December 31, 2025			
Risk Items	Movement	Amount	
		Profit and Loss	Equity
Interest Rate Risk	Interest rate curve shift up 1bp	83,446	(192,673)
	Interest rate curve shift down 1bp	(83,446)	192,673
Foreign Exchange Rate Risk	Foreign currency appreciate 1% against NTD	154	-
	Foreign currency depreciate 1% against NTD	(154)	-
Equity Price Risk	Equity price appreciate 1%	37,441	490,959
	Equity price depreciate 1%	(37,441)	(490,959)

December 31, 2024			
Risk Items	Movement	Amount	
		Profit and Loss	Equity
Interest Rate Risk	Interest rate curve shift up 1bp	72,104	(140,917)
	Interest rate curve shift down 1bp	(72,104)	140,917
Foreign Exchange Rate Risk	Foreign currency appreciate 1% against NTD	72	-
	Foreign currency depreciate 1% against NTD	(72)	-
Equity Price Risk	Equity price appreciate 1%	39,556	183,245
	Equity price depreciate 1%	(39,556)	(183,245)

Note: When a fair value hedge or hedge of a net investment in a foreign operation is in conformity with all the conditions for applying hedge accounting, the mentioned positions will not be covered by summarized details above. Because the affected profit or loss is recognized by offsetting the changes in the fair value of hedging instruments and hedged items.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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c) Foreign exchange rate gap information

According to IFRS 7 “Financial Instruments: Disclosures” paragraph No. 34(a), an entity shall disclose summarized quantitative data about its exposure to that risk at the end of the reporting period. Significant foreign exchange rate risk exposure of the Bank and subsidiaries was as below:

	December 31, 2025		
	<u>Foreign currency</u>	<u>Spot rate</u>	<u>NTD amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 49,991,453	31.4380	1,571,631,300
JPY	2,987,037,109	0.2008	599,797,052
THB	373,840,914	0.9970	372,719,391
RMB	39,763,263	4.4978	178,847,203
AUD	8,010,239	21.0320	168,471,352
EUR	2,044,754	36.9050	75,461,653
HKD	17,765,112	4.0390	71,753,286
SGD	1,259,622	24.4500	30,797,759
<u>Non-monetary items</u>			
THB	8,954,503	0.9970	8,927,639
USD	68,504	31.4380	2,153,628
JPY	3,102,988	0.2008	623,080
<u>Investments under equity method</u>			
RMB	277,636	4.4978	1,248,752
JPY	664,761	0.2008	133,484
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 56,625,638	31.4380	1,780,196,805
JPY	2,976,333,219	0.2008	597,647,710
THB	343,089,081	0.9970	342,059,813
RMB	42,911,943	4.4978	193,009,339
EUR	1,502,498	36.9050	55,449,696
AUD	2,476,665	21.0320	52,089,218
HKD	9,841,993	4.0390	39,751,809
SGD	216,058	24.4500	5,282,630

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2024		
	<u>Foreign currency</u>	<u>Spot rate</u>	<u>NTD amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 43,226,563	32.7810	1,417,009,970
JPY	2,739,278,519	0.2099	574,974,561
THB	320,768,385	0.9570	306,975,345
RMB	47,364,830	4.4775	212,076,026
AUD	6,346,754	20.3960	129,448,400
HKD	14,308,426	4.2220	60,410,176
SGD	1,271,419	24.1180	30,664,087
EUR	884,586	34.1320	30,192,690
<u>Non-monetary items</u>			
THB	8,727,323	0.9570	8,352,048
USD	143,360	32.7810	4,699,499
JPY	2,746,403	0.2099	576,470
<u>Investments under equity method</u>			
RMB	276,821	4.4775	1,239,467
JPY	2,125,326	0.2099	446,106
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 53,907,155	32.7810	1,767,130,450
JPY	2,649,319,901	0.2099	556,092,248
THB	298,307,018	0.9570	285,479,817
RMB	47,031,702	4.4775	210,584,448
AUD	2,156,070	20.3960	43,975,200
EUR	922,637	34.1320	31,491,449
HKD	6,697,259	4.2220	28,275,828
SGD	251,098	24.1180	6,055,990

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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d) Disclosure items required by the “Regulations Governing the Preparation of Financial Reports by Public Banks”

i) Interest rate sensitivity information

1. Sensitivity analysis of interest rate for assets and liabilities (New Taiwan Dollars)

December 31, 2025

Unit: In Thousands of New Taiwan Dollars, %

Items	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	\$ 3,139,707,326	113,330,772	116,498,254	133,143,927	3,502,680,279
Interest rate sensitive liabilities	1,021,144,432	2,067,793,705	163,273,055	102,582,650	3,354,793,842
Interest rate sensitivity gap	2,118,562,894	(1,954,462,933)	(46,774,801)	30,561,277	147,886,437
Net worth					430,971,360
Ratio of interest rate sensitive assets to liabilities (%)					104.41
Ratio of interest rate sensitivity gap to net worth (%)					34.31

December 31, 2024

Unit: In Thousands of New Taiwan Dollars, %

Items	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	\$ 3,070,226,397	106,669,936	106,416,932	104,471,139	3,387,784,404
Interest rate sensitive liabilities	943,677,596	1,873,644,861	183,411,228	81,399,475	3,082,133,160
Interest rate sensitivity gap	2,126,548,801	(1,766,974,925)	(76,994,296)	23,071,664	305,651,244
Net worth					393,863,139
Ratio of interest rate sensitive assets to liabilities (%)					109.92
Ratio of interest rate sensitivity gap to net worth (%)					77.60

Note:

- The aforementioned are the Bank's position denominated in NTD, and do not include contingent assets or liabilities.
- Interest rate sensitive assets and liabilities are the interest-earning assets or interest-bearing liabilities whose revenue or costs are affected by interest rate change.
- Interest rate sensitivity gap = Interest rate sensitive assets - Interest rate sensitive liabilities.
- Ratio of interest rate sensitive assets to liabilities = Interest rate sensitive assets / Interest-rate-sensitive liabilities (denominated in NTD).

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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2. Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2025

Unit: In Thousands of U.S. Dollars, %

Items	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	\$ 17,395,523	1,821,264	815,804	15,634,338	35,666,929
Interest rate sensitive liabilities	24,029,348	15,644,917	2,230,404	486,278	42,390,947
Interest rate sensitivity gap	(6,633,825)	(13,823,653)	(1,414,600)	15,148,060	(6,724,018)
Net worth					13,708,612
Ratio of interest rate sensitive assets to liabilities (%)					84.14
Ratio of interest rate sensitivity gap to net worth (%)					(49.05)

December 31, 2024

Unit: In Thousands of U.S. Dollars, %

Items	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	\$ 14,481,208	997,688	1,096,657	14,651,432	31,226,985
Interest rate sensitive liabilities	24,363,665	14,756,989	2,210,792	488,504	41,819,950
Interest rate sensitivity gap	(9,882,457)	(13,759,301)	(1,114,135)	14,162,928	(10,592,965)
Net worth					12,014,982
Ratio of interest rate sensitive assets to liabilities (%)					74.67
Ratio of interest rate sensitivity gap to net worth (%)					(88.16)

Note:

1. The aforementioned are the Bank's position denominated in USD, and do not include contingent assets or liabilities.
2. Interest rate sensitive assets and liabilities are the interest-earning assets or interest-bearing liabilities whose revenue or costs are affected by interest rate change.
3. Interest rate sensitivity gap = Interest rate sensitive assets - Interest rate sensitive liabilities.
4. Ratio of interest rate sensitive assets to liabilities = Interest rate sensitive assets / Interest rate sensitive liabilities (denominated in USD).

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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2) Credit Risk Management

a) Definition and Sources of Credit Risk Management

Credit risk of the Bank and subsidiaries refers to the risk of financial loss if an obligor, guarantor or counterparty fails to meet its contractual obligations. Credit risk arises from both on-balance-sheet and off-balance-sheet items. On-balance-sheet items include Loan, Discounting bills and notes, Credit Card, Due from Central Bank and Call loans to banks, Debt Investment and Derivatives Transaction, etc. Off-balance-sheet items mainly include Guarantees, Bank Acceptance, Letter of Credit and Loan Commitments.

b) Objectives of Credit Risk Management

The objective of credit risk management is to minimize the potential financial losses by appropriate strategies, policies and procedures. By strengthening credit risk management framework, which is transparent, systematic, professional and well-established, credit risk management is rooted in its corporate governance to reinforce business performance and improve shareholder's equity.

c) Credit Risk Management Process and Credit Risk Measurement

i) Credit Risk Management Process

1. Risk Identification

Credit risk comes from the default risk and significant credit deteriorated of an obligor, change on collateral value or the default risk of derivatives counterparty. Defining credit risk factors for identification shall consider not only internal business operations but also external economic environmental changes.

2. Risk Measurement

In order to appropriately evaluate and monitor obligor's credit risk, the Bank and subsidiaries implement the internal rating system factored in the characteristics of obligors and products to quantify it. The corresponding policies and procedures are established and the regular model validation mechanism is executed to ensure the appropriateness and effectiveness of the model performance. Besides credit rating, credit risk management policy and experienced (senior) credit officers' judgment supplement the credit application on credit approval, facility management and performance analysis, etc.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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3. Risk Monitoring

To ensure credit risk is under control, the Bank has established credit risk limit management mechanism, and set up the information management system to monitor the credit risk portfolio and risk concentration situation. The Bank and subsidiaries have developed comprehensive credit policies and procedures covering a credit cycle for facilitating the control of credit risk by responsible units, such as procedures about credit extension and credit evaluation, interim review mechanism, guideline for early warning and watch list accounts, guideline for collateral appraisal and management, rules of treasury credit risk mitigation, procedure for problem assets management, guideline for provision allowance and so on, to reduce the probability of credit loss and ensure our financial claim on exposure.

4. Risk Reporting

Credit risk management unit periodically prepares credit risk management reports and submits these reports to senior management. The reports disclose the Bank and subsidiaries' credit risk profile from various dimensions, such as asset quality, portfolio concentration, industry sector exposure, scorecard model validation result, etc.

ii) Measurement of Credit Risk

1. Internal Rating System

The development of internal rating system and the estimation of parameters for credit risk measurement are based on the Bank and subsidiaries' internal historical data and the experience of internal experts, or on supervisory parameter values prescribed by the regulatory authorities. The three major risk components include Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), which are used to measure the expected loss and unexpected loss, to assist the Bank and subsidiaries in their stable growth of long-term operation.

a. Probability of default

The Bank and subsidiaries' institutional banking group has developed various scorecard models for Middle Market and Jumbo-sized Enterprise, Small and Medium-sized Enterprise, Real Estate Developer and Personal, etc. based on obligor's characteristics, including exposure types, industrial characteristics, revenue scales, and the correspondent with the Bank and subsidiaries. The Bank and subsidiaries also develop a master scale to segment obligor's default risk; each segment of the master scale is associated with a predefined forward-looking probability of default. As for retail banking group, we have leveraged the customer-centric based credit risk scorecard model to generate the risk rating by predefined one-year forward-looking probability of default.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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b. Loss given default

The Bank and subsidiaries' institutional banking group relies on supervisory estimates under the IRB Approach, and are used for each facility according to the category of collateral. CTBC retail banking group established the LGD rating with long-run default-weighted average LGD, which is developed according to the characteristics of products and collaterals.

c. Exposure at default

Exposure at default is calculated by current outstanding plus potential extra outstanding at default. The credit conversion factor (CCF) for potential extra outstanding at default is calculated by taking the facility commitment, usage ratio, loan outstanding and headroom into consideration. For off-balance-sheet exposure, CCF is used to estimate the portion of off-balance-sheet exposure converted into on-balance-sheet if default.

2. Stress Testing

Depending on credit risk materiality and business scale, stress testing of credit risk portfolios was implemented. Stress testing helps the Bank and subsidiaries aware of the possible change of risk component resulting from stress event, and assesses the amount of capital needed to absorb losses or plan remedial actions to mitigate the impact of exceptional loss when such incident occurs.

d) Mitigation of Credit Risk

i) Collateral Management

In assessing the credit extension, obligor's business prospect, future cash flow, and repayment ability and willingness are the main factors for identifying the repayment sources. However, for the creditor's sake, the Bank, under government regulations, may ask the obligor or a third party to deliver pledge of real estate, chattel, or securities as collateral which can be disposed for recovering the Bank and subsidiaries' claim on exposure if the obligor defaults.

In order to maintain the good standing value of collateral, the Bank and subsidiaries have established guidelines regarding collateral management, which are as follows. By taking the volatility of market value and the characteristic of collateral into account, the Bank and subsidiaries set the type of collateral that can be pledged and consider the historical recovery experience to draw up the highest loan to value. To verify the fairness of the value of the collateral, collaterals are appraised not only through valuation reports issued by professional appraisers but also market price and the actual registered price. With the periodic reappraisal, the adequacy of the collateral with high fluctuations can be timely monitored.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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ii) Pre-settlement risk mitigation

For pre-settlement risk, the Bank and subsidiaries might take mitigation actions such as calling for additional collateral (or margin), signing a netting agreement or signing an early determination agreement so as to reduce the credit loss.

iii) Post-lending monitoring mechanisms

For post lending monitoring through interim review mechanism to control the change of obligor's risk, the review frequency and content depend on the risk grade of an obligor. The Bank and subsidiaries have stipulated Guideline for Interim Reviews based on the principle about interim review issued by The Bankers Association of The Republic of China. Interim review items cover change of obligor's business, inspection of credit standing, change of business operation and financial condition, change of the collateral, change of bank debt, the proceeds in accordance with funding purpose, change of repayment sources and so on. If there is significant change of obligor's business and credit status, the credit grade will be re-rated and facilities might be adjusted depending on the situation.

iv) Credit Risk Assessment Review

In order to ensure the adequacy of entire credit risk management and control mechanisms, portfolio credit risk and management process are assessed, reviewed, monitored and examined periodically by the Bank and subsidiaries, to assist the Bank and subsidiaries in their stable growth of long-term operation.

v) External guarantee

In order to enhance the credit protection for weak small and medium business borrowers and risk mitigation for the unsecured exposure of small and medium business borrower, external guarantee provided by Taiwan SMEG fund approved by the government is one of the eligible guarantees.

vi) Concentrations Risk Management

Besides periodic and intermittent monitoring by various risk components on credit risk exposure via different relevant credit risk management reports, the Bank and subsidiaries have risk limit control mechanism, effective after approval by the Board of Directors, at the level of asset portfolio and the level of group, considering that changes in external macro environment are likely to introduce concentration risk from customers with the same characteristics.

Dimensions of limit ceiling monitoring include country risk, high risk grade obligors, product types, industry, treasury limit, project limit, collateral, in the same affiliate and counterparty, and so on.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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e) Maximum exposure to credit risk

Without taking collateral or other credit enhancement mitigation effect into account, the maximum exposure to credit risk of on-balance-sheet financial assets is equal to the carrying values.

Please refer to Note 6 (ap) 3(3) (g) for off-balance sheet financial instruments' maximum exposure to credit risk maturity analysis.

f) Concentrations of credit risk

Significant concentrations of credit risk occur when there are exposures, significant enough to threaten a Bank's security or its ability to maintain core businesses, to an individual counterparty to a transaction or a number of related counterparties engage in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentrations of credit risk originate from assets, liabilities, and off-balance-sheet items by means of performing an obligation to deliver products or service, execution of a trade, or combination of cross-classification exposures. The Bank and subsidiaries have proper internal policies, systems, and controls to recognize, measure, monitor, and control concentrations of credit risk. The following table illustrates the diversification of the loan portfolio among industry sectors and geographical regions of the Bank and subsidiaries.

i) By Industry

	December 31, 2025								
	Individual Clients	Service	Public Sector	High Tech	Real Estate	Manufacturing	Financial Institution	Others	Total
<i>On balance sheet</i>									
Receivables—Credit card	\$ 115,579,592	-	-	-	-	-	-	-	115,579,592
Receivables—Factoring	-	5,180,224	236,902	9,830,816	7,380	2,872,059	3,004,672	-	21,132,053
<i>Loans</i>									
-Consumer loans	1,690,013,499	-	-	-	-	-	-	-	1,690,013,499
-Corporate loans	126,769,432	159,444,142	234,294,415	102,808,677	152,417,118	206,023,102	43,612,418	1,340,499	1,026,709,803
-Micro-business loans	1,168,942	661,364	-	108,674	61,429	207,694	10,775	-	2,218,878
-Foreign currency loans	286,346,921	354,416,845	6,322,667	86,561,840	247,151,606	252,964,204	256,754,846	7,679,187	1,498,198,116
-Non-accrual loans	3,895,643	3,583,333	-	95,957	1,288,842	3,223,211	305	285,023	12,372,314
-Adjustment of discount and premium	(435,556)	(703,216)	(391)	(36,675)	(245,668)	(181,061)	(91,062)	(76,718)	(1,770,347)
Other financial assets	138,973	373,317	-	-	-	-	-	106,419	618,709
Total	<u>\$ 2,223,477,446</u>	<u>522,956,009</u>	<u>240,853,593</u>	<u>199,369,289</u>	<u>400,680,707</u>	<u>465,109,209</u>	<u>303,291,954</u>	<u>9,334,410</u>	<u>4,365,072,617</u>
<i>Off balance sheet</i>									
Guarantee and commitment	<u>\$ 1,547,173,558</u>	<u>315,260,478</u>	<u>79,705,131</u>	<u>462,420,205</u>	<u>154,223,006</u>	<u>575,874,411</u>	<u>165,258,493</u>	<u>1,997,858</u>	<u>3,301,913,140</u>

	December 31, 2025				
	Public Sector	Corporate	Financial Institution	Individual Clients	Total
Financial assets measured at fair value through other comprehensive income—investment in debt instruments	\$ 253,285,221	52,708,802	91,790,741	1,472,516	399,257,280
Financial assets—hedging	-	168,228	41,700	-	209,928
Investment in debt instruments at amortized cost	575,673,695	290,548,636	87,860,272	19,129,159	973,211,762
Total	<u>\$ 828,958,916</u>	<u>343,425,666</u>	<u>179,692,713</u>	<u>20,601,675</u>	<u>1,372,678,970</u>

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2024								
	Individual Clients	Service	Public Sector	High Tech	Real Estate	Manufacturing	Financial Institution	Others	Total
<i>On balance sheet</i>									
Receivables—Credit card	\$ 102,384,246	-	-	-	-	-	-	-	102,384,246
Receivables—Factoring	-	5,451,364	30,983	18,550,985	4,920	3,161,744	4,205,891	-	31,405,887
<i>Loans</i>									
-Consumer loans	1,456,541,618	-	-	-	-	-	-	-	1,456,541,618
-Corporate loans	120,371,388	127,521,333	319,996,030	91,760,683	137,664,262	168,966,616	35,683,254	1,433,157	1,003,396,723
-Micro-business loans	1,450,808	1,287,778	-	180,116	348,580	392,647	14,426	-	3,674,355
-Foreign currency loans	270,308,399	333,201,224	2,576,114	68,361,573	205,725,676	219,578,174	247,760,251	9,693,707	1,357,205,118
-Non-accrual loans	4,153,208	3,159,519	-	140,594	411,524	2,426,436	146,701	327,089	10,765,071
-Adjustment of discount and premium	(479,523)	(713,668)	(208)	(28,275)	(171,368)	(189,844)	(156,565)	(19,810)	(1,759,261)
Other financial assets	154,313	371,633	-	-	-	-	-	389,588	915,534
Total	<u>\$ 1,954,884,457</u>	<u>470,279,183</u>	<u>322,602,919</u>	<u>178,965,676</u>	<u>343,983,594</u>	<u>394,335,773</u>	<u>287,653,958</u>	<u>11,823,731</u>	<u>3,964,529,291</u>
<i>Off balance sheet</i>									
Guarantee and commitment	<u>\$ 762,824,871</u>	<u>252,005,956</u>	<u>69,792,758</u>	<u>424,616,819</u>	<u>139,524,856</u>	<u>557,391,952</u>	<u>164,181,630</u>	<u>1,181,683</u>	<u>2,371,520,525</u>

	December 31, 2024				
	Public Sector	Corporate	Financial Institution	Individual Clients	Total
Financial assets measured at fair value through other comprehensive income—investment in debt instruments	\$ 170,949,731	56,550,919	78,231,483	2,514,307	308,246,440
Financial assets—hedging	-	22,960	3,887	-	26,847
Investment in debt instruments at amortized cost	668,697,166	253,800,125	82,073,465	13,437,511	1,018,008,267
Total	<u>\$ 839,646,897</u>	<u>310,374,004</u>	<u>160,308,835</u>	<u>15,951,818</u>	<u>1,326,281,554</u>

ii) By Area

	December 31, 2025				
	Taiwan	North America	Asia (excluding Taiwan)	Others	Total
<i>On balance sheet</i>					
Financial assets measured at fair value through other comprehensive income—investment in debt instruments	\$ 36,682,426	88,751,700	194,756,809	79,066,345	399,257,280
Financial assets—hedging	34,954	-	174,974	-	209,928
Receivables—Credit card	115,579,592	-	-	-	115,579,592
Receivables—Factoring	6,412,326	3,908,207	9,837,956	973,564	21,132,053
<i>Loans</i>					
<i>Consumer finance</i>					
—Mortgage loans	1,353,545,519	-	-	-	1,353,545,519
—Consumer loans	336,467,980	-	-	-	336,467,980
<i>Corporate finance</i>					
—Corporate loans	1,023,989,315	363,888	1,191,007	1,165,593	1,026,709,803
—Micro-business loans	2,216,723	-	2,155	-	2,218,878
Foreign currency loans	67,861,083	183,281,958	1,170,048,654	77,006,421	1,498,198,116
Non-accrual loans	2,459,685	2,317,377	7,178,673	416,579	12,372,314
Adjustment of discount and premium	(885,958)	(59,059)	(788,574)	(36,756)	(1,770,347)
Investment in debt instruments at amortized cost	398,722,930	360,666,700	156,455,248	57,366,884	973,211,762
Other financial assets	138,972	-	479,737	-	618,709
Total	<u>\$ 3,343,225,547</u>	<u>639,230,771</u>	<u>1,539,336,639</u>	<u>215,958,630</u>	<u>5,737,751,587</u>
<i>Off balance sheet</i>					
Guarantee and commitment	<u>\$ 2,559,547,947</u>	<u>54,814,027</u>	<u>603,950,913</u>	<u>83,600,253</u>	<u>3,301,913,140</u>

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	December 31, 2024				
	Taiwan	North America	Asia (excluding Taiwan)	Others	Total
<u>On balance sheet</u>					
Financial assets measured at fair value through other comprehensive income-investment in debt instruments	\$ 15,590,218	93,396,465	169,866,479	29,393,278	308,246,440
Financial assets—hedging	-	-	26,847	-	26,847
Receivables—Credit card	102,384,246	-	-	-	102,384,246
Receivables—Factoring	8,316,542	5,282,190	15,751,755	2,055,400	31,405,887
<u>Loans</u>					
<u>Consumer finance</u>					
—Mortgage loans	1,173,367,570	-	-	-	1,173,367,570
—Consumer loans	283,174,048	-	-	-	283,174,048
<u>Corporate finance</u>					
—Corporate loans	999,962,752	382,200	1,518,086	1,533,685	1,003,396,723
—Micro-business loans	3,672,046	-	2,309	-	3,674,355
Foreign currency loans	43,365,536	186,889,901	1,059,732,883	67,216,798	1,357,205,118
Non-accrual loans	2,921,514	448,467	6,704,108	690,982	10,765,071
Adjustment of discount and premium	(885,792)	(130,169)	(706,610)	(36,690)	(1,759,261)
Investment in debt instruments at amortized cost	463,494,145	340,442,974	179,514,016	34,557,132	1,018,008,267
Other financial assets	154,313	-	761,221	-	915,534
Total	\$ 3,095,517,138	626,712,028	1,433,171,094	135,410,585	5,290,810,845
<u>Off balance sheet</u>					
Guarantee and commitment	\$ 1,725,186,872	30,143,325	543,139,739	73,050,589	2,371,520,525

- g) Credit risk analysis of financial assets, loan commitments and financial guarantee contracts of the Bank and subsidiaries

The measurement of expected credit losses of the Bank and subsidiaries is based on internal rating system and the estimation of three major credit risk components including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), which are used to measure the 12-month and lifetime expected credit losses.

For Probability of Default, the Bank and subsidiaries' institutional banking group develop the risk segmentation according to obligor's country, internal rating, status of credit risk, and industry. As for retail banking group, the risk segmentation is developed according to obligor's risk characteristics, credit score, and delinquency status.

For Loss Given Default, the Bank and subsidiaries' institutional banking group develop the risk segmentation depending on whether the asset is partially secured, fully secured, or other else. As for retail banking group, risk factors are derived from the product characteristics, such as Loan-to-value, exposure, and collateral type.

Current exposure method or expected exposure approach is adopted for the estimation of exposure at default. The on-balance sheet exposure at default is measured by gross carrying amount (including accrued interest and accrued fees); the off-balance sheet exposure at default is estimated by carrying amount multiplied by credit conversion factor (CCF) under the Basel Accords - the standardize approach for credit risk.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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The criteria for identifying the significant increases in credit risk are set as below:

- i) Delinquent asset with interest or principal payments over 30 days; delinquent asset with interest or principal payments over 45 days for recourse factoring exposure; delinquent asset with interest or principal payments over 60 days for non-recourse factoring exposure (considering the credit risk characteristics and the amount of time required for reconciliation process, special overdue days criteria have been set to both Recourse and Non-recourse Factoring exposure).
- ii) Obligor' s risk rating or collateral value at the reporting date deteriorates significantly compared to that at the initial recognition date.
- iii) Obligor placed in early warning list due to the mechanism of early warning or the probability of default of obligor similar with delinquent asset at reporting date.

The objective evidence of impairment generally includes the items as below:

- i) Significant financial difficulty of the issuer or obligor;
- ii) Adverse changes in the repayment status of borrower;
- iii) A breach of contract, such as a default or past due event;
- iv) The lender, for economic or contractual reasons relating to the borrower' s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- v) Decease, dissolution, or it is becoming probable that the borrower will file for bankruptcy or undergo financial reorganization;
- vi) The disappearance of an active market for that financial asset because of financial difficulties;
- vii) Purchased or originated credit-impaired financial asset at a significant discount to the contractual par amount;
- viii) 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).

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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Estimation of expected credit losses that incorporates forward-looking information:

By analyzing the historically macroeconomic data, the relevant macroeconomic factors for credit risk of each portfolio (e.g., economic growth rate, consumer price index, interest rate or unemployment rate) are recognized, which are further adopted based on the correlation of the Bank's loss experience and consistency of forecast. The risk signals then are developed based on the chosen macroeconomic factors and apply the forward-looking adjustment by incorporating the internal and external loss experiences. Besides, to derive and reflect macro light forecasts for the next three years in the estimation of impairment allowance, the Bank considers and gets the average of macroeconomics forecasting derived from the chosen Business, Public Agencies, and Academic Institutions.

There is no significant change on the methodology or assumptions for assessment of expected credit losses at the reporting date.

Some financial assets held by the Bank and subsidiaries, such as cash and equivalent cash, due from central bank, call loans to banks, financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, securities purchased under resell agreements, refundable deposits, operational guarantee deposits, and settlement fund, are excluded from this analysis since most of counterparties are normally with good credit quality and can be considered as low credit risk. Some products, such as certificate of deposit loan, due from banks, and call loans to banks, are treated as products with low credit risk in consideration of their characteristics and zero historically impaired experience. Below tables provide the expected credit risk analysis for the rest of financial assets.

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Item	December 31, 2025											
	Stage 1				Stage 2				Stage 3			Total(A)+(B)+(C)+ (D)-(E)
	Investment grade	Sub-investment grade	High Risk grade	Subtotal(A)	Investment grade	Sub-investment grade	High Risk grade	Subtotal(B)	Individually assessed impaired(C)	Collectively assessed impaired(D)	Impairment allowances(E)	
<i>On balance sheet</i>												
Financial assets measured at fair value through other comprehensive income-investment in debt instruments	\$ 351,777,966	47,479,314	-	399,257,280	-	-	-	-	-	-	232,633	399,024,647
Financial assets – hedging	187,481	22,447	-	209,928	-	-	-	-	-	-	-	209,928
Receivables – Credit card	105,013,406	4,221,560	3,714,394	112,949,360	6,516	5,912	349,955	362,383	-	2,267,849	1,091,749	114,487,843
Receivables – Factoring	8,414,995	9,759,935	2,267,188	20,442,118	-	6,969	-	6,969	682,966	-	675,103	20,456,950
<i>Loans</i>												
<i>Consumer finance</i>												
– Mortgage loans	1,338,783,183	6,511,686	4,883,225	1,350,178,094	81,088	3,177	237,302	321,567	-	3,045,858	204,589	1,353,340,930
– Consumer loans	275,479,745	22,561,259	25,456,539	323,497,543	32,029	31,552	1,736,697	1,800,278	-	11,170,159	6,361,631	330,106,349
<i>Corporate finance</i>												
– Corporate loans	455,876,002	474,435,896	90,207,875	1,020,519,773	792	285,279	2,195,192	2,481,263	2,951,774	756,993	996,486	1,025,713,317
– Micro-business loans	497,223	1,361,037	133,735	1,991,995	-	56,400	76,169	132,569	48,649	45,665	8,255	2,210,623
Foreign currency loans	809,346,634	447,591,457	199,262,832	1,456,200,923	680,826	1,045,782	26,372,810	28,099,418	4,706,002	9,191,773	21,677,410	1,476,520,706
Non-accrual loans	3,455	-	-	3,455	3,792	-	-	3,792	6,360,531	6,004,536	6,895,380	5,476,934
Adjustment of discount and premium	(1,259,481)	(445,778)	(67,286)	(1,772,545)	2,461	18	(28,390)	(25,911)	(1,153)	29,262	(654)	(1,769,693)
Investment in debt instruments at amortized cost	829,755,917	126,050,601	17,324,924	973,131,442	-	-	80,320	80,320	-	-	90,604	973,121,158
Other financial assets	106,419	-	-	106,419	-	-	-	-	373,317	138,973	198,603	420,106
Total	\$ 4,173,982,945	1,139,549,414	343,183,426	5,656,715,785	807,504	1,435,089	31,020,055	33,262,648	15,122,086	32,651,068	38,431,789	5,699,319,798
<i>Off balance sheet</i>												
Guarantee and commitment	\$ 2,392,649,551	759,640,020	146,438,770	3,298,728,341	18,790	53,189	2,085,301	2,157,280	16,397	1,011,122	408,085	3,301,505,055

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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Item	December 31, 2024											
	Stage 1				Stage 2				Stage 3			Total(A)+(B)+(C)+ (D)-(E)
	Investment grade	Sub-investment grade	High Risk grade	Subtotal(A)	Investment grade	Sub-investment grade	High Risk grade	Subtotal(B)	Individually assessed impaired(C)	Collectively assessed impaired(D)	Impairment allowances(E)	
On balance sheet												
Financial assets measured at fair value through other comprehensive income-investment in debt instruments	\$ 270,117,543	35,530,895	31,344	305,679,782	2,566,658	-	-	2,566,658	-	-	863,798	307,382,642
Financial assets – hedging	26,847	-	-	26,847	-	-	-	-	-	-	-	26,847
Receivables – Credit card	91,224,292	4,381,743	4,108,828	99,714,863	4,453	5,945	442,041	452,439	-	2,216,944	1,035,760	101,348,486
Receivables – Factoring	12,642,579	14,232,157	3,364,046	30,238,782	-	7,213	-	7,213	1,159,892	-	758,536	30,647,351
Loans												
Consumer finance												
– Mortgage loans	1,160,416,185	6,086,888	3,798,715	1,170,301,788	75,246	24,819	203,866	303,931	-	2,761,851	159,810	1,173,207,760
– Consumer loans	217,256,114	23,130,322	30,653,962	271,040,398	44,766	35,106	1,744,810	1,824,682	-	10,308,968	6,313,630	276,860,418
Corporate finance												
– Corporate loans	521,302,155	400,423,028	71,466,469	993,191,652	1,759	233,303	3,255,870	3,490,932	5,929,760	784,379	881,853	1,002,514,870
– Micro-business loans	231,851	2,473,133	475,271	3,180,255	-	41,003	289,568	330,571	75,470	88,059	22,494	3,651,861
Foreign currency loans	727,357,229	436,451,010	159,729,759	1,323,537,998	444,230	97,530	19,380,468	19,922,228	6,070,910	7,673,982	21,162,067	1,336,043,051
Non-accrual loans	5,714	-	-	5,714	4,050	-	-	4,050	3,988,002	6,767,305	7,878,052	2,887,019
Adjustment of discount and premium	(998,381)	(462,516)	(55,607)	(1,516,504)	2,578	(15)	(263,271)	(260,708)	(698)	18,649	(847)	(1,758,414)
Investment in debt instruments at amortized cost	900,608,141	99,232,771	18,167,355	1,018,008,267	-	-	-	-	-	-	73,754	1,017,934,513
Other financial assets	389,588	-	-	389,588	-	-	-	-	371,633	154,313	151,968	763,566
Total	\$ 3,900,579,857	1,021,479,431	291,740,142	5,213,799,430	3,143,740	444,904	25,053,352	28,641,996	17,594,969	30,774,450	39,300,875	5,251,509,970
Off balance sheet												
Guarantee and commitment	\$ 1,542,023,248	693,789,274	134,512,231	2,370,324,753	2,663	2,195	911,258	916,116	7,000	272,656	386,149	2,371,134,376

Note 1: The balances of impairment allowance, as shown above, are recognized in compliance with the IFRS Accounting Standards accepted by FSC.

Note 2: Stage 1 is the loss allowance measured at 12-month expected credit loss of financial instrument.

Stage 2 is the loss allowance measured at lifetime ECL measurement and the credit risk of a financial asset at the reporting date has increased significantly.

Stage 3 is the loss allowance measured at lifetime ECL measurement on a credit-impairment financial asset at the reporting date.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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h) Foreclosed properties

Foreclosed properties of the Bank and subsidiaries are classified under other assets. Please refer to Note 6(r).

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

i) Asset quality of the Bank and subsidiaries' non-performing loans and overdue receivables

Unit: In Thousands of New Taiwan Dollars, %

Month/ Year		December 31, 2025					
		Non-performing loans	Total loans	Non-performing loans ratio	Allowance for credit losses	Coverage ratio	
Corporate finance	Secured	7,574,330	767,539,287	0.99 %	38,611,271	246.72 %	
	Unsecured (Note 10)	8,075,535	1,470,883,468	0.55 %			
Consumer finance	Residential mortgages	2,095,228	1,307,149,396	0.16 %	13,625,856	650.33 %	
	Cash cards	7,778	539,354	1.44 %	6,276	80.69 %	
	Micro credit loans	Original	2,532,214	308,128,770	0.82 %	10,417,293	411.39 %
		Purchase	-	291,364	- %	-	- %
	Others	Secured	260,419	347,536,400	0.07 %	3,477,985	408.14 %
		Unsecured	591,746	27,444,571	2.16 %		
Total loan business		21,137,250	4,229,512,610	0.50 %	66,138,681	312.90 %	
		Overdue receivables	Balance of receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio	
Credit cards business		133,994	115,718,565	0.12 %	1,180,984	881.37 %	
Without recourse factoring		-	21,132,053	- %	865,031	- %	

Month/ Year		December 31, 2024					
		Non-performing loans	Total loans	Non-performing loans ratio	Allowance for credit losses	Coverage ratio	
Corporate finance	Secured	6,008,055	721,812,691	0.83 %	37,443,210	284.53 %	
	Unsecured (Note 10)	7,151,553	1,371,181,119	0.52 %			
Consumer finance	Residential mortgages	2,061,178	1,196,206,411	0.17 %	11,558,615	560.78 %	
	Cash cards	12,909	606,586	2.13 %	9,694	75.09 %	
	Micro credit loans	Original	2,734,615	276,614,016	0.99 %	10,141,731	370.87 %
		Purchase	-	260,898	- %	1	- %
	Others	Secured	165,765	253,732,356	0.07 %	2,503,418	371.52 %
		Unsecured	508,065	11,168,808	4.55 %		
Total loan business		18,642,140	3,831,582,885	0.49 %	61,656,669	330.74 %	
		Overdue receivables	Balance of receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio	
Credit cards business		148,605	102,538,559	0.14 %	1,135,684	764.23 %	
Without recourse factoring		-	31,405,887	- %	1,060,651	- %	

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- Note 1: The Bank's non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations on the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans". The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin Kuan Yin (4) Zi No. 0944000378, dated July 6, 2005.
- Note 2: Non-performing loans ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ balance of receivables.
- Note 3: Coverage ratio for loans = Allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card = Allowance for credit losses ÷ overdue receivables.
- Note 4: For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.
- Note 5: Microcredit loans are defined by Jin Kuan Yin (4) Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.
- Note 6: Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash cards, and microcredit loans, and do not include credit cards.
- Note 7: In accordance with Jin Kuan Yin (5) Zi No. 094000494, dated July 19, 2005, receivables without recourse factoring will be classified as non-performing loans within 3 months after the date that suppliers or insurance companies resolve not to compensate the loss.
- Note 8: The allowance for credit losses, as shown above, are calculated in accordance with the IFRSs accepted by FSC and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", and other related regulations. Additionally, the amounts exclude non-accrual loans arising from guarantees. Related allowance for credit losses is recognized under provisions.
- Note 9: Supplemental disclosures:

The information below shows supplemental disclosures of the Bank's loans and receivables that may be exempted from reporting as non-performing loans and overdue receivables, respectively.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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Unit: In Thousands of New Taiwan Dollars

	December 31, 2025		December 31, 2024	
	Loans that may be exempted from reporting as a non-performing loan	Receivables that may be exempted from reporting as overdue receivables	Loans that may be exempted from reporting as a non-performing loan	Receivables that may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan (Note 1)	2,222	299,924	3,757	262,708
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2)	1,177,347	80,423	985,571	68,071
Total	1,179,569	380,347	989,328	330,779

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

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

Note 10: Those loans that are not 100% backed by collateral are classified as unsecured.

ii) Concentration of the Bank’s credit extensions

Unit: In Thousands of New Taiwan Dollars

December 31, 2025			
Ranking	Enterprise group by industry sector	Credit amount	Credit amount/ stockholders’ equity (%)
1	A group. Other unclassified financial service	17,779,849	4.13 %
2	B group. Other unclassified financial service	16,656,881	3.86 %
3	C group. Banking	12,667,862	2.94 %
4	D group. Semiconductor manufacturing	11,465,097	2.66 %
5	E group. Real estate leasing	11,071,317	2.57 %
6	F group. Other unclassified financial service	10,676,705	2.48 %
7	G group. Data storage media manufacturing	10,092,871	2.34 %
8	H group. Western medicine manufacturing	9,508,180	2.21 %
9	I group. Panel and components manufacturing	9,270,614	2.15 %
10	J group. Other unclassified financial service	9,214,176	2.14 %

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December 31, 2024			
Ranking	Enterprise group by industry sector	Credit amount	Credit amount/ stockholders' equity (%)
1	K group. Telephones and cellular phones manufacturing	17,238,142	4.38 %
2	B group. Other civil engineering	11,616,085	2.95 %
3	L group. Cement manufacturing	11,424,394	2.90 %
4	F group. Other unclassified financial service	10,658,523	2.71 %
5	D group. Semiconductor manufacturing	10,008,837	2.54 %
6	M group. Real estate development	9,916,420	2.52 %
7	N group. Real estate leasing	9,571,785	2.43 %
8	I group. Panel and components manufacturing	9,265,375	2.35 %
9	O group. Financial leasing	9,210,205	2.34 %
10	P group. Other unclassified financial service	8,749,464	2.22 %

Note 1: The top 10 enterprise groups other than government or state-owned enterprises are ranked according to their total outstanding credit amount. If the borrowers belong to an enterprise group, the aggregate credit balance of the enterprise should be calculated and disclosed as a code number for each such borrower together with an indication of the borrowers' line of business. In addition, if the borrowers are enterprise groups, the enterprise group's industry sector with the maximum exposure to credit risk in its main industry sector should be disclosed, along with the "class" of the industry, in compliance with the Standard Industrial Classification System of the R.O.C. posted by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

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

Note 3: The total outstanding credit amount is the sum of the balances of all loan types (including import and export bill negotiations, loans, overdrafts, short/medium/long term secured and unsecured loans, margin loans receivable, and non-accrual loans), bills purchased, without recourse factoring, acceptances receivable, and guarantees receivable.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Liquidity Risk Management Mechanism

a) Definition and sources of liquidity risk

Liquidity risk of the Bank and subsidiaries refers to the risk of inability to obtain funds at a reasonable cost within a reasonable timeframe to meet financial obligations, and thus impact on the reduction of the Bank and subsidiaries' profits or economic value.

Liquidity risk may stem from external and internal factors, such as undermined payment capability caused by financial market volatility, early withdraws and concerns of creditors or depositors over the Bank's ability to meet payment obligations due to credit, market or operational risk.

b) Objectives of liquidity risk management

Since there were costs associated with the level of liquidity, the liquidity risk management for the Bank and subsidiaries aims to satisfy the funding needs by allocating the assets and liabilities in the most cost-effective way within the approved risk tolerance to balance the risk and return.

c) Management procedures and risk measurement of liquidity risk

The Bank and subsidiaries have constructed a sound liquidity risk management framework and procedures according to the "Asset and Liability Management Policy" which clearly defined the rights and responsibilities of each unit and three defense lines of risk management, in addition to established and enhanced liquidity risk management mechanism includes identification, measurement, monitoring and reporting to be the foundation of liquidity risk management of the Bank and subsidiaries. By periodically monitoring the liquidity limit approved, continuously conducting the development and application of quantitative risk assessment tools, and studying liquidity related issues, the liquidity risk is properly managed. The Bank's qualitative risk appetite is defined as "The Bank constantly maintains a balanced asset and liability structure, establishes a stable deposit base, diversifies funding sources, and prudently manages cash flow maturities to ensure sufficient liquidity to meet its payment obligations under both normal and stressed scenarios."

Funding Management Unit is the actual liquidity management unit for the Bank and subsidiaries and maintaining adequate liquidity is its ultimate responsibility. The risk management unit will monitor the liquidity risk independently. The main responsibilities of funding management unit are as follows:

- i) Keep abreast of market condition, and monitor the Bank's liquidity to ensure the capacity to meet the intraday payment obligation.
- ii) Adjust funding gap and liquidity to conform exposure within the Bank's risk appetite and regulatory requirements, and support customers' funding needs by use of different funding instruments with different amount and maturity.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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- iii) Diversify funding instruments and counterparties in order to reduce the concentration.
- iv) Activate Contingency Funding Plan (CFP) and adjust positions when a liquidity crisis is detected.

The liquidity risk management unit is responsible to identify the cause of liquidity risk, develop and enhance the measurement of risk, periodically conduct the risk reports, monitor early warning triggers of liquidity risk, activate the Contingency Funding Plan when liquidity crisis is detected, and review the effectiveness of action plan.

The scope and characteristics of risk measurements and reporting system are as follows:

- i) Establish the thorough liquidity risk measurement for measuring liquidity risks. The common methods are as follows:

There are multiple aspects involved in liquidity risk management, and multiple quantitative indicators must be used to make comprehensive judgments and management. The selection of measurement indicators is based on the characteristics and complexity of assets and liabilities and the requirements of competent authorities, such as loan to deposit ratio, maturity gap analysis, liquidity ratio and liquidity coverage ratio (LCR), net stable funding ratio (NSFR), concentration of funding and deposit stability. The changes of liquidity risk measurement indicators are visualized to efficiently understand the changes, causes and impacts of various aspects, so as to monitor liquidity risks in a systematic, real-time and effective manner.

- ii) The liquidity risk management unit periodically conducts the risk reports, which contain the analysis of limit usage and liquidity risk indicators. The risk report with supporting stress test result will periodically be submitted to related risk management meetings. For important liquidity risk issues, depending on the impact, they will be reported to the management level of Bank or the Holding' to discuss the action plan. It assists the management level to control and respond the changing of risk exposure, so as to take a comprehensive view and coordinate various business units to adjust risk exposure and balance risks and returns.

CTBC BANK CO., LTD. AND SUBSIDIARIES
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d) Risk mitigation and hedge of liquidity risk

Through liquidity risk management framework, the Bank and subsidiaries maintain sufficient liquidity status and robust funding structure. By using rigorous liquidity risk measurement and strict supervision, the Bank and subsidiaries can detect potential issues on liquidity risk at an early stage and report them during the risk management meeting. Also, the Bank and subsidiaries can thoroughly monitor, and coordinate with, each business unit to adjust the exposure by taking into consideration the risk and return. All relevant units shall adjust their strategies according to the resolution of the risk management meeting to effectively avoid the occurrence of liquidity risks. After confirming the limit excess, the risk management unit shall identify the cause and the main business unit which leads the limit breach. The responsible business unit should submit the action plan to the limit authority for approval. The relevant unit should keep track of the effectiveness of action plan and make prompt adjustment to ensure that the risk could be effectively reduced.

Being one of domestic systemically important banks(D-SIBs) in Taiwan, the Bank has additionally set up rigorous monitoring index and stress tests to detect liquidity risk at early stages. The Bank also follows the guidelines of the Liquidity Contingency Management Plan to coordinate various resources in order to promptly respond to liquidity crises and ensure stable liquidity for sound operations.

e) Maturity analysis of non-derivatives liabilities

Table below shows the analysis of cash outflows of non-derivatives liabilities based on time remaining until the contractual maturity date. The amount disclosed is based on contractual cash flows and may be different from that included in the consolidated balance sheets.

	December 31, 2025					
	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Deposits from Central Bank and other banks	\$ 111,221,972	14,617,696	2,538,322	819,164	-	129,197,154
Due to Central Bank and other banks	756,381	825,271	903,514	97,527	9,993,451	12,576,144
Non-derivative financial liabilities measured at fair value through profit or loss	2,499,694	-	-	72,348	18,571,652	21,143,694
Securities sold under repurchase agreements	183,685,499	-	-	-	-	183,685,499
Payables	34,611,316	8,557,706	14,590,368	21,360,425	30,564,944	109,684,759
Deposits and remittances	3,483,479,322	783,189,325	541,053,755	715,936,648	157,173,472	5,680,832,522
Financial debentures	-	-	3,392,800	1,196,400	80,176,685	84,765,885
Other financial liabilities	19,577,647	4,422,226	5,801,059	7,785,942	42,999,474	80,586,348
Commercial papers payable	1,794,600	1,495,500	2,293,100	-	-	5,583,200

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	December 31, 2024					
	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Deposits from Central Bank and other banks	\$ 93,966,654	16,268,829	2,829,271	7,981,643	957	121,047,354
Due to Central Bank and other banks	1,774,247	1,177,440	1,508,401	3,302,535	6,913,528	14,676,151
Non-derivative financial liabilities measured at fair value through profit or loss	390,710	-	-	-	8,492,395	8,883,105
Securities sold under repurchase agreements	193,880,413	22,693,519	-	-	-	216,573,932
Payables	40,954,272	6,627,579	16,424,769	27,280,862	60,160,854	151,448,336
Deposits and remittances	3,120,627,275	823,533,597	514,898,257	695,696,368	176,547,412	5,331,302,909
Financial debentures	-	-	300,000	1,000,000	53,644,005	54,944,005
Other financial liabilities	12,886,958	12,442,231	14,864,035	21,457,500	5,135,076	66,785,800
Commercial papers payable	2,028,840	1,406,790	1,722,600	-	-	5,158,230

Note: For demand and saving deposits included in “Deposits and remittances”, the amount will be disclosed in the earliest period since such deposits can be withdrawn at any time.

f) Maturity analysis of derivatives liabilities

i) Net settled derivatives

Net settled derivatives engaged by the Bank and subsidiaries include but not limited to:

Foreign exchange derivatives: non-deliverable forwards and net settled FX options;

Interest rate derivatives: forward rate agreement, interest rate swaps, and interest rate futures;

Other derivatives: equity options and commodity futures.

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For derivatives held by trading purpose, the amount will be disclosed in the earliest period with fair value to reflect the nature of short term trading behavior. The maturity analysis of net settled derivatives liabilities is as follows:

		December 31, 2025					
		0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss							
– Foreign exchange derivatives	\$	4,224,204	-	-	-	-	4,224,204
– Interest rate derivatives		34,616,502	-	-	-	-	34,616,502
– Other derivatives		1,006,402	-	-	-	-	1,006,402
Total	\$	39,847,108	-	-	-	-	39,847,108
		December 31, 2024					
		0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss							
– Foreign exchange derivatives	\$	3,021,495	-	-	-	-	3,021,495
– Interest rate derivatives		40,515,837	-	-	-	-	40,515,837
– Other derivatives		438,132	-	-	-	-	438,132
Total	\$	43,975,464	-	-	-	-	43,975,464

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g) Maturity analysis of off-balance-sheet items

Table below shows the maturity analysis of off-balance-sheet items for the Bank and subsidiaries. The amount of the guarantee and committed credit lines will be allocated to the earliest period when such obligation can be exercised at anytime by clients. The amount disclosed is based on contractual cash flow and may be different from that included in the consolidated balance sheets.

	December 31, 2025					
	0~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year	Total
Financial guarantee contracts	\$ 88,249,931	-	-	-	-	88,249,931
Unused amount of irrevocable loan commitments	932,903,224	-	-	261,088	-	933,164,312
Unused amount of irrevocable letter of credit	32,969,453	-	-	79,906	-	33,049,359
Unused amount of irrevocable credit card commitments	714,051,925	-	-	-	-	714,051,925
Total	\$ 1,768,174,533	-	-	340,994	-	1,768,515,527

	December 31, 2024					
	0~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year	Total
Financial guarantee contracts	\$ 72,525,246	-	-	-	-	72,525,246
Unused amount of irrevocable loan commitments	172,174,946	-	-	-	-	172,174,946
Unused amount of irrevocable letter of credit	33,218,031	-	-	-	-	33,218,031
Unused amount of irrevocable credit card commitments	664,551,707	-	-	-	-	664,551,707
Total	\$ 942,469,930	-	-	-	-	942,469,930

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

i) Maturity analysis of the Bank's assets and liabilities for New Taiwan Dollars

December 31, 2025

Unit: In Millions of New Taiwan Dollars

	Total	Amount remaining to maturity date					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major cash inflow at maturity	\$ 4,223,275	530,266	375,235	292,625	305,641	361,165	2,358,343
Major cash outflow at maturity	5,140,762	247,336	366,872	643,475	773,934	1,212,346	1,896,799
Gap	(917,487)	282,930	8,363	(350,850)	(468,293)	(851,181)	461,544

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December 31, 2024

Unit: In Millions of New Taiwan Dollars

	Total	Amount remaining to maturity date					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major cash inflow at maturity	\$ 4,076,272	690,954	382,178	240,371	293,871	405,839	2,063,059
Major cash outflow at maturity	4,944,064	193,958	393,720	687,835	752,408	1,189,238	1,726,905
Gap	(867,792)	496,996	(11,542)	(447,464)	(458,537)	(783,399)	336,154

Note: The above tables refer to the Bank's overall position denominated in NTD.

ii) Maturity analysis of the Bank's assets and liabilities for U.S. Dollars

December 31, 2025

Unit: In Thousands of U.S. Dollars

	Total	Amount remaining to maturity date				
		0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major cash inflow at maturity	\$ 132,982,598	47,357,317	23,521,053	16,270,384	17,099,736	28,734,108
Major cash outflow at maturity	185,695,600	54,005,933	34,662,777	23,160,915	30,341,258	43,524,717
Gap	(52,713,002)	(6,648,616)	(11,141,724)	(6,890,531)	(13,241,522)	(14,790,609)

December 31, 2024

Unit: In Thousands of U.S. Dollars

	Total	Amount remaining to maturity date				
		0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major cash inflow at maturity	\$ 134,219,263	52,715,649	22,643,914	16,811,190	17,746,111	24,302,399
Major cash outflow at maturity	180,937,510	59,494,249	32,383,497	23,620,527	27,529,162	37,910,075
Gap	(46,718,247)	(6,778,600)	(9,739,583)	(6,809,337)	(9,783,051)	(13,607,676)

Note: The above tables only include the total amount in US dollars of the head office, domestic branches and Offshore Banking Unit.

iii) Maturity analysis of the Bank's overseas branches' assets and liabilities for U.S. Dollars

December 31, 2025

Unit: In Thousands of U.S. Dollars

	Total	Amount remaining to maturity date				
		0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major cash inflow at maturity	\$ 73,142,442	33,621,720	9,749,888	9,077,496	8,951,117	11,742,221
Major cash outflow at maturity	85,408,806	31,905,657	18,349,591	12,225,498	15,109,845	7,818,215
Gap	(12,266,364)	1,716,063	(8,599,703)	(3,148,002)	(6,158,728)	3,924,006

December 31, 2024

Unit: In Thousands of U.S. Dollars

	Total	Amount remaining to maturity date				
		0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Major cash inflow at maturity	\$ 70,743,794	29,578,133	11,029,916	8,650,185	11,818,483	9,667,077
Major cash outflow at maturity	81,032,811	28,943,020	17,927,634	12,066,749	15,458,196	6,637,212
Gap	(10,289,017)	635,113	(6,897,718)	(3,416,564)	(3,639,713)	3,029,865

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4) Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of London Interbank Offered Rate (LIBOR) with alternative nearly risk-free rate. The Bank intends to convert the risk exposure of financial instruments related to interest rate benchmark of LIBOR. According to the cessation date of LIBOR announced by the Financial Conduct Authority (FCA) in March 2021, the non-USD LIBOR and the 1-week and 2-month USD LIBOR, retired at the end of 2021, and the remaining tenors of USD LIBOR retired at the end of June 2023.

The Bank has formally established a cross functional project team since March 2020. Impacts on businesses and clients resulted from LIBOR transition have been decreased by initiating the project of LIBOR transition for governance structures and executive plans, stipulating internal policies, upgrading related systems as well as operational procedures.

At the end of December 31, 2025, LIBOR-linked exposure in the Bank and subsidiaries have completed Libor Transition amendments or added appropriate Fallback Provisions.

(iv) Climate-Related Risks

The ultimate parent company, CTBC Financial Holding Co., Ltd. (“CTBC Financial Holding”), has established a climate risk management policy and guidelines, categorizing climate risks into two major types:

- 1) Transition Risks associated with achieving a low-carbon economy, including four key aspects: policy and legal, technology, market, and reputation.
- 2) Physical Risks resulting from climate change or extreme weather event have two types. One is acute such as heavy rainfall/flooding, and the other is chronic like rising average temperatures and sea level rise.

CTBC Financial Holding and its subsidiaries regularly identify, prioritize, and conduct scenario analyses on the impact of climate-related risks on their business. They also monitor risk exposure and the effectiveness of strategy implementation. In regard to the fact that both transition risks and physical risks can directly or indirectly affect traditional financial risks through macroeconomic or microeconomic transmission channels, CTBC Financial Holding has amended its Credit Risk Management Policy, Market Risk Management Policy, and Operational Risk Management Policy to clarify the interconnection and impact between existing risks and climate risks. Each subsidiary also establishes risk management regulations or business guidelines based on their practice management. For example, the Bank and subsidiaries have established the Guidelines for Sustainable Finance in institutional Banking, which clearly define the review process and impact assessment of corporate cases in terms of Environmental, Social, and Governance aspects.

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(v) Transferred financial assets that are not fully derecognized

The transactions, relating to transferred financial assets not qualifying for full derecognition, the Bank and subsidiaries conduct during daily operation mostly involve securities lending in accordance to repurchase agreements. Since the right to receive contractual cash flow has been transferred to others and the Bank and subsidiaries' obligation to repurchase the transferred assets for a fixed price at a future date is recognized under liabilities, the said transferred assets are not fully derecognized.

December 31, 2025					
Types of financial assets	Carrying amount of transferred financial assets	Carrying amount of associated financial liabilities	Fair value of transferred financial assets	Fair value of associated financial liabilities	Net fair value
Financial assets measured at fair value through profit or loss					
Repurchase agreements	\$ 1,094,409	1,098,375	1,094,409	1,098,375	(3,966)
Financial assets measured at fair value through other comprehensive income					
Repurchase agreements	78,169,079	78,466,743	78,169,079	78,466,743	(297,664)
Securities lending agreements	9,785,238	9,589,749	9,785,238	9,589,749	195,489
Investment in debt instruments at amortized cost					
Repurchase agreements	108,725,140	104,120,381	104,233,605	104,120,381	113,224
December 31, 2024					
Types of financial assets	Carrying amount of transferred financial assets	Carrying amount of associated financial liabilities	Fair value of transferred financial assets	Fair value of associated financial liabilities	Net fair value
Financial assets measured at fair value through profit or loss					
Repurchase agreements	\$ 12,750,778	13,999,223	12,750,778	13,999,223	(1,248,445)
Financial assets measured at fair value through other comprehensive income					
Repurchase agreements	62,385,390	61,212,278	62,385,390	61,212,278	1,173,112
Securities lending segments	2,043,272	1,987,252	2,043,272	1,987,252	56,020
Investment in debt instruments at amortized cost					
Repurchase agreements	153,244,261	141,362,431	141,015,732	141,362,431	(346,699)

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(vi) Offsetting financial assets and financial liabilities

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

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

December 31, 2025						
Financial assets that are offset, have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial assets	\$ 66,269,862	-	66,269,862	35,491,304	12,052,901	18,725,657

December 31, 2025						
Financial liabilities that are offset, have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial liabilities	\$ 67,986,683	-	67,986,683	34,838,999	18,248,559	14,899,125
Securities lending agreements	9,589,749	-	9,589,749	9,589,749	-	-
Total	\$ 77,576,432	-	77,576,432	44,428,748	18,248,559	14,899,125

December 31, 2024						
Financial assets that are offset, have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial assets	\$ 84,138,056	-	84,138,056	52,986,831	15,054,595	16,096,630

December 31, 2024						
Financial liabilities that are offset, have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		
				Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial liabilities	\$ 77,911,011	-	77,911,011	51,768,372	15,498,275	10,644,364
Securities lending agreements	1,987,252	-	1,987,252	1,987,252	-	-
Total	\$ 79,898,263	-	79,898,263	53,755,624	15,498,275	10,644,364

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

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Capital management

1) Capital management goal and procedure

The goal of the Bank's capital management is to meet the regulatory requirement on capital adequacy and the organization's target of maximizing returns for shareholders by implementing the capital management procedures and improving the efficiency of capital utilization.

Both short-term and long-term capital demands shall be considered in capital planning. The annual capital plan shall be drawn with reference to the business plan, the internal planning referenced indicators of each capital ratio, current and future estimated capital demands, and committed returns for shareholders of the Bank. A backup plan shall also be established to fulfill unplanned capital demands. The Bank also regularly conducts stress tests and scenario simulation analyses to calculate capital ratios, fully taking into account external conditions and other factors, including potential risks, changes in financial markets, and other events impacting risk taking capabilities, to make sure that the Bank can maintain adequate capital in case of detrimental events and huge market changes.

Planning for yearly earnings distribution follows the principles and a ratio mandated by the articles of incorporation and dividend policy, and is put into effect after being approved by the Board of Directors on behalf of the shareholders'. Capital adequacy, potential investment needs, and dividend amount of previous years are taken into account. The needs to maintain proper financial ratios and satisfy fund requirement of the parent company are also preconditions of the distribution.

2) Definition and regulation

The regulator of the Bank is the Financial Supervisory Commission, and the Bank follows the "Regulations Governing the Capital Adequacy and Capital Category of Banks" issued by the Financial Supervisory Commission.

According to the regulations aforementioned, the ratio of regulatory capital to risk-weighted assets (hereinafter referred to as the "capital ratios") shall mean common equity tier 1 ratio, Tier 1 capital ratio, and total capital adequacy ratio. Besides calculating these stand-alone capital ratios of the Bank, it should also calculate capital ratios by consolidating its investments in subsidiaries in financial statements prepared in accordance with IFRS 10, and the stand-alone and consolidated capital ratios should follow Section 5 of Paragraph 1 of Article 2 of the "Regulations Governing the Capital Adequacy and Capital Category of Banks."

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Regulatory capital

The Bank's regulatory capital is divided into net Tier 1 Capital and net Tier 2 Capital following the "Regulations Governing the Capital Adequacy and Capital Category of Banks":

- a) Net Tier 1 Capital: The aggregate amount of net Common Equity Tier 1 and net additional Tier 1 Capital.
- Net common equity Tier 1 Capital: Primarily consists of the aggregate amount of Common stock and its additional paid in capital, Capital collected in advance, Capital surplus, Legal reserve, Special reserve, accumulated profit or loss, Non-controlling interests, and Other equity interest items, minus intangible assets, deferred tax assets due to losses from the previous year, the insufficiency of operational reserves and loan loss provisions, the revaluation surplus of real estate, and statutory adjustment items calculated in accordance with "the Methods for Calculating Bank's Regulatory Capital and Risk Weighted Assets".
 - Net additional Tier 1 Capital: Consists of the aggregate amount of non-cumulative perpetual preferred stock and its additional paid in capital, non-cumulative perpetual subordinated debts, additional Tier 1 Capital issued by the Bank's subsidiaries and not directly or indirectly held by the Bank, minus statutory adjustment items calculated in accordance with "the Methods for Calculating Bank's Regulatory Capital and Risk Weighted Assets".
- b) Net Tier 2 Capital: Consists of the aggregate amount of cumulative perpetual preferred stock and its additional paid in capital, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, non-perpetual preferred stock and its additional paid in capital, the increase in retained earnings when fair value or re-estimated value is adopted as deemed cost for the first-time adoption of IFRSs on premises, 45% of unrealized gains on changes in the fair value of investment properties using fair value method, as well as the 45% of unrealized gains on financial assets measured at fair value through other comprehensive income, operational reserves and loan-loss provisions, and Tier 2 Capital issued by the Bank's subsidiaries and not directly or indirectly held by the Bank, minus statutory adjustment items calculated in accordance with "the Methods for Calculating Bank's Regulatory Capital and Risk Weighted Assets".

The Bank issues different capital instruments via versatile venues to maintain a sound capital structure. The Bank does not provide holders of such capital instruments with relevant financing. Subsidiaries of the financial holding company, to which the Bank belongs, do not own such capital instruments.

The regulator examines a Bank's capital category in accordance with capital ratios and net worth to total assets. When the Bank's capital is graded as inadequate capital, significantly inadequate capital or seriously inadequate capital by the regulator, the regulator shall take prompt corrective actions pursuant to Sections 1 to 3, Paragraph 1, Article 44 2 of the Banking Act.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The aforementioned regulations governing categories issued by the regulator follows the new BASEL capital agreement issued by Bank for International Settlements. A brief description of three pillars of the agreement and the Bank's compliance with them is as below:

i) Pillar 1

Pillar 1 covers the capital requirement for credit risk, market risk, and operational risk.

1. Credit risk measures bank's risk of financial loss resulting from borrowers, guarantors or counterparties' failure to repay or meet contractual obligations. The scope of credit risk includes the default risk arises from on and off-balance sheet assets as well as counterparty credit risk. The capital requirement calculation includes the standardized approach and the internal ratings based (IRB) approach, while the Bank adopts the standardized approach for regulatory capital.
2. Market risk is the risk that the Bank's earnings, capital, or its ability to meet business objectives will be adversely affected by changes in the level, volatility, correlation, or liquidity of market risk factors, such as interest rate (including credit spread), foreign exchange, equity and commodity. Market risk capital methods include standardized approach and internal model approach. The Bank adopts standardized approach in the calculation of required capital.
3. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk but excluding strategic and reputational risk. The calculation of capital charge adopts the Basel III standardized approach. Under the Basel III standardized approach, the capital charge is calculated as the Business Indicator Component (BIC) multiplied by the Internal Loss Multiplier (ILM).

ii) Pillar 2

Pillar 2 ensures that each bank has a sound internal assessment process and is able to forecast its capital adequacy based on the thorough assessment of bank risks, and that, with proper regular monitoring, regulatory capital matches the overall risk characters.

For compliance with regulatory monitoring of capital adequacy, the Bank conducts regular filing of capital adequacy self-assessment and various risks management every year in accordance with regulatory mandate.

iii) Pillar 3

Pillar 3 involves Market Discipline and requires banks to disclose detailed information on risk, capital, and risk management for the improvement of banking information transparency. To comply with pillar 3 – Market Discipline, the Bank has disclosed “Capital Adequacy and Risk Management Report” on its website for the disclosure of qualitative and quantitative information.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Capital adequacy ratios of the Bank and subsidiaries

Analyzed items		Period		
		December 31, 2025	December 31, 2024	
Regulatory capital	Net common equity Tier 1 Capital	398,372,097	367,958,196	
	Net additional Tier 1 Capital	44,312,998	34,061,860	
	Net Tier 2 Capital	78,882,196	52,902,297	
	Regulatory capital	521,567,291	454,922,353	
Amount of Risk weighted assets	Credit risk	Standardized approach (SA)	3,269,380,206	2,866,091,984
		Internal ratings based (IRB) approach	-	-
		Assets securitization	9,053,164	42,240,260
	Operational risk	Basic indicator approach (BIA)	-	-
		Standardized approach (SA)/Alternative Standardized approaches (ASA)	174,095,023	249,560,257
		Advanced measurement approaches (AMA)	-	-
	Market risk	Standardized approach (SA)	124,019,776	118,296,514
		Internal model approach	-	-
	Total amount of risk weighted assets		3,576,548,169	3,276,189,015
	Capital adequacy ratio		14.58 %	13.89 %
Ratio of common equity to risk weighted assets (%)		11.14 %	11.23 %	
Ratio of tier 1 capital to risk weighted assets (%)		12.38 %	12.27 %	
Leverage ratio		6.15 %	5.84 %	

(aq) Structured entities that are not included in consolidated financial reports

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

<u>The types of structured entities</u>	<u>Nature and purpose</u>	<u>Interests held by the Bank and subsidiaries</u>
Asset-backed securities	Securitizing financial or non-financial assets and issuing them to raise funds.	Investing or lending in securities issued by these entities.
Private fund	Raising funds to create investment opportunities in a variety of assets.	Investing in funds issued by these entities.

- (ii) The scales of structured entities not included in consolidated financial reports were as follows:

	December 31, 2025	December 31, 2024
Asset-backed securities	\$ 295,367,909,343	303,210,154,069
Private fund	62,846,972	56,527,240

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Assets held by the Bank and subsidiaries		
Financial assets measured at fair value through profit or loss	\$ 532,910	474,522
Financial assets measured at fair value through other comprehensive income	32,797,232	38,765,679
Investment in debt instruments at amortized cost	142,922,965	123,653,262
Investment under equity method	108,391	424,788
Loans—net	12,148,492	10,119,017
Other assets—net	<u>10,521,119</u>	<u>6,423,498</u>
Total assets held by the Bank and subsidiaries	<u>\$ 199,031,109</u>	<u>179,860,766</u>
Liabilities held by the Bank and subsidiaries		
Deposits and remittances	<u>\$ 407,614</u>	<u>177,065</u>

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

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

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names of related parties and relationship with the Bank

<u>Name of related party</u>	<u>Relationship with the Bank</u>
CTBC Financial Holding Co., Ltd.	Parent company of the Bank.
Grand Bills Finance Corporation	Investee company under equity method.
Xiamen Jinmeixin Consumer Finance Co., Ltd.	Investee company under equity method.
CTBC Securities Investment Service Co., Ltd.	Controlled by the same company as the Bank.
CTBC Asia Limited	Controlled by the same company as the Bank.
CTBC Venture Capital Co., Ltd.	Controlled by the same company as the Bank.
CTBC Security Co., Ltd.	Controlled by the same company as the Bank.
Taiwan Lottery Co., Ltd.	Controlled by the same company as the Bank.
CTBC Investments Co., Ltd.	Controlled by the same company as the Bank.
Taiwan Life Insurance Co., Ltd.	Controlled by the same company as the Bank.
CTBC Finance Co., Ltd.	Controlled by the same company as the Bank.
CTBC Insurance Co., Ltd.	Controlled by the same company as the Bank.
CTBC Sports Entertainment Co., Ltd.	Controlled by the same company as the Bank.
HH-CTBC Capital Management Co., Ltd.	Controlled by the same company as the Bank.
CTBC Financial Leasing Co., Ltd.	Controlled by the same company as the Bank.
CTBC Asset Management Co., Ltd.	Controlled by the same company as the Bank.
CTBC Capital Ltd.	Controlled by the same company as the Bank.
KIDSFUN Co., Ltd.	An investee company significantly influenced by the company which is controlled by the same company as the Bank.
Wu Tzu Development Co., Ltd.	Investee company under equity method of the company which is controlled by the same company as the Bank.
HoFa Land Development Co., Ltd.	Investee company under equity method of the company which is controlled by the same company as the Bank.
CTBC Investment Trust Funds	Securities investment trust funds managed by the company which is controlled by the same company as the Bank. (Note)
Chung Yuan Investment Co., Ltd.	The Director of the parent company.
Yi Chuan Investment Co., Ltd.	The Director of the parent company.
Chuan Wei Investment Co., Ltd.	The company's Chairman is the second-degree relative of the Chairman of the Bank's parent company.
Taipei Kai-Nan High School	The Chairman of the parent company of the Bank is its body corporate representative.
Deutsche Bank Taipei Branch	The company's General Manager is the second-degree relative of the Chairman of the Bank's subsidiary.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Bank</u>
Star City Church Bethlehem	Related party in substance.
Chang Gung Zheng Energy Co., Ltd.	Related party in substance.
Bo Yu Investment Co., Ltd.	Related party in substance.
CTBC University of Science and Technology	Related party in substance.
CTBC International School	Related party in substance.
Ho-Wei Investment Co., Ltd.	Related party in substance.
Weihong Investment Co., Ltd.	Related party in substance.
Sung Hung Investment Co., Ltd.	Related party in substance.
Taiwan Institute of Economic Research	Related party in substance.
CTBC Charity Foundation	Related party in substance.
CTBC Culture Foundation	Related party in substance.
CTBC Anti-drug Educational Foundation	Related party in substance.
CTBC Business School	Related party in substance.
Chung Kwan Investment Co., Ltd.	Related party in substance.
Kuan Ho Construction and Development Corp.	Related party in substance.
Yi Hua Investment Co., Ltd.	Related party in substance.
Yi Kao Investment Co., Ltd.	Related party in substance.
Chinatrust Real Estate Co., Ltd.	Related party in substance.
Harvest Investment Co., Ltd.	Related party in substance.
Kae Lee Investment Co., Ltd.	Related party in substance.
Ronghua Investment Co., Ltd.	Related party in substance.
Chung-Chie Property Management Co., Ltd.	Related party in substance.
Chinese Taipei Baseball Association	Related party in substance.
Chung Cheng Investments Co., Ltd.	Related party in substance.
Other related parties	Major executives of CTBC Financial Holding Co., Ltd. and subsidiaries, and their close relatives.

Note: The Bank and its subsidiaries have applied the IFRS Q&A “Issues on the Identification of Related Parties” issued by the Accounting Research and Development Foundation on June 16, 2025, starting from the preparation its financial statements for the year 2025. In accordance with the requirements of the Q&A, the Bank and its subsidiaries have reidentified their related-party relationships and transactions; however, it is not required to restate the comparative period information nor retrospectively adjust the previously issued financial statements for related-party relationships and transactions that had already been identified and disclosed. As a result of applying the requirements of the Q&A, the Bank and its subsidiaries have changed the identification of their related-party relationships and transactions related to the securities investment trust funds managed by CTBC Investments Co., Ltd., which were previously determined based on the Q&A “Issues on the Identification of Related Parties” under IAS 24 issued by the Foundation on July 1, 2013

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions between related parties and the Bank

(i) Lease

1) As a lessor

<u>Name of related party</u>	<u>Summary</u>	<u>Lease income amount</u>	
		<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Taiwan Life Insurance Co., Ltd.	Building and parking space	\$ 172,021	195,691
CTBC Securities Co., Ltd.	Building, parking space and safe deposit box	50,324	50,436
CTBC Financial Holding Co., Ltd.	Building and parking space	48,802	43,882
CTBC Investments Co., Ltd.	Building and parking space	24,838	22,646
Taiwan Lottery Co., Ltd.	Building and parking space	21,592	21,023
CTBC Sports Entertainment Co., Ltd.	Building and parking space	15,143	14,491
Star City Church Bethlehem	Building and parking space	<u>13,892</u>	<u>13,892</u>
Total		<u>\$ 346,612</u>	<u>362,061</u>

The amount of rental income received in advance generated by transactions above was as below:

<u>Name of related party</u>	<u>Rental income received in advance</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
CTBC Investments Co., Ltd.	\$ -	5,732
Taiwan Lottery Co., Ltd.	1	-
CTBC Sports Entertainment Co., Ltd.	<u>446</u>	<u>525</u>
Total	<u>\$ 447</u>	<u>6,257</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amount of security deposit generated by transactions above was as below:

<u>Name of related party</u>	<u>Summary</u>	<u>Security deposit</u>	
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
Taiwan Life Insurance Co., Ltd.	Building and parking space	\$ 14,249	48,564
CTBC Securities Co., Ltd.	Building, parking space and safe deposit box	12,584	12,385
CTBC Financial Holding Co., Ltd.	Building and parking space	11,126	11,630
CTBC Investments Co., Ltd.	Building and parking space	6,380	5,732
Taiwan Lottery Co., Ltd.	Building and parking space	5,796	5,333
CTBC Sports Entertainment Co., Ltd.	Building and parking space	3,989	3,597
Star City Church Bethlehem	Building and parking space	3,473	3,473
Total		<u>\$ 57,597</u>	<u>90,714</u>

2) As a lessee

<u>Name of related party</u>	<u>Summary</u>	<u>Lease liabilities</u>	
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
Taiwan Life Insurance Co., Ltd.	Leased office	\$ 277,193	57,294
CTBC Finance Co., Ltd.	Leased official cars	29,935	22,324
		<u>\$ 307,128</u>	<u>79,618</u>

<u>Name of related party</u>	<u>Summary</u>	<u>Lease payment amount</u>	
		<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Taiwan Life Insurance Co., Ltd.	Leased office	\$ 22,851	22,547
CTBC Finance Co., Ltd.	Leased official cars	14,493	9,016
		<u>\$ 37,344</u>	<u>31,563</u>

The lease term and the collection of the rental are conducted with the contracts. Lease payment amount includes payment amount which does not recognize lease liabilities due to the application of IFRS 16 exemptions.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Donations

<u>Related party</u>	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
CTBC Business School	\$ 193,742	119,628
CTBC Anti-Drug Educational Foundation	37,000	34,000
CTBC Culture Foundation	49,000	51,000
CTBC Charity Foundation	67,000	67,000
CTBC Sports Entertainment Co., Ltd.	221,000	367,000
CTBC University of Technology	109,000	-
CTBC International School	215,000	39,935
Total	\$ 891,742	678,563

(iii) Loans

<u>December 31, 2025</u>								
<u>Categories</u>	<u>Number/name of related parties</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Settlement status</u>		<u>Collateral</u>	<u>Loan conditions</u>	
				<u>Normal loans</u>	<u>Overdue loans</u>			
Consumer loan-employee	9	\$ 4,036	2,207	2,207	-	None	Note	
Home loan mortgage	408	2,708,106	2,449,650	2,449,650	-	Real estate	Note	
Others	Chung Kwan Investment Co., Ltd.	350,000	350,000	350,000	-	Real estate	Note	
Others	Chang Gung Cheng Energy Co., Ltd.	250,000	250,000	250,000	-	Small and medium enterprise credit guarantee fund	Note	
Others	Kuan Ho Construction and Development Corp.	245,000	245,000	245,000	-	Real estate	Note	
Others	CTBC Financial Leasing Co., Ltd.	1,118,752	111,260	111,260	-	Receivables	Note	
Others	Others	110,410	69,688	69,688	-	Real estate/marketable securities/beneficiary trust	Note	

<u>December 31, 2024</u>								
<u>Categories</u>	<u>Number/name of related parties</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Settlement status</u>		<u>Collateral</u>	<u>Loan conditions</u>	
				<u>Normal loans</u>	<u>Overdue loans</u>			
Consumer loan-employee	7	\$ 3,531	1,399	1,399	-	None	Note	
Home loan mortgage	358	2,485,818	2,257,694	2,257,694	-	Real estate	Note	
Others	CTBC Financial Leasing Co., Ltd.	1,732,405	1,440,604	1,440,604	-	Receivables	Note	
Others	Chung Kwan Investment Co., Ltd.	350,000	350,000	350,000	-	Real estate	Note	
Others	Kuan Ho Construction and Development Corp.	245,000	245,000	245,000	-	Real estate	Note	
Others	Others	147,393	32,262	32,262	-	Real estate/marketable securities/beneficiary trust	Note	

Note: The terms of loans between related and non-related parties are identical.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Deposits

Related party	December 31, 2025			
	Maximum balance	Ending balance	Range of interest rates	Interest expenses (from January to December)
Taiwan Life Insurance Co., Ltd.	\$ 57,827,169	23,504,248	0~2.00%	131,738
CTBC Financial Holding Co., Ltd.	46,820,041	7,270,496	0~1.65%	39,169
CTBC Securities Co., Ltd.	17,926,060	4,421,297	0~3.85%	32,611
CTBC Charity Foundation	2,082,294	2,045,660	0~1.69%	18,746
Taiwan Institute of Economic Research	801,620	664,406	0~1.72%	6,851
CTBC Investments Co., Ltd.	1,681,534	523,141	0~2.75%	9,446
Chuan Wei Investment Co., Ltd.	2,058,435	472,039	0.01~0.70%	3,732
CTBC Sports Entertainment Co., Ltd.	550,027	389,014	0~1.38%	2,445
Taipei Kai-Nan High School	464,431	334,644	0~1.68%	1,975
Yi Kao Investment Co., Ltd.	706,372	311,715	0~0.01%	9
Kuan Ho Construction and Development Corp.	607,655	303,895	0~0.65%	3,495
Ho-Wei Investment Co., Ltd.	574,007	299,160	0~0.65%	2,483
HH-CTBC Capital Management Co., Ltd.	271,375	271,375	0.65%	1,227
Bo Yu Investment Co., Ltd.	308,633	260,020	0~0.01%	5
Harvest Investment Co., Ltd.	325,741	236,113	0~0.01%	7
Yi Hua Investment Co., Ltd.	327,787	230,471	0~0.01%	6
Ronghua Investment Co., Ltd.	272,915	216,182	0~0.01%	6
Chung Yuan Investment Co., Ltd.	254,568	215,683	0.65%	713
CTBC Asia Limited	524,433	209,029	0~2.75%	42
Taiwan Lottery Co., Ltd.	963,636	191,806	0~0.66%	2,437
Chinatrust Real Estate Co., Ltd.	218,432	187,588	0~3.85%	3,125
Yi Chuan Investment Co., Ltd.	239,816	186,963	0~0.65%	724
Weihong Investment Co., Ltd.	393,775	186,357	0.01%	19
Wu Tzu Development Co., Ltd.	173,860	171,881	0~1.69%	2,066
Sung Hung Investment Co., Ltd.	219,856	162,157	0~0.65%	1,164
CTBC Venture Capital Co., Ltd.	1,362,864	151,323	0~0.90%	1,280
CTBC Financial Leasing Co., Ltd.	345,540	141,818	0.40%	1,322
HoFa Land Development Co., Ltd.	171,326	109,254	0~1.65%	1,050
Chung-Chie Property Management Co., Ltd.	199,774	105,501	0~0.65%	591
CTBC Business School	183,380	105,224	0~1.70%	834
Kae Lee Investment Co., Ltd.	105,078	101,133	0~0.65%	668
Others	20,418,366	7,210,501		91,567
Total	<u>\$ 159,380,800</u>	<u>51,190,094</u>		<u>361,553</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Related party	December 31, 2024			
	Maximum balance	Ending balance	Range of interest rates	Interest expenses (from January to December)
Taiwan Life Insurance Co., Ltd.	\$ 51,951,665	22,027,930	0~2.20%	202,400
CTBC Securities Co., Ltd.	8,681,741	3,655,493	0~3.85%	28,588
CTBC Charity Foundation	1,957,084	1,846,752	0~1.69%	17,364
CTBC Investments Co., Ltd.	4,419,925	1,259,702	0~3.45%	7,290
Chuan Wei Investment Co., Ltd.	1,195,279	1,169,766	0~1.15%	6,389
Taiwan Institute of Economic Research	789,279	695,648	0~1.72%	7,752
Kuan Ho Construction and Development Corp.	558,426	553,538	0~0.65%	3,060
CTBC Financial Holding Co., Ltd.	37,741,611	422,314	0~1.65%	23,110
Taipei Kai-Nan High School	594,896	419,924	0~1.68%	1,791
Weihong Investment Co., Ltd.	401,609	393,775	0.01%	20
CTBC Financial Leasing Co., Ltd.	425,822	381,564	0.80%	2,685
CTBC Sports Entertainment Co., Ltd.	454,248	299,256	0~1.38%	1,744
Ho-Wei Investment Co., Ltd.	340,261	297,797	0~0.65%	1,927
CTBC Venture Capital Co., Ltd.	452,107	295,561	0~1.15%	1,741
Taiwan Lottery Co., Ltd.	1,897,920	279,015	0~0.66%	5,211
Chinese Taipei Baseball Association	345,786	270,709	0~1.15%	256
HH-CTBC Capital Management Co., Ltd.	348,471	259,380	0.52~0.65%	1,397
Chinatrust Real Estate Co., Ltd.	227,849	205,024	0~3.85%	3,524
KIDSFUN Co., Ltd.	211,124	195,787	0~0.65%	824
Ronghua Investment Co., Ltd.	590,161	185,796	0~0.01%	17
Sung Hung Investment Co., Ltd.	178,940	176,125	0~0.65%	1,000
Wu Tzu Development Co., Ltd.	177,328	157,774	0~1.69%	1,887
HoFa Land Development Co., Ltd.	731,351	138,058	0~1.53%	2,464
Chung Cheng Investments Co., Ltd.	141,213	136,072	0~0.65%	654
Harvest Investment Co., Ltd.	587,907	134,673	0~0.01%	15
CTBC Capital Ltd.	137,053	110,343	0~0.65%	659
CTBC Business School	179,382	105,687	0~1.70%	792
Kae Lee Investment Co., Ltd.	108,838	104,838	0~0.65%	662
Others	31,760,735	6,602,227		91,326
Total	\$ 147,588,011	42,780,528		416,549

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Financial derivatives

December 31, 2025							
Related party	Derivative financial instruments	Contract period	Notional principal	Valuation gains and losses	Balance sheet		
					Account	Ending Balance	
Deutsche Bank Taipei Branch	Foreign exchange swap	07/01/2025~05/29/2026	NTD 1,818,120	\$ (56,875)	(Note 2)	56,875	
Deutsche Bank Taipei Branch	Foreign exchange swap	04/07/2025~04/09/2026	USD 20,000	(17,948)	(Note 2)	17,948	
Deutsche Bank Taipei Branch	Foreign exchange swap	12/18/2025~03/23/2026	USD 160,000	123,749	(Note 1)	123,749	
Taiwan Life Insurance Co., Ltd.	Foreign exchange swap	10/16/2025~02/26/2026	USD 250,000	68,972	(Note 1)	68,972	
Deutsche Bank Taipei Branch	Cross currency swaps	07/24/2025~08/06/2026	NTD 1,487,300	(103,124)	(Note 2)	103,124	
Deutsche Bank Taipei Branch	Interest rate swap	11/22/2018~07/16/2035	NTD 39,167,189	796,594	(Note 1)	796,594	
Deutsche Bank Taipei Branch	Interest rate swap	11/18/2011~02/05/2035	NTD 10,360,000	(87,236)	(Note 2)	87,236	
December 31, 2024							
Related party	Derivative financial instruments	Contract period	Notional principal	Valuation gains and losses	Balance sheet		
					Account	Ending Balance	
Deutsche Bank Taipei Branch	Foreign exchange swap	10/04/2024~07/15/2025	NTD 1,280,660	(19,777)	(Note 2)	19,777	
Deutsche Bank Taipei Branch	Foreign exchange swap	06/28/2024~08/26/2025	USD 70,000	42,389	(Note 1)	42,389	
Deutsche Bank Taipei Branch	Interest rate swap	11/22/2018~09/18/2034	NTD 30,092,874	774,873	(Note 1)	774,873	
Deutsche Bank Taipei Branch	Interest rate swap	11/18/2011~11/14/2034	NTD 9,065,000	(106,027)	(Note 2)	106,027	
Taiwan Life Insurance Co., Ltd.	Foreign exchange swap	10/11/2024~03/10/2025	USD 200,000	117,429	(Note 1)	117,429	

Note 1: Financial assets measured at fair value through profit or loss.

Note 2: Financial liabilities measured at fair value through profit or loss.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Securities purchase under resell agreements

<u>Related party</u>	<u>For the year ended December 31, 2024</u>		
	<u>Ending balance</u>	<u>Interest receivable</u>	<u>Interest revenue</u>
Taiwan Life Insurance Co., Ltd.	\$ <u>6,040,000</u>	<u>2,174</u>	<u>2,174</u>

(vii) Others

1) Income

<u>Related party</u>	<u>Summary</u>	<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Taiwan Life Insurance Co., Ltd.	Insurance agent commission income, commission for joint sales, commission income, income from group catering, allocation of information service fees, and other income	\$ 7,669,726	5,907,999
CTBC Securities Co., Ltd.	Profits from selling products, income from group catering, commission income, data processing fees, allocation of information service fees, other income, and sales bonus	166,891	180,889
CTBC Investments Co., Ltd.	Commission income, fund service fees, allocation of information service fees, and income from group catering	164,307	151,418
CTBC Financial Holding Co., Ltd.	Commission income, insurance agent commission income, commission for joint sales, and allocation of information service fees	50,828	55,211
CTBC Insurance Co., Ltd.	Commission income, income from group catering, allocation of information service fees, and other income	50,073	43,823
		<u>\$ 8,101,825</u>	<u>6,339,340</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The balances of accounts receivable for foregoing transactions were as follows:

<u>Related party</u>	<u>Summary</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Taiwan Life Insurance Co., Ltd.	Insurance agent commission income, commission for joint sales, commission income, income from group catering, allocation of information service fees, and other income	\$ 915,382	448,182
CTBC Securities Co., Ltd.	Profits from selling products, income from group catering, commission income, data processing fees, allocation of information service fees, other income, and sales bonus	1,477	3,533
CTBC Investments Co., Ltd.	Commission income, fund service fees, allocation of information service fees, and income from group catering	4,948	4,343
CTBC Financial Holding Co., Ltd.	Commission income, insurance agent commission income, commission for joint sales, and allocation of information service fees	10,842	11,657
CTBC Insurance Co., Ltd.	Commission income, income from group catering, allocation of information service fees, and other income	4,496	3,813
		<u>\$ 937,145</u>	<u>471,528</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Expenses

<u>Related party</u>	<u>Summary</u>	<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Taiwan Lottery Co., Ltd.	Lottery service fees	\$ 2,490,820	1,886,773
CTBC Securities Co., Ltd.	Commission fees, service fees for trust, brokerage handling fees, and venue rental fees	235,340	187,575
Taiwan Life Insurance Co., Ltd.	Marketing and business promotion fees, group insurance fees, bonus for joint sales campaigns, and venue rental expenses	197,586	197,391
CTBC Sports Entertainment Co., Ltd.	Commission fees, uniform fees, sponsorship for marketing advertisement, marketing and business promotion fees, bonus offset, entertainment fees, ticket and merchandise procurement, and gift expenses	140,288	134,845
CTBC Security Co., Ltd.	Security fees	119,196	112,219
CTBC Insurance Co., Ltd.	Insurance fees and marketing fees	97,077	87,350
CTBC Financial Holding Co., Ltd.	Recruitment fees, purchase of shareholders' meeting souvenirs, event promotion fees and business insurance fees	43,745	44,535
Taiwan Institute of Economic Research	Expense for commissioned research	20,000	16,000
Chinese Taipei Baseball Association	Marketing naming rights sponsorship	14,000	5,000
		<u>\$ 3,358,052</u>	<u>2,671,688</u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Foregoing transactions, accounts payable balances were as follows:

<u>Related party</u>	<u>Summary</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Taiwan Lottery Co., Ltd.	Lottery service fees	\$ 1,354,913	718,150
CTBC Securities Co., Ltd.	Commission fees, service fees for trust, brokerage handling fees, and venue rental fees	25,022	23,821
Taiwan Life Insurance Co., Ltd.	Marketing and business promotion fees, group insurance fees, bonus for joint sales campaigns, and venue rental fees	33,244	33,406
CTBC Sports Entertainment Co., Ltd.	Commission fees, uniform fees, sponsorship for marketing advertisement, marketing and business promotion fees, bonus offset, entertainment fees, ticket and merchandise procurement, and gift expenses	8,820	11,769
CTBC Security Co., Ltd.	Security fees	10,570	10,302
CTBC Insurance Co., Ltd.	Insurance fees and marketing fees	13,306	11,533
Taiwan Institute of Economic Research	Expense for commissioned research	8,000	4,000
Chinese Taipei Baseball Association	Marketing and business promotion fees	9,000	-
		<u>\$ 1,462,875</u>	<u>812,981</u>

3) Others

<u>Related party</u>	<u>Summary</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
CTBC Financial Holding Co., Ltd.	Collection and payment on behalf of another party for part-time employees' wages, advances for various expenses, and sale computers facilities	\$ 108,585	92,598
Taiwan Life Insurance Co., Ltd.	Collection and payment on behalf of another party for part-time employees' wages, guarantee deposits received, refundable deposits, and advances for various expenses	17,141	15,161
		<u>\$ 125,726</u>	<u>107,759</u>

No significant discrepancy in transaction terms found between related party transaction and non-related party transaction.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation in total

	For the years ended December 31	
	2025	2024
Salary and other short-term employee benefits	\$ 1,911,588	2,096,998
Post-employment benefits	7,318	12,127
Share-based payment-Equity-settled	245,053	239,503
Total	\$ 2,163,959	2,348,628

(8) Pledged assets:

Pledged assets of the Bank and subsidiaries were as follows:

Unit: In Thousands of New Taiwan Dollars

Assets	Type of securities	Par value of refundable deposits		Purpose of collateral
		December 31, 2025	December 31, 2024	
Financial assets measured at fair value through other comprehensive income	Bond	3,951,269	6,125,692	Credit line from bank and other legal required reserve
	Government bond	19,993,363	10,987,478	Overdrafts secured, margin of derivatives, other guarantee deposits, and credit line from bank
Investment in debt instruments at amortized cost	NCD of Central Bank	19,850,000	19,850,000	Daytime overdrafts of Central Bank, deposits for bills dealer, deposits for calling loans in foreign currency, and call loan liquidation account in JPY
	NCD	391,000	391,000	Guarantee fulfillment of superfluous
	Government bond	20,305,214	19,653,369	Trust funds reserves, bond settlement reserves, margin of derivatives, deposits for litigation, credit line from bank, other guarantee deposits, and other legal reserves
	Bond	19,861,222	13,126,242	Margin of derivatives and credit line from bank
Other financial assets	Time deposit	758,621	662,467	CPC Corporation, Taiwan guarantee fulfillment, public welfare walkway guarantee fulfillment, joint-brand credit card guarantee fulfillment, CPC Corporation, Taiwan stock transfer agent guarantee fulfillment, and Operating guarantee deposit for intelligent discretionary investment business
Loans	Loans	94,220,340	82,722,385	Credit line from bank

As of December 31, 2025 and 2024, the deposits for public welfare lottery issuance of the Bank's irrevocable standby letter of credit were all \$1,050,000 thousand and \$2,100,000 thousand.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

(a) Major commitments and contingencies

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Contingent liabilities from guarantee and letter of credit business	\$ 121,299,290	105,743,277
Promissory note to Central Bank for Bank's clearance	248,968	248,968
Client notes in custody	90,722,349	96,403,168
Marketable securities and debts in custody	3,098,186,116	3,071,904,359
Designated purpose trust accounts	3,732,189,211	2,828,522,407
Other items in custody	<u>29,605,037</u>	<u>27,514,098</u>
Total	<u>\$ 7,072,250,971</u>	<u>6,130,336,277</u>

As of December 31, 2025 and 2024, the credit amount of the cancellable loan commitments of the Bank and subsidiaries were \$3,154,034,224 thousand and \$2,466,385,138 thousand, respectively.

The Bank signed the service contract of information resources with International Business Machines, authorizing a contract term commencing from January 1, 2022, and ending on December 31, 2027, in the amount of \$3,224 million, which comprises host computer lease fee, authorization fee, and annual software maintenance fee.

The Bank was designated by the Ministry of Finance (the "MOF") as the issuing institution for the fifth term of public welfare lottery. The designated periods of the term are from January 1, 2024 to December 31, 2033. The Bank was authorized to arrange and issue traditional lottery, scratch and win lottery, and computerized lottery tickets. For the fifth term of public welfare lottery, the Bank receives a commission for issuing lottery tickets, representing 4.35% of the total lottery sales amount. The commission will be settled monthly. And the Bank's profit will be what remains after a fixed payment of \$2,700 million to the MOF per year. In addition, the Bank has entrusted Taiwan Lottery Co., Ltd. to execute dealer care funds, which shall not be less than \$607 million in 10 years, and shall not be less than \$150 million in 10 years for the establishment of public welfare lottery image and improvement of lottery order. Furthermore, in order to ensure that the lottery prize payout rate is not greater than 60% of the lottery issuing amount, the Bank created a transitional monitoring account for the provision of the lottery prize and adopted appropriate risk control strategies.

On May 31, 2023, the Bank signed a contract with LotRich Information Co. for lottery software, hardware purchase and establishment and maintenances services amounting to \$2,249,257 thousand within which \$1,556,500 thousand was for maintenance service. The maintenance service started from May 31, 2023 to the redemption date of the last lottery ticket issued in December 2033. The service will be finished as all the settlement, consignment and aftermath of the work have been done.

The Bank entrusted Taiwan Lottery Co., Ltd. to operate the public welfare lottery's ticket issuing, sales, promotion, drawing, payment of prize, and management, with a contract period from February 8, 2023, and ending on June 30, 2034. The Bank will disburse 4.35% of the total lottery sales amount as commission to Taiwan Lottery Co., Ltd. The Bank agreed that Taiwan Lottery Co., Ltd. can receive a reward, amounting to the commission revenue after the deduction of value-added tax (VAT), rebates and direct costs incurred for the lottery business, donation and charity sponsorship, and the addition of marginal benefits, if the balance is positive. Otherwise, Taiwan Lottery Co., Ltd. should pay for the discrepancy, if the balance is negative.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On November 6, 2015, the Bank signed with Zile Development Co., Ltd. (BVI) and Shuohe Development Co., Ltd. a contract of joint construction for a building on the land, zone 18 at Xinyi section 4, Xinyi District, Taipei City. The Bank will retain 5% of the rights of the land for joint construction, get 5% of the whole construction area of the new building and the corresponding land, and burden 5% of the costs of construction based on purchase contract and joint construction contract. The Bank expects to invest \$621 million of the total costs of the construction. As of December 31, 2025, the Bank has paid \$555,631 thousand.

As of December 31, 2025, the unpaid amounts of the committed investment facility of signed private fund contract of the Bank and subsidiaries were JPY 3,145,795 thousand.

The Bank signed the service contract of core banking information system modernization and system integration with International Business Machines, authorizing a contract term commencing from June 23, 2022, and ending when International Business Machines completes all project services in accordance with the contract, in the amount of \$4,176 million, originally. Due to the subsequent new demand for customization and middle-stage construction, an additional \$105 million was added, and the approved contract amount was \$4,281 million. The amount includes project management services, core banking system construction and integration services, payment system construction and integration services, and outsourcing services for the old core system. Additionally, in order to obtain the software authorization required for the aforementioned project, the Bank signed a core banking system software authorization contract with Tata Consultancy Services Limited (INDIA), in the amount of \$330 million. The software authorization contracts have been perpetual licensed since June 23, 2022, and the above fee is the software license fee. Additionally, due to the core project requirements and the development of new needs (version tracking) by the business unit, the bank commissioned Tata Consultancy Services Limited (INDIA) on September 20, 2024, to carry out the sub-project "Bank Core and New Service Front-end Human Resources Service". The contract amount does not exceed \$306 million.

- (b) The below information is shown based on the disclosure requirements of Enforcement Rules of the Trust Enterprise Act, Article 17.

Balance Sheet of Trust Accounts

<u>Trust Assets</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Trust Liabilities</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash in deposits	\$ 65,497,107	66,245,302	Payables	760,145	714,855
Receivables	3,178,431	2,095,868	Payable securities in custody	2,497,033,035	1,752,396,838
Bonds	147,482,366	154,623,585	Other liabilities	580,873	385,135
Stocks	269,714,085	241,292,888	Trust capital	1,025,858,016	902,881,831
Mutual funds	579,254,423	484,294,662	Miscellaneous reserves and accumulated earnings	199,980,560	169,660,409
Structured products	100,114,028	75,595,611			
Other investments	719,343	589,219			
Real estates—net	61,174,270	48,829,217			
Securities in custody	2,497,033,035	1,752,396,838			
Other assets	45,541	75,878			
Total trust assets	<u>\$3,724,212,629</u>	<u>2,826,039,068</u>	Total trust liabilities	<u>3,724,212,629</u>	<u>2,826,039,068</u>

Note: As of December 31, 2025 and 2024, the Bank's Offshore Banking Unit invested in trust accounts amounting to \$10,071,307 thousand and \$9,149,405 thousand, respectively.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Properties of Trust Accounts

<u>Investments</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash in deposits	\$ 65,497,107	66,245,302
Receivables	3,178,431	2,095,868
Bonds	147,482,366	154,623,585
Stocks	269,714,085	241,292,888
Mutual funds	579,254,423	484,294,662
Structured products	100,114,028	75,595,611
Other investments	719,343	589,219
Real estates – net		
Lands	60,998,094	48,637,613
Buildings	<u>176,176</u>	<u>191,604</u>
Subtotal	<u>61,174,270</u>	<u>48,829,217</u>
Securities in custody	2,497,033,035	1,752,396,838
Other assets		
Superficies	45,134	75,471
Prepaid other payments	<u>407</u>	<u>407</u>
Subtotal	<u>45,541</u>	<u>75,878</u>
Total	<u><u>\$ 3,724,212,629</u></u>	<u><u>2,826,039,068</u></u>

Income Statement of Trust Accounts

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Trust revenues	\$ 17,246,081	16,918,012
Trust expenses	<u>(1,933,383)</u>	<u>(1,020,300)</u>
Earnings before tax	15,312,698	15,897,712
Less: Income tax expenses (benefits)	<u>39,837</u>	<u>84,620</u>
Net profits	<u><u>\$ 15,272,861</u></u>	<u><u>15,813,092</u></u>

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Other significant legal matters

(i) Structured Notes

From September to December in 2005, the Bank's Hong Kong branch ("HK Branch"), purchased structured notes ("Overseas Structured Notes") in a total par value of US\$390 million from Barclays Bank PLC with the approval of the Bank's Board of Directors. When CTBC Financial Holding Co., Ltd ("CTBC Holding") intended to invest in Mega Financial Holding Company in 2006, the Overseas Structured Notes must be sold in order that the Bank would not violate the 5% shareholding ceiling in another single company set on a commercial bank in the Banking Act of the Republic of China. The HK Branch thus sold the Overseas Structured Notes at the market price to Red Fire, a special purpose vehicle acquired by the then president of the Bank's corporate banking department (i.e., Mr. xxx Chen). In the sale of the Overseas Structured Notes, the Bank earned a profit of US\$8.448 million. Through the redemption of the Overseas Structured Notes from Barclays Bank PLC, Red Fire had a profit of US\$30.47 million, among which an amount about US\$9.50 million was, for certain unknown reasons, remitted into an account controlled by Mr. Chen, and the balance about US\$20.90 million had been remitted to CTBC Holding's overseas subsidiary, CT Opportunity Investment Company. Pursuant to the request of Financial Supervisory Committee ("FSC"), CTBC Holding's directors advanced US\$30.47 million to the Bank in September 2006 so as to allow a smooth development of business operations. Given that the amount so advanced is far more than the amount about US\$9.50 million (which was not remitted to CTBC Holding's overseas subsidiary), the Bank had thus suffered no losses.

Per a letter dated April 28, 2011 from two directors of CTBC Holding (i.e., Chung Cheng Investment and Kuan Ho Construction & Development), they realized that the Bank suffered no losses in its sale of Overseas Structured Notes, based on the Analysis Report on the Sale of Structured Notes to Red Fire by the Bank's Hong Kong Branch ("Analysis Report") attached to CTBC Holding's letter dated March 30, 2011 (with a reference number of Chung Hsin Chin 1002243570005), and they further indicated that as stated in the Analysis Report, without the ground that the Bank suffered losses pursuant to which an agreement dated February 9, 2009 was signed between CTBC Holding and these two directors, the Bank was thus urged to negotiate with them for a reasonable solution. The Bank sent a letter dated August 16, 2011 to Chung Cheng Investment and Kuan Ho Construction & Development asking them to waive their right of claim arising from the advancement of US\$30.47 million made in September of 2006. These two directors responded and agreed to waive on August 18, 2011, but they requested that the Bank should apply the US\$20.90 million proceeds to loans for emergency assistances and charities, and the Bank should transfer US\$9.57 million to CTBC Holding so as to make up the losses recognized by CTBC Holding which arose from the investment made by CTBC Holding's overseas subsidiary, CT Opportunity Investment Company. In this regard, the Bank and these two directors would have to further negotiate, as the Bank has yet made the aforesaid applications about the US\$20.90 million, but these two directors still insisted so. Furthermore, Red Fire was deemed as CTBC Holding's special purpose vehicle as Red Fire's profits would ultimately belong to CTBC Holding based on the investigation conducted by CTBC Holding and the opinion of the legal counsel appointed by CTBC Holding. As manifested in the fund flow, none of the ex-chairman of the Bank, Mr. Koo and the other three employees involved in the litigation had acquired any gains personally.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

After this case was appealed for the third instance, the Supreme Court, in August of 2014, revoked the judgment made by the High Court and a re-trial by the High Court was ordered (“first retrial”). In the judgment made by the first retrial on September 12, 2018, a defendant was judged not guilty and the other three were guilty. All of the defendants judged guilty and the Taiwan High Prosecutors Office had appealed against the judgment. On November 14, 2019, the Supreme Court revoked the guilty judgment made by the first retrial on the defendants (i.e., Koo, Chang and Lin) and a second retrial by the High Court was ordered (“second retrial”), and the non-guilty judgment on the defendants rendered by the first retrial has affirmed. In the judgment made by the second retrial on April 28, 2021, the defendants were judged not guilty (i.e., Koo, Chang and Lin). Prosecutors have filed an appeal against the judgment made by the second retrial. The Supreme Court, on May 12, 2022, revoked the judgment made by the High Court (second retrial) and a third re-trial by the High Court was ordered. (“third retrial”) In the judgment made by the third retrial on November 30, 2023, the defendants were judged not guilty (i.e., Koo, Chang and Lin). Prosecutors have filed an appeal. The Supreme Court, on September 5, 2024, revoked the judgment made by the Taiwan High Court (third retrial) regarding the Special Breach of Trust under the Banking Act and the Breach of Trust under the Criminal Code, and remanded the case to the Taiwan High Court, while dismissing the rest of the appeal. Given this, this case is not yet completely final and conclusive. According to the opinion of the legal counsel retained by CTBC Holding, “The profits of US\$20.90 million from the redemption of the structured notes by Red Fire have been remitted to CT Opportunity Investment Company, an overseas subsidiary of CTBC Holding. In addition, two directors of CTBC Holding have advanced US\$30,474,717 to CTBC Bank. Given that the total of the aforesaid two amounts is far more than the profits realized by Red Fire from the redemption of the structured notes, CTBC Holding has thus suffered no losses. Furthermore, as far as the legal liability is concerned, since this case is a criminal one, even if certain defendants were judged guilty, such judgment would not apply to CTBC Holding as a corporate entity. Besides, the guilty judgment has yet been final. Hence, the judgment has no material adverse impact upon the financial conditions or business operations of CTBC Holding, and would not affect the fact that CTBC Holding suffers no losses or damages.” It is thus assessed that this case has no material impact upon the operation and shareholders’ interests of the Bank.

The Taiwan High Prosecutors Office filed a petition to the High Court on July 6, 2016 against CTBC Holding trying to recover NT\$261,696 thousand illegal income arising from the stock price manipulation conducted by CTBC Holding. The High Court for the 1st retrial notified CTBC Holding to attend the court hearings as a third interested party. CTBC Holding is of the opinion that this case has no such act of stock price manipulation and there is no illegal income. A legal counsel has been retained to claim so in the High Court for the 1st retrial. In its judgment made by the High Court for the 1st retrial on September 12, 2018, CTBC Holding’s property should neither be confiscated nor pursued on the ground (among others) that this case has no such act of stock price manipulation and there is thus no illegal income. Regarding the judgment of no confiscation of CTBC Holding’s property made by the High Court for the 1st retrial on September 12, 2018, the Supreme Court revoked it and ordered a second retrial on the ground that even the prosecutor did not appeal to the Supreme Court against the “no confiscation” judgment, the appeal nonetheless applies to this issue. In order to avoid a conflict of judgments respectively made by the 1st retrial court and the 2nd retrial court as far as the “confiscation” issue is concerned, the Supreme Court thus revoked the “no confiscation” judgment and ordered a 2nd retrial. In the judgment made by second retrial on April 28, 2021, CTBC Holding’s property should neither be confiscated nor levied. Prosecutors have filed an appeal against the judgment made by the second retrial. The Supreme Court, on May 12, 2022, revoked the judgment made by the High Court (second retrial) and a third re-trial by the High Court was ordered. In the judgement made by third retrial on November 30, 2023, CTBC Holding's property should neither be confiscated nor levied. This part has been confirmed by the Supreme Court rejection of the prosecutor's appeal.

(Continued)

CTBC BANK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) NPLs and Transaction of Chengcing Lake Building

As to the indictment brought by the prosecutor of the Taipei District Prosecutors Office on August 26, 2019 about the transaction of real property and non-performing loans between the Bank and its related parties (i.e., Tectonics Laboratories Co., Ltd. and other companies) in 2005 and 2006, the legal counsel appointed by CTBC Holding opined that “Keshin Company, Lilin Company and Tectonics Laboratories Co., Ltd. were all special purpose vehicles indirectly owned by CTBC Asset Management Co., Ltd., therefore the profits arising from the transactions between the aforesaid three companies and CTBC Bank or CTBC First Asset Management Co., Ltd., a subsidiary of CTBC Asset Management Co., Ltd. should ultimately belong to CTBC Holding. Because the non-performing loans of Fengshan Credit Union were sold by CTBC Bank within the appraise value range, there thus were no losses or damages. Given that the other three transactions of non-performing loans had been canceled and the payments thereof had been returned to CTBC Bank, no losses or damages would have been made to CTBC Holding or CTBC Bank. According to the data provided by CTBC Holding, the attorney considered that the purchase price of Chengcing Lake Building paid by the Bank did not exceed the appraised value, and that the profits derived from the sale of Chengcing Lake Building had been remitted to CT Opportunity Investment, a subsidiary of CTBC Asset Management Co., Ltd. Therefore, the transaction of Chengcing Lake Building had caused no losses or damages to CTBC Holding or the Bank. In addition, all defendants were judged guilty on May 13, 2025 by the Taiwan Taipei District Court. All the defendants appealed. Based upon the aforesaid legal opinion, it is thus assessed that this case has no material impact on the operations and shareholders’ interests of the Bank.

(iii) Neihu Land and Building

Regarding the transaction in which CTBC Bank purchased three lots of land located in Neihu, Taipei and the buildings thereon (consisting of administration building and data center, the land and buildings together, the “Properties”), the Taipei District Prosecutors Office brought indictments against Mr. Chang et al. on January 12, 2017. The Taipei District Prosecutors Office alleged that those people involved gaining inappropriate profits from such transaction. All defendants were judged guilty on October 11, 2018 by the Taipei District Court. The prosecutor and all the defendants appealed. On December 6, 2022, the Taiwan High Court reversed the original verdict and found some of the defendants not guilty because they were acting in accordance with the CTBC Bank’s internal regulations. The prosecutor and some of the defendants appealed. On August 15, 2024, the Supreme Court revoked the original guilty verdict and remanded the case to the Taiwan High Court, while dismissing the other appeals. Two defendants have been acquitted, and this case is not yet completely final and conclusive.

The Taiwan High Court’s guilty verdict of some of the defendants delivered on December 6, 2022 as the court found that those defendants were de facto managers and owed a duty of loyalty to CTBC Bank. Those defendants’ failure to fully disclose information during the transaction process deprived CTBC Bank of the opportunity for fair negotiations, and thus CTBC Bank suffered losses or damages. Regarding whether CTBC Holding and CTBC Bank suffered losses or damages due to the purchase of the Properties, the CTBC Bank’s management department obtained a legal opinion from their external legal counsel, and the legal opinion stated the following points: “According to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Article 45, Paragraph 1 of the Financial Holding Company Act, CTBC Bank’s Regulations Governing Transactions (other than credit extensions) with Quasi-Related Parties of CTBC Bank as amended on July 31, 2013, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Banks, and IAS 24, Mr. Chang

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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is not, both in form or in substance, a related party or quasi-related party of CTBC Bank.” “CTBC Bank’s acquisition of the data center and administration building was approved by the Board of Directors of CTBC Bank, which is based on the appraisal prices made by two professional institution retained separately for the acquisition of the data center and administration building.” “(The purchase price was) below the appraisal prices made by the professional appraisal institutions and did not exceed the ceiling set by the resolution of Board of Directors of CTBC Bank. Meanwhile, the civil or the criminal judgements made by Taipei District Court did not find any mistake or find the valuation conclusion for the data center and administration building made by the appraisal institutions unacceptable.” “Based on the above consideration, CTBC Bank did not lose ‘the opportunity for fair negotiation’ when purchasing the real estates in this case. Furthermore, assuming that Yongyue Development Co., Ltd was a related party, it would have no impact on the market prices of the two real estates or the transaction prices of the two transactions. Therefore, CTBC Bank did not suffer any losses or damages when entering into the above transactions.” CTBC Bank’s internal investigation also provided the following opinions: “(1) According to the personnel information of CTBC Holding, Mr. Chang and others have not been given the power and responsibilities to directly or indirectly plan, command, and control the transactions. They have no power over personnel, finance, and operation decisions, and do not have the power to initiate or decide the content of a document approval. Thus, they are not the manager nor the de facto Chief Administration Officer. (2) According to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Article 45, Paragraph 1 of the Financial Holding Company Act, CTBC Bank’s Regulations Governing Transactions (other than credit extensions) with Quasi-Related Parties of CTBC Bank as amended on July 31, 2013, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Banks, and IAS 24 applicable to the transactions of the Neihu case at that time, Mr. Chang et al. and Yongyue Development Co., Ltd are not, both in form or in substance, related parties or quasi-related parties of CTBC Bank. Thus, the transaction was not required to follow the procedures of a transaction with a related party as requested by relevant regulations. (3) The decision-making process of the Neihu case involved the responsible personnel preparing a document approval based on CTBC Banks’s needs, which was submitted for approval to the General Manager and the Chairman. Ultimately, the Board of Directors approved an authorized ceiling of the purchase amount, which was within the value range appraised by the external appraisal institutions. CTBC Bank and the seller conducted fair and reasonable negotiations on the transaction terms, and there were no irregularities in business practices. (4) As mentioned above, The Neihu case was not a related party transaction. Even if the transaction were considered to be a related party transaction, the applicable laws (Article 45, Paragraph 1 of the Financial Holding Company Act, Article 75, Paragraph 4 and Article 33-1 of the Banking Act) only required that the transaction process shall comply with business practices and that the transaction terms were not more favorable to the related party than others for similar transactions. It can be seen that the law allows reasonable profits and does not require the transaction counterparty to sacrifice its own interests. Therefore, the profit margin gained by the counterparty in the transaction does not necessary constitute a loss for CTBC Bank. (5) Based on the above, the Neihu case aligns with CTBC Bank’s business purposes and needs, and the responsible personnel adhered to the resolution of the Board of Directors. Also, the transaction process compiled with legal and regulation requirements, and the purchase price was comparable to the reasonable prices at that time. Hence, based on the above facts, it is difficult to assert that CTBC Bank suffered any losses as a result.” The abovementioned internal analysis and external legal opinions were considered and agreed by the Board of Directors of CTBC Holding and CTBC Bank.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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Besides, regarding whether the transaction between Yongyue Development Co., Ltd. and CTBC Bank should be disclosed as a related party transaction in the financial statements of CTBC Holding and CTBC Bank by the aforementioned judgement, the external legal opinion stated that “Ms. Woo, a shareholder (also the ultimate beneficiary) of Yongyue Development Co., Ltd. and the spouse of Mr. Chang’s younger brother, has taken no position with significant influence as stipulated in the aforesaid regulations and has no such identity as stated in Para. 9 of IAS (Part A). Thus, Ms. Woo is not a related party or quasi related party of CTBC Bank.” “Regardless that the judgment has yet been final, the evidence referred to in the judgment is not strong enough to support the point that Mr. Chang managed Yongyue in substance. Besides, the profits earned by Yongyue are irrelevant to Mr. Chang. As such, the transaction between CTBC Bank and Yongyue is not a related party transaction as far as CTBC Bank or CTBC Holding is concerned. Thus, there is no need to disclose such deal in the financial statement....From the evidence disclosed in the judgment, (1) it cannot conclude that Mr. Chang is the person managing Yongyue in substance, as mentioned above, and (2) neither Mr. Chang nor Ms. Woo is a related party or quasi related party of CTBC Bank, we may say that Yongyue is not a related party or quasi related party of CTBC Bank. Since the transaction in question is not a related party transaction as CTBC Holding or CTBC Bank is concerned, there should be no need for CTBC Holding to disclose such transaction in its quarterly or annual financial statement as a related party transaction. It may conclude that there is no such illegal misstatement in the financial statement.” Based on the aforementioned internal analysis and external lawyer’s opinions, Mr. Chang was not a CTBC Bank’s manager nor a de facto Chief Administration Officer, and he is not a related party or quasi-related party of CTBC Bank, both in form and substance. Even if Mr. Chang is deemed as a person in charge in substance of CTBC Bank, Ms. Woo, as a second degree relative (in marriage) of Mr. Chang, should not be deemed as a related party or a quasi related party of CTBC Bank, in accordance with Para. 9 of IAS (Part A). Since neither Mr. Chang nor Yongyue Development Co., Ltd. were related parties or quasi-related parties of CTBC Bank, CTBC Holding did not need to disclose the Properties transaction as related parties transaction in its quarterly financial reports and annual financial reports. There is no illegal misstatements in the financial statement.

In summary, based on the internal analysis and external legal opinions agreed by the Board of Directors of CTBC Holding and CTBC Bank, the transaction prices for the Properties were comparable to the reasonable prices at that time, and the responsible personnel adhered to the Board of Directors’ resolutions without violating any laws. Hence, CTBC Bank did not suffer any losses from the transaction, and the case had no significant impact on the operations and shareholders’ interests of CTBC Bank and CTBC Holding.

(iv) Tainan Real property

As stated in a press release on September 12, 2019, the Taipei District Prosecutors Office made an indictment relating to a sale by the Bank of a real property located in Tainan in 2012. On May 31, 2024, the Taipei District Court found all the defendants not guilty, but the prosecutor has filed an appeal against some of the defendants. Hence, the case is not yet completely final and is currently being heard at the Taiwan High Court. The legal counsel retained by CTBC Holding opined that since (1) the Bank had hired a professional appraisal company to appraise before the transaction, (2) the sale price was higher than (a) the appraisal price and (b) the book value shown in June 2012, (3) the transaction in question was duly made in accordance with the Bank’s approval process, the transaction in question was made in due process following the Bank’s internal rules and relevant laws and regulations and the Bank had suffered no losses or damages. It is thus assessed that this case has no material impact on the operations and shareholders’ interests of the Bank.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

(a) Profitability

Unit: %

Items		December 31, 2025	December 31, 2024
Return on assets ratio (annual)	Before income tax	1.06	1.00
	After income tax	0.88	0.81
Return on equity ratio (annual)	Before income tax	16.67	16.30
	After income tax	13.89	13.15
Net income ratio		34.15	32.95

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

Note 2: Return on equity ratio (excluding non-controlling interests) = Net income before/after income tax ÷ average total stockholders' equity.

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

Note 4: Net income before/after tax represented accumulated income of current year.

(b) The income and expenses arising from the joint marketing operation and information interoperability amongst the Financial Holding Company's subsidiaries were allocated as follows:

The Bank and Taiwan Life Insurance Co., Ltd. ("Taiwan Life") have gained from the joint business promotion. The bonus for co-marketing with Taiwan Life is shared based on annual commission rate agreed between the Bank and Taiwan Life for each insurance product.

The aforesaid allocations of revenue and expenses are disclosed in Note 7.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(13) Other disclosures:

(a) Information on significant transactions:

- (i) Loans to other businesses or individuals: Not applicable to bank subsidiaries; others: None.
- (ii) Endorsements and guarantees for others: Not applicable to bank subsidiaries; others: None.
- (iii) Marketable securities held as of December 31, 2025 (excluding invested subsidiaries, associates and joint ventures): Not applicable to bank subsidiaries; others: None.
- (iv) Cumulative purchases or sales of the same securities/investee's capital stock up to \$300,000 thousand or 10% of paid-in capital:

Unit: In Thousands of New Taiwan Dollars/Thousand Shares

Name of company	Category and name of security	Accounts	Counterparty	Relationship	Beginning Balance		Purchases		Sales				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Price	Book Cost	Gain (loss) on disposal	Number of Shares	Amount
CTBC Bank Co., Ltd	Stocks	Investment under equity method	CTBC Bank (Philippines) Corp.	its subsidiary	347,319	6,229,157	51,693	829,738	-	-	-	-	399,012	6,870,214

Note: The ending balance includes recognition of investment income or loss.

(v) Acquisition of real estate up to \$300,000 thousand or 10% of paid in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
CTBC Bank Co., Ltd	Land and Building	12/08/2025	349,440	The total amount of the contract price has been paid.	Land : Natural Person Building : FONG YI CONSTRUCTION CO., LTD	Non-related party	Not applicable	Not applicable	Not applicable	-	Real Estate Appraisal Report	The Bank's Operating Office Premises	none

(vi) Disposal of real estate up to \$300,000 thousand or 10% of paid in capital: None.

(vii) Discount on commission fees for transaction with related parties up to \$5,000 thousand: None.

(viii) Receivables from related parties up to \$300,000 thousand or 10% of paid in capital:

Unit: In Thousands of New Taiwan Dollars

Name of company	Counterparty	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
CTBC Bank Co., Ltd.	Taiwan Life Insurance Co., Ltd.	Controlled by the same company as the Bank.	915,382	- %	-	-	Has fully recovered	-

(ix) Financial derivative transactions: Not applicable to bank subsidiaries; others: None.

(x) Information on NPL disposal transaction:

1) Summary table of NPL disposal:

Unit: In Thousands of New Taiwan Dollars

Trade date	Counterparty	Debt component	Book value	Sale price	Gains (losses) on disposal	Additional term	Relationship
Jan 28, 2025	Kiraboshi Servicer Co., Ltd.	Unsecured loan	32,699	32,699	-	None	Non-related party
July 24, 2025	AKEBONO Servicer Co., Ltd.	Unsecured loan	24,078	24,078	-	None	Non-related party

2) Disposal of a single batch of NPL up to \$1,000,000 thousand: None.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(xi) Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: None.

(xii) Business relationship and material transaction between the parent company and subsidiaries:

No. (Note)	Party	Counterparty	Relationship	Transaction status for the months ended December 31, 2025			
				Account	Amount	Terms	Percentage of consolidated net revenues or consolidated total assets
0	CTBC Bank Co., Ltd.	PT Bank CTBC Indonesia	Parent to subsidiary	Due from Central Bank and call loans to banks/Deposit from Central Bank and other banks	2,200,616	Identical with non-related parties	0.03%
0	CTBC Bank Co., Ltd.	CTBC Bank (Philippines) Corp.	Parent to subsidiary	Due from Central Bank and call loans to banks/Deposit from Central Bank and other banks	9,419,443	Identical with non-related parties	0.14%
0	CTBC Bank Co., Ltd.	The Tokyo Star Bank, Ltd.	Parent to subsidiary	Financial Liabilities at Fair Value through Profit or Loss/Financial Assets at Fair Value through Profit or Loss	110,373	Identical with non-related parties	-%
0	CTBC Bank Co., Ltd.	PT Bank CTBC Indonesia	Parent to subsidiary	Due from Central Bank and call loans to banks, Receivables/Payables	174,049	Identical with non-related parties	-%
0	CTBC Bank Co., Ltd.	The Tokyo Star Bank, Ltd.	Parent to subsidiary	Interest income/Interest expenses	190,789	Identical with non-related parties	0.11%
0	CTBC Bank Co., Ltd.	CTBC Bank(Philippines) Corp.	Parent to subsidiary	Interest income/Interest expenses	368,274	Identical with non-related parties	0.21%
1	CTBC Capital Corp.	CTBC Bank Corp.(USA)	Subsidiary to subsidiary	Cash and cash equivalents/Deposits and remittances	104,627	Identical with non-related parties	-%

Note: Serial number is determined as follows:

1. 0 represents parent company.
2. Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.

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

(b) Information on investees:

The following is the information on investees for the six months ended December 31, 2025 (excluding information on investees in Mainland China):

Unit: In Thousands of New Taiwan Dollars/Thousand Shares

Name of investee company	Location	Main business scope	Shareholding ratio	Book Value	Investment gains (losses) recognized	Aggregate shareholding of the Bank and subsidiaries				Note
						Number of shares	Number of pro forma shares	Total		
								Number of shares	Shareholding ratio	
CTBC Bank (Philippines) Corp.	Philippines	Commercial banking and financing business	99.75%	6,870,214	86,035	399,012	-	399,012	99.75%	The transaction on the left has been eliminated when composing consolidated financial reports.
PT Bank CTBC Indonesia	Indonesia	Commercial banking and financing business	99.00%	6,720,494	370,193	1	-	1	99.00%	The transaction on the left has been eliminated when composing consolidated financial reports.
CTBC Bank Corp. (Canada)	Canada	Commercial banking and financing business	100.00%	2,382,796	92,746	2,746	-	2,746	100.00%	The transaction on the left has been eliminated when composing consolidated financial reports.

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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Name of investee company	Location	Main business scope	Shareholding ratio	Book Value	Investment gains (losses) recognized	Aggregate shareholding of the Bank and subsidiaries				Note
						Number of shares	Number of pro forma shares	Total		
								Number of shares	Shareholding ratio	
CTBC Capital Corp.	USA	Investment business	100.00%	24,630,942	1,407,576	6	-	6	100.00%	The transaction on the left has been eliminated when composing consolidated financial reports.
CTBC Bank Corp.(USA)	USA	Commercial banking and financing business	100.00%	23,904,106	1,396,764	common shares 3 preferred shares 100	-	common shares 3 preferred shares 100	100.00%	The transaction on the left has been eliminated when composing consolidated financial reports.
The Tokyo Star Bank , Ltd	Japan	Commercial banking and financing business	100.00%	37,939,122	2,321,145	700	-	700	100.00%	The transaction on the left has been eliminated when composing consolidated financial reports.
Tokyo Star Business Finance, Ltd.	Japan	Financing and assurance business	100.00%	2,788,737	75,462	1,936	-	1,936	100.00%	The transaction on the left has been eliminated when composing consolidated financial reports.
Tokyo Star Servicer, Ltd.	Japan	Credit management services	100.00%	25,947	(5,115)	10	-	10	100.00%	The transaction on the left has been eliminated when composing consolidated financial reports.
AZ-Star Co., Ltd.	Japan	Fund management business	40.00%	25,093	4,889	-	-	-	40.00%	
AZ-Star no. 3 Investment Limited Partnership	Japan	Equity investment business	23.56%	108,391	111,553	3	-	3	23.56%	
LH Financial Group Public Company Limited	Thailand	Investment business	46.61%	25,727,980	1,474,399	9,880,012	-	9,880,012	46.64%	The transaction on the left has been eliminated when composing consolidated financial reports.
Land and Houses Bank Public Company Limited	Thailand	Commercial banking and financing business	99.99%	40,449,719	2,532,148	2,000,000	-	2,000,000	99.99%	The transaction on the left has been eliminated when composing consolidated financial reports.
Land and Houses Fund Management Company Limited	Thailand	Fund management business	99.99%	401,071	74,117	3,000	-	3,000	99.99%	The transaction on the left has been eliminated when composing consolidated financial reports.
Land and Houses Securities Public Company Limited	Thailand	Securities business	99.92%	1,338,157	2,412	1,591,696	-	1,591,696	99.92%	The transaction on the left has been eliminated when composing consolidated financial reports.
Grand Bills Finance Corporation	Taiwan	Short-term bills dealer and bond proprietary trading businesses	21.15%	2,026,645	97,328	114,413	-	114,413	21.16%	
Xiamen Jinmeixin Consumer Finance Co., Ltd.	China(P.R.C)	Consumer financial business	34.00%	1,248,752	3,555	-	-	-	34.00%	

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CTBC BANK CO., LTD. AND SUBSIDIARIES
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(c) Information on investment in mainland China:

(i) Related information on investee companies in Mainland China:

Unit: In Thousands of New Taiwan Dollars/Thousands of US Dollars/Thousands of RMB Dollars

Name of investee company in Mainland China	Main businesses	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Investment gains (losses)	Percentage of ownership for direct or indirect investment	Investment gains (losses) (Note 2)	Book value as of December 31, 2025	Accumulated inward remittance of earning as of December 31, 2025
					Outflow	Inflow						
CTBC Bank Co., Ltd., Shanghai Branch	Commercial banking	6,194,068	3	6,194,068	-	-	6,194,068	725,332	A branch in Shanghai; not an investee	725,332	11,239,175	None
CTBC Bank Co., Ltd., Guangzhou Branch	Commercial banking	4,114,056	3	4,114,056	-	-	4,114,056	(331,307)	A branch in Guangzhou; not an investee	(331,307)	5,119,587	None
CTBC Bank Co., Ltd., Xiamen Branch	Commercial banking	4,081,960	3	4,081,960	-	-	4,081,960	(63,247)	A branch in Xiamen ; not an investee	(63,247)	4,853,764	None
CTBC Bank Co., Ltd., Shenzhen Branch	Commercial banking	1,351,890	3	1,351,890	-	-	1,351,890	(145,877)	A branch in Shenzhen; not an investee	(145,877)	969,214	None
Xiamen Jinmeixin Consumer Finance Co., Ltd.	Financing business	2,339,621	1	795,471	-	-	795,471	10,457	34%	3,555	1,248,752	None

Note 1: Three methods of investment are as below; identify one of them:

1. Invest in Mainland China companies directly.
2. Re-invest in Mainland China companies through another investee in a third area. (Please identify the investee in the third area)
3. Other method: set up new overseas branches.

Note 2: The bases for recognition of investment gains or losses are as below:

1. The individual profit or loss of an oversea branch.
2. Current gains or losses of an investee.

(ii) Upper limit on investment in Mainland China:

Unit: In Thousands of New Taiwan Dollars

Accumulated outflow of investment from Taiwan to Mainland China as of December 31, 2025	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment authorized by Investment Commission, MOEA
16,537,445	16,639,028	276,317,888

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(14) Segment information:

The Bank and subsidiaries' provide their chief operating decision maker with necessary information according to the characteristics of the business, to facilitate the assessment of performance and allocation of operational resources. The disclosures of assets, profits and losses are the same as the summary of significant accounting policies described in Note 4.

According to IFRS 8 "Operating Segments", reportable segments are as below:

The major operating activities of Institutional Banking are commercial banking and capital market activities which provide clients with flexible and tailor-made financing services and the design, supply, and propriety trading of various financial products.

The major operating activities of Retail Banking is providing target clients with relevant financial services, including wealth management, credit cards, secured loans, and unsecured individual loans.

The major operating activities of other segments are investing and general administration. The above operating segments did not meet the criteria for reportable segments when applying quantitative thresholds.

(a) Segment Information

For the year ended December 31, 2025	Institutional banking	Retail banking	Other segments	Total
Net interest income	\$ 41,945,137	47,863,305	4,973,503	94,781,945
Non-interest income	29,505,083	43,155,706	5,287,709	77,948,498
Net revenue	71,450,220	91,019,011	10,261,212	172,730,443
Net income (loss) before tax	\$ 32,992,460	36,529,810	1,265,247	70,787,517
Total assets	\$ 4,640,014,905	2,193,827,983	47,192,861	6,881,035,749

For the year ended December 31, 2025	Institutional banking	Retail banking	Other segments	Total
Net interest income	\$ 31,091,420	42,586,415	4,287,893	77,965,728
Non-interest income	31,850,527	39,086,631	5,106,184	76,043,342
Net revenue	62,941,947	81,673,046	9,394,077	154,009,070
Net income (loss) before tax	\$ 29,639,224	29,924,764	3,263,481	62,827,469
Total assets	\$ 4,482,450,688	1,953,342,934	37,299,215	6,473,092,837

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(b) Geographic segment information:

The Bank and subsidiaries are classified by the geographic location of overseas operating segments, and the geographic segment information is as follows:

Region	For the years ended December 31	
	2025	2024
Net revenue:		
Taiwan	\$ 119,787,742	106,979,162
Asia	45,966,059	40,553,060
North America	<u>6,976,642</u>	<u>6,476,848</u>
Total	<u>\$ 172,730,443</u>	<u>154,009,070</u>
Non-current assets:		
Taiwan	\$ 1,562,149	4,955,783
Asia	109,783,102	106,484,114
North America	<u>31,365,613</u>	<u>30,827,338</u>
Total	<u>\$ 142,710,864</u>	<u>142,267,235</u>

(c) Information on major customers:

For the years ended December 31, 2025 and 2024, no individual customer of the Bank and subsidiaries accounted for 10% or more of the Bank and subsidiaries' revenue in the statements of income. Therefore, disclosure of information on major customers is not required.