

# CTBC Bank Corp. (Canada)

## Regulatory Disclosure – Quarter 4 2025 (Unaudited)

### Notice to Readers

The information contained in this Supplement has not been audited or independently verified. Accordingly readers are cautioned that this Supplement may not be appropriate for their purposes.

### Segmentation and Scope of Application

SMSBs are segmented into three categories as per OSFI's Small and Medium-Sized Deposit. The Bank is currently categorized as Category II SMSB in accordance with OSFI's Guideline.

### A. Basel III Pillar 3 Public Disclosure

#### KM1: Key Metrics

(in Thousands)

		a	b	c	d	e
		Dec 25	Sep 25	Jun 25	Mar 25	Dec 24
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	103,817	103,040	101,762	100,718	99,793
2	Tier 1	103,817	103,040	101,762	100,718	99,793
3	Total capital	103,817	103,040	101,762	100,718	99,793
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	331,867	346,740	355,825	342,451	342,355
4a	Total risk-weighted assets (pre-floor)	331,867	346,740	355,825	342,451	342,355
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	CET1 ratio (%)	31.28	29.72	28.6	29.41	29.15
5a	CET1 ratio (%) (pre-floor ratio)	31.28	29.72	28.6	29.41	29.15
6	Tier 1 ratio (%)	31.28	29.72	28.6	29.41	29.15
6a	Tier 1 ratio (%) (pre-floor ratio)	31.28	29.72	28.6	29.41	29.15
7	Total capital ratio (%)	31.28	29.72	28.6	29.41	29.15
7a	Total capital ratio (%) (pre-floor ratio)	31.28	29.72	28.6	29.41	29.15
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	N/A	N/A	N/A	N/A	N/A
10	Bank G-SIB and/or D-SIB additional requirements (%) <b>[Not applicable for SMSBs]</b>					
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.5	2.5	2.5	2.5	2.5
12	CET1 available after meeting the bank's minimum capital requirements (%)	24.28	22.72	21.6	22.41	22.15
<b>Basel III Leverage ratio</b>						
13	Total Basel III leverage ratio exposure measure	562,077	567,856	597,109	569,721	568,728
14	Basel III leverage ratio (row 2 / row 13)	18.47	18.15	17.04	17.68	17.55

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## Modified CC1: Composition of Regulatory Capital

Modified Capital Disclosure		All-in
		(Thousands)
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	37,000
2	Retained earnings	66,817
3	Accumulated other comprehensive income (and other reserves)	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	Nil
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	Nil
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	103,817
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
28	<b>Total regulatory adjustments to Common Equity Tier 1</b>	Nil
29	<b>Common Equity Tier 1 capital (CET1)</b>	103,817
<b>Additional Tier 1 capital: instruments</b>		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	Nil
31	of which: classified as equity under applicable accounting standards	Nil
32	of which: classified as liabilities under applicable accounting standards	Nil
33	Directly issued capital instruments subject to phase out from Additional Tier 1	Nil
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	Nil
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	Nil
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	
<b>Additional Tier 1 capital: regulatory adjustments</b>		
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	Nil
44	<b>Additional Tier 1 capital (AT1)</b>	Nil
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	103,817
<b>Tier 2 capital: instruments and allowances</b>		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	Nil
47	Directly issued capital instruments subject to phase out from Tier 2	Nil
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	Nil

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Modified Capital Disclosure		All-in
		(Thousands)
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	Nil
50	Collective allowances	Nil
51	<b>Tier 2 capital before regulatory adjustments</b>	Nil
<b>Tier 2 capital: regulatory adjustments</b>		
57	<b>Total regulatory adjustments to Tier 2 capital</b>	Nil
58	<b>Tier 2 capital (T2)</b>	Nil
59	<b>Total capital (TC = T1 + T2)</b>	103,817
60	<b>Total risk weighted assets</b>	331,867
<b>Capital ratios</b>		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	31.28%
62	Tier 1 (as a percentage of risk weighted assets)	31.28%
63	Total capital (as a percentage of risk weighted assets)	31.28%
<b>OSFI all-in target</b>		
69	Common Equity Tier 1 capital all-in target ratio	7.0%
70	Tier 1 capital all-in target ratio	8.5%
71	Target capital all-in target ratio	10.5%
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)</b>		
80	Current cap on CET1 instruments subject to phase out arrangements	Nil
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Nil
82	Current cap on AT1 instruments subject to phase out arrangements	Nil
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	Nil
84	Current cap on T2 instruments subject to phase out arrangements	Nil
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	Nil

### **CRA: Credit Risk General Qualitative Disclosure**

Credit risk refers to potential losses incurred when borrowers, debtors, or counterparties are unable to fulfill their contractual obligations due to deteriorating financial situations. This includes lending risk, issuer credit risk, counterparty credit risk, and risk associated with underlying assets or investments.

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## a) How the business model translates into the components of the Bank's credit risk profile

The Bank's core business activities include commercial and retail lending. To manage associated credit risks, we have developed and implemented comprehensive policies, procedures, and a risk management framework designed to identify, measure, monitor, and report credit risk. Key components are as follows:

- **Risk Identification:** The Bank continuously evaluates both external and internal factors to identify credit risk exposures associated with borrowers, issuers, counterparties, or underlying assets. These evaluations form the foundation for effective credit risk management and control.
- **Risk Measurement:** Quantitative and qualitative information is collected and analyzed to assess credit risk. Internal credit risk ratings are assigned to borrowers based on their probability of default, and these ratings are regularly reviewed to maintain accuracy and effectiveness.
- **Risk Monitoring:** Through regular credit assessments, limit management, post-lending monitoring, and robust information management systems, the Bank monitors exposure trends, manages credit risk concentrations, and promotes risk diversification to reduce potential credit losses.
- **Risk Reporting:** Periodic credit risk management reports are produced to inform the Board and senior management. These reports include details on the quality of credit exposures, concentration risk, industry-specific exposures, and portfolio trends, enabling informed oversight of the Bank's credit risk profile.

## b) Criteria and approach used for defining credit risk management policy and for setting credit risk limits

The Bank's credit policies and credit risk limits are established in alignment with strategic business objectives, regulatory requirements, and overall risk appetite. Limit-setting considers the following factors:

- Macroeconomic environment and outlook
- The Bank's strategic and operational goals
- Enterprise-wide and segment-specific risk appetite
- Availability of internal resources (e.g., personnel, expertise, technology)
- Risk-return balance

Credit risk limits are regularly reviewed, with changes made based on economic and industry trends or strategic adjustments. Reports on actual exposures relative to established limits are submitted to the Board and senior management for oversight and decision-making.

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## c) Structure and organisation of the credit risk management and control function

Credit risk management is a shared responsibility across the Bank, operating under a Three Lines of Defense mechanism:

- **First Line of Defense:** Business and support functions are responsible for complying with regulatory and internal policies and executing controls in daily operations.
- **Second Line of Defense:** Compliance and risk management functions establish credit risk management frameworks, provide guidance, and conduct independent oversight of the credit risk management activities conducted by the first line of defense.
- **Third Line of Defense:** Audit function independently assesses the effectiveness of the credit risk controls and the work of the first and second lines of defense.

Credit risk management framework involves active participation, promotion, and execution from the Board, senior management, and all employees. A bottom-up approach ensures emerging risks are reported and escalated appropriately, while top-down communication enforces alignment with the Bank's risk strategy. Cross-functional coordination ensures consistent application of policies across all business lines.

## d) Relationships between the credit risk management, risk control, compliance and internal audit functions

**Credit Risk Management** function collaborates closely with Compliance and Internal Audit functions to ensure comprehensive risk oversight.

**Credit Risk Management** function operates as the second line of defense, with responsibilities including independent risk assessments, credit facility approvals, policy development, and monitoring practices in line with Board-approved limits.

**Compliance** function advises on applicable regulatory requirements and supports Credit Risk Management in maintaining adherence to legal and supervisory standards.

**Internal Audit** function operates as the third line of defense, conducting independent reviews of credit risk practices, limit compliance, and overall effectiveness. Audit findings are reported directly to the Board and Audit Committee.

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### e) Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors

The Bank maintains a structured credit risk reporting mechanism:

- **Credit Portfolio Reports** are submitted regularly to the Board and management. These reports include portfolio analysis, exposure changes, asset quality assessments, concentration metrics, and identification of emerging risks, enabling proactive decision-making.
- **Credit Risk Management Reports** provide updates on risk management policies and frameworks, significant risk events, revisions to credit risk limits, results of stress testing, and other credit risk matters. Major credit cases and portfolio developments are also discussed to inform the Board's risk oversight responsibilities.

### ORA: Operational Risk General Qualitative Disclosure

Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

#### a) Policies, frameworks and guidelines for the management of operational risk.

The Bank's Operational Risk Management and Resilience Policy defines the integrated framework used to identify, assess, manage, monitor, and report operational risks across the bank. The framework is supported by three core mechanisms:

- **Operational Risk and Control Self-Assessment:** Business units conduct regular self-assessments of their products, processes, and control mechanisms to identify internal weaknesses and external threats. Appropriate risk mitigation measures are proactively developed based on these assessments.
- **Operational Risk Indicators Management:** Key operational risk indicators are employed to monitor changes in risk exposure. These serve as early warning signals, allowing management to take timely action in line with the Bank's operational risk appetite and tolerance.
- **Operational Risk Incident Management:** When incidents occur, the Bank documents and analyzes each event, identifies root causes, formulates mitigation measures, tracks resolution progress, and confirms proper closure to prevent recurrence.

#### b) The structure and organisation of their operational risk management and control function.

Operational Risk Management function is responsible for coordinating operational risk management across the Bank. Its key responsibilities include:

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- Developing and maintaining the operational risk management framework, including tools, policies, and controls.
- Formulating and overseeing implementation of operational risk policies and procedures throughout all business units.
- Monitoring key risk indicators and reporting trends in operational risk exposures to the Board and management team.
- Coordinating incident response with business units to ensure timely reporting, effective remediation, and appropriate mitigation.
- Promoting a strong operational risk culture and fostering risk awareness among employees through training and communication initiatives.
- Operational Risk Management function works collaboratively with all departments, ensuring consistent risk management practices are embedded in the Bank's operations.

**c) Their operational risk measurement system (i.e. the systems and data used to measure operational risk in order to estimate the operational risk capital charge).**

The Bank adopts the Simplified Standardized Approach to calculate the capital charge for operational risk in accordance with OSFI's regulatory requirements. Under this methodology, the operational risk capital requirement is set at 15% of the average annual adjusted gross income over the previous 12 fiscal quarters.

In addition to regulatory capital requirements, the Bank integrates operational risk into its Internal Capital Adequacy Assessment Process. This ensures that sufficient capital is maintained to absorb potential operational losses and maintain operational resilience under stressed conditions.

**d) The scope and main context of their reporting framework on operational risk to executive management and to the board of directors.**

Operational Risk Management function provides regular reporting to the Board and management team. Reports include:

- Trends and status of key operational risk indicators
- Results of self-assessments and incident analysis
- Emerging risks and areas requiring enhanced controls

This reporting ensures that the Board and management team maintain a clear and timely understanding of the Bank's operational risk profile and the effectiveness of its control environment.

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### e) The risk mitigation and risk transfer used in the management of operational risk.

The Bank has established a comprehensive approach to mitigate and manage operational risk, including:

- **Risk Identification and Assessment:** Business units regularly evaluate operational risks inherent in products, processes, and services. Special assessments are conducted when major incidents occur or new initiatives are launched.
- **Preventive and Corrective Controls:** Controls are reviewed and enhanced as needed to address identified risks.
- **Business Continuity and Resilience Planning:** The Bank maintains business continuity plans and operational procedures to ensure rapid recovery of operations, personnel, systems, and critical processes in the event of disruption.
- **Risk Transfer Mechanisms:** Where appropriate, the Bank employs risk transfer strategies such as insurance to mitigate the financial impact of specific operational risk events.

### LR2: Leverage Ratio Common Disclosure Template

Item		Leverage Ratio Framework (Thousands)	
		Dec 25	Sep 25
<b>On-balance sheet exposures</b>			
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	557,169	561,917
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework (IFRS)	Nil	Nil
3	(Deductions of receivables assets for cash variation margin provided in derivative transactions)	Nil	Nil
4	(Asset amounts deducted in determining Tier 1 capital)	Nil	Nil
5	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)</b>	557,169	561,917
<b>Derivative exposures</b>			
6	Replacement cost associated with all derivative transactions	287	1,348

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Item		Leverage Ratio Framework (Thousands)	
		Dec 25	Sep 25
7	Add-on amounts for potential future exposure associated with all derivative transactions	Nil	Nil
8	(Exempted central counterparty-leg of client cleared trade exposures)	Nil	Nil
9	Adjusted effective notional amount of written credit derivatives	Nil	Nil
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	Nil	Nil
11	<b>Total derivative exposures (sum of lines 6 to 10)</b>	287	1,348
<b>Securities financing transaction exposures</b>			
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	Nil	Nil
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	Nil	Nil
14	Counterparty credit risk (CCR) exposure for SFTs	Nil	Nil
15	Agent transaction exposures	Nil	Nil
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	Nil	Nil
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	14,863	14,559
18	(Adjustments for conversion to credit equivalent amounts)	(10,242)	(9,968)
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	4,621	4,591
<b>Capital and Total Exposures</b>			
20	<b>Tier 1 capital</b>	103,816	103,040
21	<b>Total Exposures (sum of lines 5, 11, 16 and 19)</b>	562,077	567,856
<b>Leverage Ratios</b>			
22	<b>Basel III leverage ratio</b>	18.47%	18.15%

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## **B. Residential Mortgages Public Disclosure**

### **I. Amount of the total Residential Mortgages and Home Equity Lines of Credit (HELOC)**

As at December 31, 2025 (in thousands of Canadian dollars)

Region	Residential Mortgage		HELOC	
	Uninsured	Total	Uninsured	Total
British Columbia	176,704	176,704	4,414	4,414
Ontario	82,225	82,225	149	149
Other Jurisdictions	Nil	Nil	Nil	Nil
Total	258,929	258,929	4,563	4,563

**All Residential Mortgages and HELOCs are uninsured.**

### **II. Residential Mortgage percentages by Amortization Periods**

As at December 31, 2025

Amortization Period (Years)	1 ~ 19	20 ~ 25	26 ~ 30	Total
Canada	1%	10%	89%	100%
Other Jurisdictions	Nil	Nil	Nil	Nil
Total	1%	10%	89%	100%

### **III. Average Loan to Value (LTV) ratio for newly originated and acquired uninsured residential mortgages and HELOCs at the end of each period.**

Three months period ending December 31, 2025

Region	Average LTV
British Columbia	54%
Ontario	60%
Other Jurisdictions	Nil
Total	56%

### **IV. Potential impact on residential mortgages and HELOCs in the event of an economic downturn.**

The Bank maintained stringent underwriting standards with conservative LTV ratios. Stress testing has indicated that the Bank should be in a position to absorb reasonable losses in an economic downturn.

## **C. Liquidity Principle Disclosure**

Asset and Liability Committee (ALCO) is a senior management-level committee that provides consultation to the CEO for making decisions in order to achieve the goals of asset and liability management that includes liquidity management. It actively monitors and controls exposures across business lines and currencies and regularly provides

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reports to the Board of Directors (BOD). The mandate of ALCO is dictated by the ALCO Policy that provides guidelines on liquidity management during normal and stressed situations with specific action plans and defined metrics of what constitute a normal or stressed scenarios.

Limits are an important tool used in managing liquidity risk to keep exposures within regulatory requirements and risk appetite. Limits are reviewed annually by management and approved by the BOD. Limits status are monitored and reported to the Risk Committee monthly and to the BOD quarterly for review and approval if a breach were to occur.

Liquidity Coverage Ratio (LCR) as at December 31, 2025 is 1,502%.

Net Cumulative Cash Flow as at December 31, 2025:

Net positive cash flow monthly for the next 12 months.

### **D. Additional Financial Disclosure**

Additional financial information of the Bank including, Balance sheet details, Statement of comprehensive income and BCAR capital components is available from the OSFI's website:

[Financial data for banks - Office of the Superintendent of Financial Institutions](#)

### **E. Frequency of Disclosures**

The Pillar 3 disclosures are made on an annual basis and published after the audit of the year-end financial statements. In addition, quantitative disclosures on regulatory capital and leverage ratios are published on a quarterly basis.