

Explanatory Notes for the Proposal of Private Placement at the Annual Shareholders' Meeting on June 12, 2026

According to Article 43-6 of the Securities and Exchange Act, the disclosure of private placement shall include:

(i) The basis and justification of the pricing:

1. The issuing price of common shares shall be no less than 80% of the reference price, which shall be the higher of the following two prices:
 - (1) The simple average closing price from either 1, 3 or 5 business days prior to the pricing date, minus dividends, and added back price discounted for capital reduction.
 - (2) The simple averaged closing price of 30 business days prior to the pricing date, minus dividends, and added back price discounted for capital reduction.
2. The issuing price of preferred shares and convertible bonds shall be no less than 80% of the theoretical price, which shall be the price determined by an applicable pricing model that takes into account all the terms of the issuance.
3. The pricing date and actual issuing price, as referenced above, will be determined subject to market conditions, applicable terms, and discussions with specific parties. If the issuing price is below the par value of common shares and results in cumulative losses to the Bank, the Bank may, subject to operation status then, reduce its capital base, or offset such losses with retained earnings or capital surplus.
4. The pricing of the private placement, pursuant to applicable regulation, based on the reference price or theoretical price as described above, and by taking into account the 3-year lock-up period promulgated by the Securities and Exchange Act, is deemed reasonable.

(ii) The selection, purpose, necessity and benefits of allying with the specific parties:

1. Selection of the specific parties and purpose: The strategic investors are selected based on qualification criteria specified in Article 43-6 of the Securities and Exchange Act and Financial Supervisory Commission's Order No. 1120383220 issued on September 12, 2023, targeting those who are able to assist the Bank in expanding sales channels, growing customer base, improving service quality, and reducing operating costs.
2. Necessity: In responding to the rapidly changing financial environment, increasing competition among domestic and international financial institutions, and the global trend of heightened financial supervision for increased risk-taking capital, the Bank needs to strengthen its Basel III capital adequacy through investments by the specific parties, for support of the Bank's long-term

development.

3. Benefits: The Bank's competitiveness and profitability will be enhanced via the introduction and participation of strategic investors.

(iii) The justification of private placement:

1. The justification of no public offering: Considering the transaction timing, cost, and requirements from allying with the strategic investors, a public offering is less feasible. In addition, the long-term business cooperation relationship with the partners would be secured by the 3-year lock-up period of investment per private placement regulation.
2. The amount of private placement: The aggregate number of shares represented by the privately placed shares, preferred shares, or shares issuable upon conversion of privately placed convertible bonds, in any combination, shall not exceed an authorized limit of 500 million common shares; and the aggregate offering amount shall not exceed NT\$5 billion or equivalent in other currencies. The amount of private placement may be issued in one or two tranches, within a period of one (1) year from the shareholders' meeting resolution date, subject to market conditions and transaction progress with the specific parties.
3. Capital usage plan and anticipated benefits: The capital amount raised by each tranche of private placement will be used to expand the Bank's business scale, support digital innovation, and seek alliance opportunities with domestic or foreign strategic investors. The anticipated benefits will include strengthening the Bank's competitiveness, profitability, capital adequacy, and shareholders' equity. If convertible bonds are issued in a foreign currency, the bond proceeds shall remain in the original currency prior to conversion.