

## Appendix Calculation Example

### 1. The group capital items of Financial Holding Company A are as follows:

(Unit: NTD Thousand)

Item		Amount
Capital of Financial Holding Company	The subordinated debts issued by the end of the Year 2012 which meet the requirements for Tier 1 capital of bank. (Debt A) (Note)	40
	The preferred stocks and subordinated debts which do not meet the requirements for Tier 1 capital of bank. (Debt B)	30
	Total of other capital	115
Total eligible capital of non-bank and insurance subsidiary		30

Note: The debts have not met the standards for the additional Tier 1 capital described in Article 8 of Regulations Governing the Capital Adequacy and Capital Category of Banks (hereinafter referred to as the “Regulations”) that was amended and promulgated on November 26, 2012.

### 2. The amounts of the preferred stocks and subordinated debts of Financial Holding Company A which shall be recognized in eligible group capital during the period from the end of the Year 2012 to the Year 2017:

	End of 2012	Jan. 1, 2013	Jan. 1, 2014	Jan. 1, 2015	Jan. 1, 2016	Jan. 1, 2017
Debt A	15+25	15+25	15+25	15+25	8+31.74	0+32.9
Debt B	30	30	30	30	29.76	24.6
Total	70	70	70	70	69.5 (Note)	57.5

Note: The amount of preferred stocks and subordinated debts of Financial Holding Company A which exceed one-third of the eligible capital is  $[(32+30) - (115+8)] \times 1/3 \div 2/3 = 62 - 61.5 = 0.5$ ; the exceeding part shall be reduced from Debt A and Debt B in accordance with certain proportions separately.

### 3. Calculation Instructions for the preferred stocks and subordinated debts of Financial Holding Company A which shall be recognized in eligible group capital :

Item	End of 2012	Jan. 1, 2013 (Note)
Capital of Financial Holding Company A	185 (=40+30+115)	185 (=32+38+115) (Note 4)
Calculating the Base of Statutory Limit (Note 1)	85 【=185-30-(40+30)】	85 【=185-30-(40+30)】
Statutory Limit (Note 2)	15 (=85 ÷ 85% × 15%)	15 (=85 ÷ 85% × 15%)
Exceeding amount	25 (=40-15)	17 (=32-15)
The maximum amount of	65	65

preferred stocks and subordinated debts of Financial Holding Company A which exceed one-third of eligible group capital.	<b>【= (115 + 15)×1/3 ÷ 2/3】</b>	<b>【= (115 + 15)×1/3 ÷ 2/3】</b>
The total amount of preferred stocks and subordinated debts of Financial Holding Company A which is recognized in the eligible group capital.	30 + 25 = 55 <b>【55 &lt; 65】</b>	30 + 8 + 17 = 55 <b>【55 &lt; 65】</b>
The preferred stocks and the subordinated debts of Financial Holding Company A which are included in the eligible group capital (the amount of Statutory Limit is included).	70 ( = 15 + 25 + 30 )	70 ( = 15 + 17 + 8 + 30 )

Note 1:

Calculating Base of Statutory Limit = Eligible Capital of Financial Holding Company – Eligible Capital of Non-bank and Insurance Subsidiary – Total Amount of Preferred Stocks and Subordinated Debts Issued by Financial Holding Company

Note 2:

Statutory Limit = Calculating Base divided by 85% , and then multiplied by 15%, which means the preferred stocks and the subordinated debts which meet the requirements for Tier 1 capital of financial holding company shall not be included in the maximum amount of preferred stocks and the subordinated debts described in Section 5, Paragraph 4, Article 2.

Note 3:

It is assumed that the amounts of other eligible capitals are unchanged.

Note 4:

The subordinated debts which were issued by Bank A and met the standards for the Tier 1 capital of bank have not met the requirements for additional Tier 1 capital described in Article 8 of Regulations Governing the Capital Adequacy and Capital Category of Banks that was amended and promulgated on November 26, 2012, therefore, the subordinated debts shall be calculated in the one-third limitation **【38 =(40×20%)+30】** by increasing 20% gradually per year from the Year 2013.