

**SinoPac Financial Holdings Company  
Limited and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2023 and 2022 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
SinoPac Financial Holdings Company Limited

### **Opinion**

We have audited the accompanying consolidated financial statements of SinoPac Financial Holdings Company Limited and its subsidiaries (collectively referred to as the Group), which comprise the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022, and the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022, six months ended June 30, 2023 and 2022, and changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023, December 31, 2022 and June 30, 2022, and its consolidated financial performance for the three months ended June 30, 2023 and 2022, and their consolidated financial performance and cash flows for the six months ended June 30, 2023 and 2022 in conformity with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the competent authority, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 six months ended June 30, 2023. 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.

The key audit matters of the Group's consolidated financial statements for the six months ended June 30, 2023 are stated as follows:

#### Estimated Impairment of Discounts and Loans

The management assesses, estimates and recognizes impairment of discounts and loans collectively at the higher amount determined according to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans ("the Procedures") endorsed by the Financial Supervisory Commission (FSC) and according to International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). According to the Procedures, the management estimates impairment of discounts and loans based on the overdue loans classified by loan term and situation of pledged collateral. According to IFRS 9, impairment of discounts and loans is estimated based on assumptions of probability of default and loss given default based on historical experience, current market situation and forward-looking information. Assessment of evidence of probable default and credit impairment, whether the credit risk has increased significantly since the original recognition (including the adoption of forward-looking factors), and the assessment of the methodology and assumptions used for estimating impairment and the estimation of the amount and timing of future cash flows require critical judgments and estimates. The estimated provision for impairment of discounts and loans calculated according to either the Procedures or IFRS 9 has a significant impact on the consolidated financial statements. Therefore, the estimation of impairment of discounts and loans is identified as a key audit matter for the six months ended June 30, 2023.

Refer to Notes 4, 5 and 49 to the accompanying consolidated financial statements for the relevant accounting policies, judgments for estimations, estimation uncertainty and other related disclosures of the estimated impairment of discounts and loans.

Our key audit procedures performed in respect of the above area included the following:

We understood and assessed management's impairment assessment practices, accounting policies and related internal control procedures for discounts and loans and evaluated whether the classification of loan assets complied with the Procedures. In addition, we evaluated whether overdue loans, situation of pledged collateral, and the provision for impairment of discounts and loans complied with the related regulation issued by the authorities. We also evaluated whether the methodology, assumptions and inputs used in the impairment assessment conform to the IFRS 9 impairment model and appropriately reflected the actual outcome. We tested samples of discounts and loans to verify their rationality.

#### **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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the competent authority, and International Accounting Standard 34 "Interim Financial Reporting" 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 Group's 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's 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 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 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 Group's 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 Group's 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 Group 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 appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our 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 for the six months ended June 30, 2023 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 audits resulting in this independent auditors' report are Yi-Chun Wu and Jr-Shian Ke.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 25, 2023

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS, NET (Notes 4, 6 and 45)	\$ 33,995,589	1	\$ 66,231,664	3	\$ 51,895,216	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET (Notes 7 and 45)	225,089,275	9	281,921,054	11	168,768,203	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 14 and 45)	138,926,263	5	91,643,856	4	102,960,073	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 45 and 46)	332,854,445	12	336,138,847	13	339,324,398	14
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10 and 46)	273,843,137	10	225,460,151	9	198,175,906	8
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 11 and 45)	69,442,639	3	67,873,919	3	65,218,336	3
RECEIVABLES, NET (Notes 4, 12 and 45)	115,767,634	4	90,209,758	3	110,106,876	5
CURRENT INCOME TAX ASSETS (Notes 4, 33 and 45)	445,466	-	125,953	-	170,995	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 45 and 46)	1,406,460,553	52	1,328,702,915	51	1,246,036,247	52
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 15)	1,069,802	-	1,011,812	-	923,378	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 16, 45 and 46)	48,422,822	2	45,018,164	2	46,407,558	2
INVESTMENT PROPERTY, NET (Notes 4, 17, 45 and 46)	2,384,428	-	2,390,819	-	2,412,851	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 18, 45 and 46)	13,127,355	1	13,287,583	-	13,358,482	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 19, 45 and 46)	3,722,409	-	3,646,832	-	3,820,127	-
INTANGIBLE ASSETS, NET (Notes 4, 20 and 45)	2,401,012	-	2,310,197	-	2,232,921	-
DEFERRED INCOME TAX ASSETS (Notes 4 and 33)	2,056,668	-	2,014,238	-	2,197,112	-
OTHER ASSETS, NET (Notes 4, 21 and 45)	<u>24,265,905</u>	<u>1</u>	<u>30,775,495</u>	<u>1</u>	<u>32,366,953</u>	<u>2</u>
<b>TOTAL</b>	<b><u>\$ 2,694,275,402</u></b>	<b><u>100</u></b>	<b><u>\$ 2,588,763,257</u></b>	<b><u>100</u></b>	<b><u>\$ 2,386,375,632</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 22 and 45)	\$ 81,971,322	3	\$ 72,477,217	3	\$ 84,404,884	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 45)	67,499,085	2	59,764,822	2	59,599,399	2
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 11, 23 and 45)	68,603,141	3	59,923,315	2	70,117,893	3
COMMERCIAL PAPERS ISSUED, NET (Notes 24 and 45)	41,573,029	2	19,102,966	1	30,113,050	1
PAYABLES (Notes 4, 25, 30, 41 and 45)	64,883,666	2	50,521,956	2	70,752,001	3
CURRENT INCOME TAX LIABILITIES (Notes 4, 33 and 45)	2,172,566	-	1,479,084	-	1,813,882	-
DEPOSITS AND REMITTANCES (Notes 26 and 45)	2,008,435,601	75	2,000,528,731	77	1,757,779,398	74
BONDS PAYABLE (Notes 4, 27 and 45)	71,244,936	3	71,242,261	3	70,983,482	3
SHORT-TERM BORROWINGS (Notes 28, 45 and 46)	6,776,043	-	3,864,926	-	6,957,178	-
LONG-TERM BORROWINGS (Notes 28, 45 and 46)	978,121	-	2,480,712	-	2,402,568	-
PREFERRED STOCK LIABILITIES (Notes 4 and 34)	18,437	-	18,437	-	18,437	-
PROVISIONS (Notes 4, 29 and 30)	3,020,460	-	3,099,728	-	3,505,792	-
OTHER FINANCIAL LIABILITIES (Notes 4, 31 and 45)	85,284,347	3	69,764,427	3	59,903,135	3
LEASE LIABILITIES (Notes 4, 19 and 45)	3,218,260	-	3,132,839	-	3,278,530	-
DEFERRED INCOME TAX LIABILITIES (Notes 4 and 33)	1,537,547	-	1,668,845	-	1,480,004	-
OTHER LIABILITIES (Notes 4, 32 and 45)	<u>14,024,492</u>	<u>1</u>	<u>15,674,254</u>	<u>1</u>	<u>15,042,752</u>	<u>1</u>
Total liabilities	<u>2,521,241,053</u>	<u>94</u>	<u>2,434,744,520</u>	<u>94</u>	<u>2,238,152,385</u>	<u>94</u>
<b>EQUITY</b>						
Capital stock						
Common stock	121,337,646	4	113,837,646	4	112,710,541	5
Stock dividends to be distributed	2,426,753	-	-	-	1,127,105	-
Total capital stock	<u>123,764,399</u>	<u>4</u>	<u>113,837,646</u>	<u>4</u>	<u>113,837,646</u>	<u>5</u>
Capital surplus	<u>6,129,361</u>	<u>-</u>	<u>2,228,781</u>	<u>-</u>	<u>2,228,781</u>	<u>-</u>
Retained earnings						
Legal reserve	23,751,851	1	22,112,855	1	22,112,855	1
Special reserve	14,684,030	1	483,818	-	483,818	-
Unappropriated earnings	14,128,651	-	29,555,849	1	21,904,229	1
Total retained earnings	<u>52,564,532</u>	<u>2</u>	<u>52,152,522</u>	<u>2</u>	<u>44,500,902</u>	<u>2</u>
Other equity	<u>(9,423,943)</u>	<u>-</u>	<u>(14,200,212)</u>	<u>-</u>	<u>(12,344,082)</u>	<u>(1)</u>
Total equity	<u>173,034,349</u>	<u>6</u>	<u>154,018,737</u>	<u>6</u>	<u>148,223,247</u>	<u>6</u>
<b>TOTAL</b>	<b><u>\$ 2,694,275,402</u></b>	<b><u>100</u></b>	<b><u>\$ 2,588,763,257</u></b>	<b><u>100</u></b>	<b><u>\$ 2,386,375,632</u></b>	<b><u>100</u></b>

The accompanying notes are an integral part of the consolidated financial statements.

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME	\$ 18,486,193	135	\$ 9,932,283	86	\$ 36,385,986	137	\$ 18,166,240	75
INTEREST EXPENSES	<u>(12,322,149)</u>	<u>(90)</u>	<u>(3,252,384)</u>	<u>(28)</u>	<u>(23,910,538)</u>	<u>(90)</u>	<u>(5,598,398)</u>	<u>(23)</u>
NET INTEREST REVENUE (Notes 4, 35 and 45)	<u>6,164,044</u>	<u>45</u>	<u>6,679,899</u>	<u>58</u>	<u>12,475,448</u>	<u>47</u>	<u>12,567,842</u>	<u>52</u>
NET REVENUES OTHER THAN INTEREST (Note 4)								
Service fee and commissions income, net (Notes 36 and 45)	3,835,877	28	3,523,693	30	7,426,505	28	8,413,140	35
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 37 and 45)	2,832,615	21	55,095	-	5,158,204	20	698,951	3
Realized gains on financial assets at fair value through other comprehensive income (Note 38)	734,447	5	484,539	4	837,485	3	631,446	3
Gains (losses) arising from derecognition of financial assets measured at amortized cost	10,268	-	(123,793)	(1)	23,158	-	(115,502)	-
Foreign exchange (losses) gains	(185,824)	(1)	589,004	5	(1,996)	-	1,255,417	5
Reversal of impairment loss on assets (Notes 16 and 39)	60,786	-	55,561	1	81,533	-	71,457	-
Share of profit of associates for using equity method (Note 15)	40,580	-	65,257	1	88,008	-	119,112	-
Net other revenue other than interest income (Notes 40 and 45)	<u>257,445</u>	<u>2</u>	<u>268,456</u>	<u>2</u>	<u>480,007</u>	<u>2</u>	<u>465,928</u>	<u>2</u>
Net revenues other than interest	<u>7,586,194</u>	<u>55</u>	<u>4,917,812</u>	<u>42</u>	<u>14,092,904</u>	<u>53</u>	<u>11,539,949</u>	<u>48</u>
NET REVENUE	<u>13,750,238</u>	<u>100</u>	<u>11,597,711</u>	<u>100</u>	<u>26,568,352</u>	<u>100</u>	<u>24,107,791</u>	<u>100</u>
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 6, 7, 12, 13, 16 and 29)	<u>(478,694)</u>	<u>(4)</u>	<u>(492,769)</u>	<u>(4)</u>	<u>(910,494)</u>	<u>(3)</u>	<u>(1,266,999)</u>	<u>(6)</u>
OPERATING EXPENSES								
Employee benefits expenses (Notes 4, 30, 41 and 45)	(4,541,627)	(33)	(4,022,856)	(35)	(9,050,104)	(34)	(8,350,967)	(34)
Depreciation and amortization expense (Notes 4, 17, 18, 19, 20, 42 and 45)	(585,536)	(4)	(574,346)	(5)	(1,162,138)	(5)	(1,132,644)	(5)
Other general and administrative expenses (Notes 43 and 45)	<u>(1,948,539)</u>	<u>(14)</u>	<u>(1,751,267)</u>	<u>(15)</u>	<u>(3,724,132)</u>	<u>(14)</u>	<u>(3,342,548)</u>	<u>(14)</u>
Total operating expenses	<u>(7,075,702)</u>	<u>(51)</u>	<u>(6,348,469)</u>	<u>(55)</u>	<u>(13,936,374)</u>	<u>(53)</u>	<u>(12,826,159)</u>	<u>(53)</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	6,195,842	45	4,756,473	41	11,721,484	44	10,014,633	41
INCOME TAX EXPENSE (Notes 4 and 33)	<u>(844,895)</u>	<u>(6)</u>	<u>(937,606)</u>	<u>(8)</u>	<u>(1,621,980)</u>	<u>(6)</u>	<u>(1,786,806)</u>	<u>(7)</u>
NET INCOME	<u>5,350,947</u>	<u>39</u>	<u>3,818,867</u>	<u>33</u>	<u>10,099,504</u>	<u>38</u>	<u>8,227,827</u>	<u>34</u>

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
OTHER COMPREHENSIVE INCOME (Note 4)									
Items that will not be reclassified to profit or loss									
Change in fair value of financial liability attributable to change in credit risk of liability (Note 34)	\$ 4,882	-	\$ 21,955	-	\$ (498)	-	\$ 33,456	-	
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income (Note 34)	1,600,412	12	(3,747,341)	(32)	3,927,048	15	(2,989,922)	(12)	
Income tax related to items that will not be reclassified to profit or loss (Notes 33 and 34)	(872)	-	3,661	-	(4,396)	-	986	-	
Items that will not be reclassified to profit or loss	<u>1,604,422</u>	<u>12</u>	<u>(3,721,725)</u>	<u>(32)</u>	<u>3,922,154</u>	<u>15</u>	<u>(2,955,480)</u>	<u>(12)</u>	
Items that will be reclassified to profit or loss									
Exchange differences on translation of foreign operations (Note 34)	(297,758)	(2)	53,724	-	(300,200)	(1)	702,873	3	
(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income (Note 34)	(135,173)	(1)	(6,243,600)	(54)	1,142,736	4	(11,432,236)	(48)	
Share of other comprehensive (loss) income of associates accounted for using equity method (Notes 15 and 34)	(3,544)	-	(4,934)	-	(2,577)	-	(6,574)	-	
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 33 and 34)	34,579	-	(7,666)	-	33,674	-	(100,189)	-	
Items that will be reclassified to profit or loss	<u>(401,896)</u>	<u>(3)</u>	<u>(6,202,476)</u>	<u>(54)</u>	<u>873,633</u>	<u>3</u>	<u>(10,836,126)</u>	<u>(45)</u>	
Other comprehensive income	<u>1,202,526</u>	<u>9</u>	<u>(9,924,201)</u>	<u>(86)</u>	<u>4,795,787</u>	<u>18</u>	<u>(13,791,606)</u>	<u>(57)</u>	
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,553,473</u>	<u>48</u>	<u>\$ (6,105,334)</u>	<u>(53)</u>	<u>\$ 14,895,291</u>	<u>56</u>	<u>\$ (5,563,779)</u>	<u>(23)</u>	
EARNINGS PER SHARE (Note 44)									
Basic	<u>\$ 0.43</u>		<u>\$ 0.33</u>		<u>\$ 0.84</u>		<u>\$ 0.71</u>		
Diluted	<u>\$ 0.43</u>		<u>\$ 0.33</u>		<u>\$ 0.84</u>		<u>\$ 0.71</u>		

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)



**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 34)			Capital Surplus (Notes 4 and 34)	Retained Earnings (Notes 9 and 34)				Other Equity (Notes 4, 9 and 34)			Total	Total Equity
	Common Stock	Stock Dividends to Be Distributed	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability		
BALANCE AT JANUARY 1, 2022	\$ 112,710,541	\$ -	\$ 112,710,541	\$ 2,228,764	\$ 20,389,695	\$ 483,818	\$ 25,033,001	\$ 45,906,514	\$ (1,891,151)	\$ 3,935,066	\$ (85,882)	\$ 1,958,033	\$ 162,803,852
Appropriation and distribution of retained earnings generated in 2021													
Legal reserve	-	-	-	-	1,723,160	-	(1,723,160)	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	-	-	(9,016,843)	(9,016,843)	-	-	-	-	(9,016,843)
Stock dividends - common stock	-	1,127,105	1,127,105	-	-	-	(1,127,105)	(1,127,105)	-	-	-	-	-
Other changes in capital surplus													
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	17	-	-	-	-	-	-	-	-	17
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	8,227,827	8,227,827	-	-	-	-	8,227,827
Other comprehensive income for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	557,174	(14,382,236)	33,456	(13,791,606)	(13,791,606)
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	8,227,827	8,227,827	557,174	(14,382,236)	33,456	(13,791,606)	(5,563,779)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	510,509	510,509	-	(510,509)	-	(510,509)	-
BALANCE AT JUNE 30, 2022	\$ 112,710,541	\$ 1,127,105	\$ 113,837,646	\$ 2,228,781	\$ 22,112,855	\$ 483,818	\$ 21,904,229	\$ 44,500,902	\$ (1,333,977)	\$ (10,957,679)	\$ (52,426)	\$ (12,344,082)	\$ 148,223,247
BALANCE AT JANUARY 1, 2023	\$ 113,837,646	\$ -	\$ 113,837,646	\$ 2,228,781	\$ 22,112,855	\$ 483,818	\$ 29,555,849	\$ 52,152,522	\$ (1,190,869)	\$ (12,962,698)	\$ (46,645)	\$ (14,200,212)	\$ 154,018,737
Appropriation and distribution of retained earnings generated in 2022													
Legal reserve	-	-	-	-	1,638,996	-	(1,638,996)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	14,200,212	(14,200,212)	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	-	-	(7,280,259)	(7,280,259)	-	-	-	-	(7,280,259)
Stock dividends - common stock	-	2,426,753	2,426,753	-	-	-	(2,426,753)	(2,426,753)	-	-	-	-	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	10,099,504	10,099,504	-	-	-	-	10,099,504
Other comprehensive income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	-	(243,171)	5,039,456	(498)	4,795,787	4,795,787
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	10,099,504	10,099,504	(243,171)	5,039,456	(498)	4,795,787	14,895,291
Issue of common stock	7,500,000	-	7,500,000	3,750,000	-	-	-	-	-	-	-	-	11,250,000
Share-based payments	-	-	-	150,580	-	-	-	-	-	-	-	-	150,580
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	19,518	19,518	-	(19,518)	-	(19,518)	-
BALANCE AT JUNE 30, 2023	\$ 121,337,646	\$ 2,426,753	\$ 123,764,399	\$ 6,129,361	\$ 23,751,851	\$ 14,684,030	\$ 14,128,651	\$ 52,564,532	\$ (1,434,040)	\$ (7,942,760)	\$ (47,143)	\$ (9,423,943)	\$ 173,034,349

The accompanying notes are an integral part of the consolidated financial statements.

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before income tax	\$ 11,721,484	\$ 10,014,633
Adjustments to reconcile profit		
Depreciation expense	952,090	949,477
Amortization expense	210,048	183,167
Provision for bad debt expense	1,080,233	1,733,262
Interest expenses	23,910,538	5,598,398
Net (gain) loss arising from derecognition of financial assets measured at amortized cost	(23,158)	115,502
Interest income	(36,385,986)	(18,166,240)
Dividend income	(1,443,522)	(1,449,149)
Net change in provisions for guarantee liabilities	6,335	(56,046)
Net change in other provisions	48,150	28,078
Share-based payments	150,580	-
Effect of exchange rate changes of corporated bonds payable	-	9,179
Share of profit of associates for using equity method	(88,008)	(119,112)
Losses on disposal and retirement of property and equipment	936	488
Reversal of impairment loss on financial assets	(81,533)	(43,959)
Reversal of impairment loss on non-financial assets	-	(27,498)
Losses on disposal of collaterals	-	5,351
Net losses on changing in leasing contracts	48	879
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to banks	6,446,369	(9,888,121)
Increase in financial assets at fair value through profit or loss	(47,282,407)	(14,943,726)
Decrease in financial assets at fair value through other comprehensive income	8,367,569	44,943,550
Increase in investments in debt instruments at amortized cost	(48,362,422)	(30,904,182)
Decrease (increase) in securities purchased under resell agreements	2,796,901	(524,710)
(Increase) decrease in receivables	(22,354,465)	1,401,760
Increase in discounts and loans	(78,671,292)	(57,002,860)
Increase in other financial assets	(3,354,268)	(608,163)
Decrease in other assets	6,482,462	7,787,626
Increase in deposits from the Central Bank and banks	9,494,105	14,139,799
Increase in financial liabilities at fair value through profit or loss	7,733,765	36,448,312
Increase in securities sold under repurchase agreements	8,679,826	32,320,975
Increase in payables	3,182,126	5,732,967
Increase (decrease) in deposits and remittances	7,906,870	(77,955,841)
Decrease in provisions for employee benefits	(140,118)	(282,259)
Increase in other financial liabilities	15,519,920	12,231,105
Decrease in other liabilities	(1,649,762)	(13,743,149)
Net cash used in operations	(125,146,586)	(52,070,507)

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
Interest received	\$ 36,216,156	\$ 17,843,302
Dividends received	443,034	316,403
Interest paid	(22,202,050)	(5,118,284)
Income tax paid	<u>(1,365,333)</u>	<u>(1,988,923)</u>
Net cash used in operating activities	<u>(112,054,779)</u>	<u>(41,018,009)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(517,183)	(539,625)
Proceeds from disposal of property and equipment	24,371	14,447
Acquisition of intangible assets	(135,342)	(112,690)
Proceeds from disposal of collaterals	-	32,788
Acquisition of right-of-use-assets	(14)	(291)
Acquisition of investment properties	<u>(616)</u>	<u>(501)</u>
Net cash used in investing activities	<u>(628,784)</u>	<u>(605,872)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	2,879,285	1,548,602
Decrease in due to the Central Bank and banks	-	(205,030)
Increase (decrease) in commercial papers issued	22,470,063	(9,652,619)
Corporate bonds issued	-	1,000,000
Bank debentures issued	-	7,000,000
Proceeds from long-term borrowings	11,545,448	13,827,185
Repayments of long-term borrowings	(13,013,357)	(13,784,915)
Repayments of lease liabilities	(456,635)	(437,765)
Proceeds from issuing of common stock	<u>11,250,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>34,674,804</u>	<u>(704,542)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(246,613)</u>	<u>1,061,738</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(78,255,372)	(41,266,685)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>326,689,284</u>	<u>253,520,365</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 248,433,912</u>	<u>\$ 212,253,680</u>

(Continued)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

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Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2023 and 2022:

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents in consolidated balance sheets	\$ 33,995,589	\$ 51,895,216
Due from the Central Bank and call loans to banks reclassified as cash and cash equivalents under the definition of IAS 7	145,098,250	96,024,896
Securities purchased under resell agreements reclassified as cash and cash equivalents under the definition of IAS 7	<u>69,340,073</u>	<u>64,333,568</u>
Cash and cash equivalents at the end of the period	<u>\$ 248,433,912</u>	<u>\$ 212,253,680</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. ORGANIZATION AND OPERATIONS

- May 9, 2002            Following its incorporation, SinoPac Financial Holdings Co., Ltd. (the Company or SPH) issued shares to swap with the shares of Bank SinoPac (BSP), National Securities Corporation (NSC), and SinoPac Securities Corporation (SPS), resulting in all three companies becoming wholly owned subsidiaries of SPH.
- December 26, 2005    The International Bank of Taipei became a wholly owned subsidiary of SPH through a share swap made in accordance with the Financial Holding Company Act. The share swap ratio was 1.3646 (with 1 representing the SPH's share). The trading of IBT's shares on the Taiwan Stock Exchange then ceased.
- June 2006             SPH convened a shareholders' meeting to reach the decision of changing SPH's Chinese name, and completed the registration on July 2006.

SPH invests and manages financial institutions.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the Group) are presented in the New Taiwan dollar, the Company's functional currency.

The information on consolidated entities is shown in Note 4.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for release by the Company's board of directors on August 25, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2024

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

- c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

The Group assessed that the abovementioned amendments are not expected to have material impact on the Group’s accounting policies. As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **Statement of Compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, the guidelines issued by the authority, and International Accounting Standard 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in the consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

##### **Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, liabilities for cash-settled share-based payment transaction and net defined benefit liability which is stated at the present value of defined benefit obligation less fair value of plan assets and liabilities.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

##### **Classification of Current and Non-current Assets and Liabilities**

Among the entities of consolidated financial statements, the banking industry accounts for a significant percentage. Since the operating cycle in the finance industry cannot be reasonably identified, the accounts included in the Group’s consolidated financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Please refer to Note 49 for the maturity analysis of assets and liabilities.

##### **Principles for Preparing Consolidated Financial Statements**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of its subsidiaries to bring its accounting policies into line with those used by the Company.

All intragroup transactions, balances, income and expenses are eliminated in full upon consolidation. Related information is shown in Table 12.

The consolidated entities were as follows:

Investor	Investee	Main Business	% of Ownership			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
SinoPac Financial Holdings Company Limited	Bank SinoPac	Commercial bank, trust and foreign exchange services	100	100	100	
	SinoPac Securities Corporation ("SinoPac Securities")	Securities brokering, dealing and underwriting	100	100	100	
	SinoPac Venture Capital Corporation ("SinoPac Venture Capital")	Venture capital investment	100	100	100	
	SinoPac Securities Investment Trust Co., Ltd. ("SinoPac Securities Investment Trust")	Securities investment trust, discretionary investment and investment consulting services	100	100	100	
	SinoPac Leasing Corporation ("SinoPac Leasing")	Leasing, installment sales and financing	100	100	100	
Bank SinoPac	Bank SinoPac (China) Ltd. ("Bank SinoPac (China)")	Commercial bank	100	100	100	
	SinoPac Insurance Brokers Ltd. ("SinoPac Insurance Brokers")	Insurance brokerage business	100	100	100	
SinoPac Securities	SinoPac Futures Corporation ("SinoPac Futures")	Futures brokering, dealing, advisory, managed enterprise and securities investment consulting services	100	100	100	
	SinoPac Securities Investment Service Corporation ("SinoPac Securities Investment Service")	Securities investment consulting and offshore fund distributor business	100	100	100	
	SinoPac Securities Venture Capital Corporation ("SinoPac Securities Venture Capital")	Venture capital investment	100	100	100	
	SinoPac Securities (Cayman) Holdings Ltd. ("SinoPac Securities (Cayman)")	Investment holding company	100	100	100	
	SinoPac Financial Consulting (Shanghai) Ltd. ("SinoPac Financial Consulting (Shanghai)")	Corporation management, investment and business information consulting	100	100	100	
SinoPac Securities (Cayman)	SinoPac Securities (Europe) Ltd. ("SinoPac Securities (Europe)")	Brokerage agency service	100	100	100	
	SinoPac Asset Management (Asia) Ltd. ("SinoPac Asset Management (Asia)")	Asset management and investment consulting	100	100	100	
	SinoPac Securities (Asia) Ltd. ("SinoPac Securities (Asia)")	Brokerage and dealing of stocks and futures	100	100	100	
SinoPac Securities (Asia)	SinoPac (Asia) Nominees Ltd. ("SinoPac (Asia) Nominees")	Trust accounts on overseas stocks	100	100	100	
	SinoPac Capital (Asia) Ltd. ("SinoPac Capital (Asia)")	Proprietary trading	100	100	100	
	SinoPac Solutions and Services Ltd. ("SinoPac Solutions and Services")	Fund administration service	100	100	100	
SinoPac Leasing	SinoPac International Leasing Corp. ("SinoPac International Leasing")	Financing and leasing	100	100	100	
	SinoPac Capital International (HK) Limited ("SinoPac Capital International (HK)")	Leasing, installment sales and financing	100	100	100	

## Foreign Currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arise from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.



For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

### **Cash and Cash Equivalents**

Cash and cash equivalent in financial statements includes cash on hand, demand deposits and investments with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. For the purposes of presenting cash flows, the cash and cash equivalent includes cash and cash equivalents in balance sheets, due from the Central Bank and call loans to other banks and securities purchased under resell agreements under IAS 7.

### **Financial Instruments**

Financial assets and financial liabilities are recognized when the Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

#### Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

##### a. Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

##### 1) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria. A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 48.

##### 2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- b) 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, receivables and discount and loans, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

### 3) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- a) The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and
- b) 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.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

### 4) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

## b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost and investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime Expected Credit Loss (ECL) for receivables. For all other financial instruments (including lease receivables and installment), the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

Under the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” (the Regulations), Bank SinoPac evaluates credit losses on the basis of the estimated collectability of loans. In accordance with the Regulations, credit assets are classified as normal assets, assets that require special mentioned, assets with substandard credit quality, assets with doubtful collectability, and assets on which there is loss. The Group evaluates the value of collaterals of specified loans and assesses recoverability of non-performing loans. These will be written off after approved by the board of directors when evaluated as unrecoverable.

Based on the above Regulations, Bank SinoPac’s the minimum allowance for credit losses and provision for losses on guarantees for assets that are normal excluding claims against the ROC government agencies that require special mentioned, assets that are substandard, assets with doubtful collectability, and assets on which there is loss were 1%, 2%, 10%, 50% and 100%, respectively of outstanding. In addition, under the Financial Supervisory Commission (FSC) Official Letter No. 10010006830, there should be a provision at more than 1% of the sum of the minimum allowance for credit losses and the provision for losses on guarantees.

For enhanced risk management of banks, the FSC issued Official Letter No. 10300329440, which requires domestic banks to allocate an allowance of at least 1.5% of repair loans and construction loans. In addition, under the FSC Official Letter No. 10410001840, Category 1 credits granted to enterprises in the China region should be covered by an allowance of at least 1.5% of the balance of these credits.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt instrument at FVTOCI in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of an equity instrument at FVTOCI in its entirety, cumulative gain or loss is transferred directly to retained earnings instead of reclassifying as profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Equity and debt instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

For the issuance of convertible preferred stock, the Company first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component, then determines the carrying amount of the equity component, representing the equity conversion option, by deducting the fair value of the liability component from the fair value of the convertible preferred shares as a whole. The liability component (excluding embedded derivatives) is measured at amortized cost using the effective interest method. Upon preferred stock conversion, the Company uses the aggregate carrying amount of the liability and equity components of the convertible preferred shares at the time of conversion as a basis for recording the common shares issued.

a. Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 48.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest or dividend paid on the financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

2) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit loss or the amount initially recognized less accumulated amortization.

## b. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### Modification of financial instruments

When a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

### **Derivative Financial Instruments**

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in hybrid contracts that contain hosts which are not assets (e.g. financial liabilities) within the scope of IFRS 9 shall be separated from the host and accounted for as a derivative under IFRS 9 if, and only if, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host. Alternatively, the entire hybrid instrument is designated as a derivative instrument included in financial liabilities at fair value through profit or loss upon initial recognition, and no separate accounting is required.

### **Investment in Associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the associates' equity.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

### **Repurchase, Reverse Repurchase Transactions**

Securities purchased under resell agreements (reverse repurchase) agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

### **Margin Loans and Stock Loans**

Margin loans pertain to the provision of funds to customers for them to buy SinoPac Securities and its subsidiaries' securities. Margin loans receivable represents the amount given to customers. The securities bought by customers are used to secure these loans and are recorded through memo entries as "collateral securities". The collateral securities are returned when the loans are repaid.

The refinancing of margin loans to securities finance companies is recorded as "refinancing borrowings", which are collateralized by securities bought by customers.

The collateral securities are disposed of by SinoPac Securities when their market values fall below a pre-agreed level and the customer fails to maintain this level. If the proceeds of the disposal of collateral security cannot cover the balance of the loan and the customer cannot timely settle the deficiency, the balance of the margin loan is reclassified to "overdue receivables". If a collateral security cannot be sold in the open market, the balance of the loan is reclassified to "other receivables" or "overdue receivables".

Stock loans are securities lent to customers for short sales. The deposits received from customers on securities lent out are credited to "deposits on short sale". The securities sold short are recorded as "stock loans" using memo entries. The proceeds of the sales of securities lent to customers less any dealer's commission, financing charges and securities exchange tax are recorded under "financing guarantee payable". When the customers return the stock certificates to SinoPac Securities, SinoPac Securities gives back to customers the deposits received and the proceeds of the sales of securities.

The margins deposited by securities firms to securities finance companies are recorded as "loan from refinanced margin". The refinancing securities delivered to SinoPac Securities are recorded as "refinancing stock collaterals" using memo entries. A portion of the proceeds of the short-sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral and recorded as "refinancing deposits receivable".

### **Securities Business Money Lending, Purpose Unrestricted Lending Business, and Securities Lending**

The sources of lending securities for the securities lending business of SinoPac Securities Corporation (SPS) and its subsidiaries are as follows: Their own securities, securities borrowed from the Taiwan Stock Exchange's Securities Borrowing and Lending (TWSE SBL) system, collateral securities acquired from financing customers' acquisitions and short-sales, securities borrowed from clients and from other securities corporations or securities financing companies which operate securities lending businesses or margin purchases and short sales businesses. When SPS and its subsidiaries lend their self-owned securities, the financial statements account should be reclassified to "lending stock" and measured at fair value on the valuation date. The gains or losses from valuation are recognized as gains or losses on valuation before the lending of securities. When SPS and its subsidiaries operate in the securities lending business, each client has its own book, and its lending transaction, balance, collateral, collateral value, margin call and disposal of collateral are recorded on a daily basis.

When operating a security investor's security lending business, SPS recognizes the account as a securities loan receivable and limits its account to payables after offsetting the purchase price and the disposal price, and the related commission fee and tax. When operating a lending business which does not restrict a customer's purpose, the customer's credit is based on the collateral which the customer provides and is recognized as securities loan receivable - purpose unrestricted. Interest and commission fees collected from customers are recognized as interest revenue and securities lending commission and fees, respectively. The accounts for the security lending business are recognized according to each customer while each lending transaction, collateral, margin call and disposal of collateral are booked respectively.

The collateral securities obtained through securities lending are recorded through memo entries as "collateral securities". Cash collaterals are recorded as "securities lending refundable deposits". Deposits for securities borrowed from TWSE are recorded as "securities borrowing margin". Securities lending refundable deposits (or securities borrowing margin) will be repaid (or collected) on the return of borrowed securities. Revenues and service fee from securities lending are recognized as securities lending revenues.

### **Customers' Margin Accounts and Futures Traders' Equity**

SinoPac Futures and SinoPac Securities (Asia) Ltd. engage in futures brokerage and receive margin deposits from customers as required under existing regulations. The proceeds are deposited in a bank and presented as customers' margin accounts and futures traders' equity. Gains or losses from daily marking to market of the carrying amounts of the contracts and related commission are charged to the customers' margin accounts and futures traders' equity. Futures traders' equity accounts cannot offset each other except when they are of the same kind and belong to someone. The debit balance of futures traders' equity, which results from losses on futures transactions in excess of the margin deposited, is recorded as accounts receivable - futures margin deposits.

### **Investment Properties**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

### **Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation on property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

## Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

### a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use assets, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

### b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.



Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

### **Intangible Assets**

#### **a. Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently recognized at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### **b. Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

#### **c. Derecognition of intangible assets**

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

### **Goodwill**

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### **Impairment of Tangible and Intangible Assets Other Than Goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### **Provisions**

Provisions, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## **Employee Benefits**

### **a. Short-term employee benefits**

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### **b. Retirement benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Rereasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans. Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

### **c. Preferential interest on employees' deposits**

Bank SinoPac offers preferential interest rate to its current employees and retired employees for their deposits within a prescribed amount. The preferential interest rate in excess of market interest rate is treated as employee benefits.

Under Article 28 of the Regulation Governing the Preparation of Financial Reports by Public Bank, if the Group's preferential deposit interest rate for as stated in the employment contract exceeds the market interest rate, the excess will be subject to IAS 19 "Employee Benefits" upon the employee's retirement. The actuarial valuation assumptions and parameters are based on those announced by authority, if any.

### **d. Termination benefits**

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

## **Share-based Payment Transaction**

### **a. Equity-settled share-based payment transaction**

The shares of the capital increased by cash of the Company in accordance with the Financial Holding Company Act was reserved for the Group's employees. The grant date was the date that the employees subscription and the fair value determined at the grant date of the equity-settled share-based payments is recognized as an expense and capital surplus.

b. Cash-settled share-based payment transaction

For cash-settled share-based payments, a liability is recognized for the merchandise and services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

## **Revenue Recognition**

a. Interest income and expense

Except for financial assets and liabilities at fair value through profit or loss, interest income and interest expense of all financial instruments are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognized in the consolidated statements of comprehensive income.

Transaction costs and all other premium or discounts associated with the loans and receivables are adjusted to the carrying amount of the loans and receivables. The calculation of effective interest rate includes transaction costs and all other premium or discounts paid or received by the Group that is an integral part of the effective interest rate.

Interest should not be accrued for loans that are transferred to non-performing loans. The interest revenue on those loans/credits is recognized upon collection.

Under Ministry of Finance (MOF) regulations, the interest revenue on structured loans is recognized upon collection.

Interest income on revolving credit card receivables and cash advance is recognized on an accrual basis.

b. Commission revenue

Commission fee revenue and expenses are recognized when loans or other services are provided. Service fees on significant projects are recognized when the project has been completed, for instance, loans syndicated fees are recognized over the period during which the service is performed, or as an adjustment to the effective interest rate on the loan and receivables.

Bank SinoPac offers rewards to customers under loyalty program, which provide customers with specific rights. Bank SinoPac estimates these liabilities as deferred revenue on the basis of the additional fair value of the rewards through receivable consideration of the original sales for the current period. Bank SinoPac recognizes revenue only when rewards are redeemed or expired.

Revenue from the securities business is allocated to the performance obligations identified in each contract with clients, and the revenue is recognized when the performance obligation is satisfied. Brokerage fee income is recognized on the spot trading and margin trading of securities.

c. Dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

## Income Tax Expense

Income tax expense represents the sum of the current tax and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

### a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws in each tax jurisdiction of the Company and its subsidiaries.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are generally recognized for deductible temporary differences, unused loss carryforward and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are generally recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### c. Current tax and deferred tax for the period

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively. If current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

d. Linked-tax system

The Company and its qualified subsidiaries adopted the linked-tax system. The different amounts between tax expense and deferred tax liabilities and assets based on consolidation and the Company with its qualified subsidiaries are adjusted on the Company; related amounts are recognized as current tax assets or current tax liabilities.

The accounting principle for the effect of tax rate amendment is the same as the principle for transactions with tax consequences. They are recognized in profit or loss, other comprehensive income or equity when they occurred.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Estimated Impairment of Discounts and Loans

The estimate of impairment of discounts and loans is based on assumptions about probability of default and loss given default. In making these assumptions and in selecting the inputs to the impairment calculation, the Group uses judgement based on the Group's past history, existing market conditions as well as forward-looking estimates. Details of the key assumptions and inputs used are disclosed in Note 49. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, considering the regulations set forth by the relevant authorities, the Group ensures that the classification and allowance for impairment are in compliance with the requirements of the regulations.

Impairment losses on discounts and loans are shown in Notes 13, 49(c), Tables 7 and 8.

## 6. CASH AND CASH EQUIVALENTS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 6,297,158	\$ 8,050,200	\$ 6,109,331
Notes and checks for clearing	1,058,080	3,718,425	861,787
Deposits in banks and due from banks	21,293,962	45,184,778	43,067,513
Short-term bills	3,727,447	9,281,115	1,858,738
Excess futures margin	1,621,525	-	-
	<u>33,998,172</u>	<u>66,234,518</u>	<u>51,897,369</u>
Less: Allowance for credit losses	<u>(2,583)</u>	<u>(2,854)</u>	<u>(2,153)</u>
Net amount	<u>\$ 33,995,589</u>	<u>\$ 66,231,664</u>	<u>\$ 51,895,216</u>

The Group assesses the allowance loss of cash and cash equivalents base on the expected credit loss model. As of June 30, 2023, December 31, 2022 and June 30, 2022, considering the historical experience and forward-looking information, the 12-month expected credit loss allowance were \$2,583, \$2,854 and \$2,153, respectively.

Cash equivalents include short-term bills acquired by SinoPac Securities and SinoPac Securities Investment Trust that have a maturity of three months or less from the date of acquisition, high liquidity, readily convertible to a known amount of cash, and subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.

The ranges of market rates for intervals of short-term bills at the end of the reporting period are as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Short-term bills	1.10%-1.7%	0.45%-1.6%	0.62%-0.91%

The carrying amounts of time deposits with original maturities of over three months without early termination option and pledging were classified as other financial assets. Related information is shown in Note 16.

#### **7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS, NET**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Call loans to banks	\$ 110,213,578	\$ 170,342,445	\$ 77,401,630
Trade finance advance - interbank	10,270,598	11,051,789	9,574,344
Deposit reserve - checking accounts	42,432,625	43,522,334	28,952,124
Due from the Central Bank - interbank settlement funds	6,050,165	6,000,041	6,000,149
Deposit reserve - demand accounts	49,991,938	44,715,565	39,600,969
Deposit reserve - foreign currencies	623,053	614,471	594,580
Deposit - other	<u>5,512,155</u>	<u>5,678,754</u>	<u>6,658,879</u>
	225,094,112	281,925,399	168,782,675
Less: Allowance for credit losses	<u>(4,837)</u>	<u>(4,345)</u>	<u>(14,472)</u>
Net amount	<u>\$ 225,089,275</u>	<u>\$ 281,921,054</u>	<u>\$ 168,768,203</u>

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserves of Bank SinoPac are determined monthly at prescribed rates based on the average balances of customers' NTD-denominated deposits. Deposit reserve - demand accounts should not be used, except for adjusting the deposit reserve account monthly. In addition, the foreign-currency deposit reserves are determined at prescribed rates based on the balances of foreign-currency deposits. These reserves can be withdrawn momentarily anytime at no interest.

Under the relevant provisions issued by People's Bank of China, Bank SinoPac (China) made deposit reserves in proportion to deposit account balances at the end of each month.

## 8. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily classified as at fair value through profit or loss			
Operating securities - proprietary, net	\$ 50,231,944	\$ 27,976,715	\$ 35,089,548
Government bonds	13,562,674	5,127,237	9,145,414
Corporate bonds	6,517,113	7,060,615	5,817,757
Commercial papers	6,226,863	5,784,949	3,896,598
Certificates of deposits	3,262,594	1,094,691	1,901,177
Operating securities - hedging, net	3,028,940	1,366,322	817,683
Stocks	2,654,347	2,559,700	2,405,065
Operating securities - underwriting, net	886,096	496,048	613,633
Bank debentures	117,240	219,864	472,384
Currency contracts	29,196,609	20,202,997	22,263,532
Interest rate swap contracts	13,088,599	11,685,849	10,380,082
Future margin - marketable securities	1,710,605	848,754	-
Future margin - own funds	1,499,246	719,375	1,633,839
Asset swap option contracts	935,290	453,594	824,370
Forward contracts	851,855	819,409	947,163
Option contracts	214,842	470,665	785,430
Others	222,837	430,082	717,272
	<u>134,207,694</u>	<u>87,316,866</u>	<u>97,710,947</u>
Financial assets designated as at fair value through profit or loss			
Corporate bonds	4,718,569	4,326,990	5,249,126
	<u>4,718,569</u>	<u>4,326,990</u>	<u>5,249,126</u>
	<u>\$ 138,926,263</u>	<u>\$ 91,643,856</u>	<u>\$ 102,960,073</u>
Held-for-trading financial liabilities			
Borrowing security payable	\$ 11,213,485	\$ 11,159,808	\$ 11,815,091
Securities purchased under resell agreements - short sales bonds	180,760	1,059,287	3,063,552
Currency contracts	25,409,088	21,410,574	20,346,721
Interest rate swap contracts	9,763,682	7,883,216	7,152,692
Asset swap option contracts	1,825,318	1,042,104	1,584,028
Option contracts	1,632,842	2,042,672	2,096,790
Forward contracts	615,624	944,878	887,465
Liabilities for issuance of warrants, net	492,109	299,877	127,860
Others	266,239	491,400	791,109
	<u>51,399,147</u>	<u>46,333,816</u>	<u>47,865,308</u>
Financial liabilities designated as at fair value through profit or loss			
Bank debentures	1,855,985	1,790,442	1,694,445
Liabilities for structured notes	14,243,953	11,640,564	10,039,646
	<u>16,099,938</u>	<u>13,431,006</u>	<u>11,734,091</u>
	<u>\$ 67,499,085</u>	<u>\$ 59,764,822</u>	<u>\$ 59,599,399</u>

- a. The Group's financial assets at fair value through profit or loss originally maintained the business model by cash flows derived from contracts and the sales of financial assets, and are designated to hedge against the interest rate risk; the financial liabilities at fair value through profit or loss are specified for mixed commodities and for eliminating inconsistencies in accounting recognition.



- b. As of June 30, 2023, December 31, 2022 and June 30, 2022, the par values of financial assets at FVTPL under repurchase agreements were \$15,233,203, \$14,003,922 and \$7,960,179, respectively.
- c. Information on financial liabilities designated as at fair value through profit or loss were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Difference between carrying amounts and the amounts due on maturity			
Fair value	\$ 1,855,985	\$ 1,790,442	\$ 1,694,445
Amounts due on maturity	<u>(1,907,750)</u>	<u>(1,800,452)</u>	<u>(1,742,170)</u>
	<u>\$ (51,765)</u>	<u>\$ (10,010)</u>	<u>\$ (47,725)</u>
			<b>Changes in Fair Value Attributable to Changes in Credit Risk</b>
Change in amount during the period			
For the three months ended June 30, 2023			<u>\$ 4,882</u>
For the three months ended June 30, 2022			<u>\$ 21,955</u>
For the six months ended June 30, 2023			<u>\$ (498)</u>
For the six months ended June 30, 2022			<u>\$ 33,456</u>
Accumulated amount of change			
As of June 30, 2023			<u>\$ (47,143)</u>
As of December 31, 2022			<u>\$ (46,645)</u>
As of June 30, 2022			<u>\$ (52,426)</u>

The change in fair value attributable to changes in credit risk recognized as other comprehensive income was calculated as the difference between the total change in fair value of bank debentures and the change in fair value due to the change in market risk factors. The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the end of the reporting period holding the credit risk margin constant and interest rates swap volatility surface. The fair value of bank debentures was estimated by discounting future cash flows using quoted benchmark interest yield curves as at the end of the reporting period, interest rates swap volatility surface and credit risk margin is estimated by obtaining credit default swap spread of the Company with similar credit rating.

On May 19, 2017, Bank SinoPac issued unsecured senior bank debentures amounting to US\$45,000 thousand with a 30-year maturity, zero coupon issued and an implicit internal rate of return of 4.5%. In accordance with the terms of the bank debentures, Bank SinoPac may either redeem the bonds at an agreed-upon price after five years from the issue date, or make bond repayments on the maturity date.

- d. The Group engages in derivative transactions mainly to accommodate customers' needs and manage its own exposure positions. Outstanding derivative contracts (nominal) as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Currency contracts	\$ 2,446,761,906	\$ 1,664,495,352	\$ 1,771,614,743
Interest rate swap contracts	1,385,642,033	1,221,953,801	956,501,708
Forward contracts	88,413,269	102,926,184	148,206,675
Option contracts	56,429,826	142,365,664	157,140,179
Futures contracts	30,156,659	64,041,526	20,746,068
Asset swap contracts	24,289,384	25,264,789	23,852,350
Principal guaranteed contracts	13,643,441	10,916,062	9,601,645
Cross-currency swap contracts	3,380,618	2,402,866	4,092,359
Equity-linked swap contracts	1,207,938	1,962,456	3,541,175
Credit-linked note	499,700	623,000	318,100
Equity derivatives contracts	-	-	257,862

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2023	December 31, 2022	June 30, 2022
Equity instruments at fair value through other comprehensive income	\$ 32,057,767	\$ 25,576,964	\$ 25,740,590
Debt instruments at fair value through other comprehensive income	<u>300,796,678</u>	<u>310,561,883</u>	<u>313,583,808</u>
	<u>\$ 332,854,445</u>	<u>\$ 336,138,847</u>	<u>\$ 339,324,398</u>

- a. Equity instruments at fair value through other comprehensive income

	June 30, 2023	December 31, 2022	June 30, 2022
Stock	\$ 28,338,466	\$ 21,782,968	\$ 21,740,827
Real estate investment trust beneficiary securities	<u>3,719,301</u>	<u>3,793,996</u>	<u>3,999,763</u>
	<u>\$ 32,057,767</u>	<u>\$ 25,576,964</u>	<u>\$ 25,740,590</u>

The Group holds centralized exchange market stocks and real estate investment trust beneficiary securities for long-term strategic investment or for acquiring dividend income, and not held for trading purpose. Therefore, the equity instruments are designated as at fair value through other comprehensive income.

Due to the refund from investee's liquidation, and management the risk of investment position, the Group sold the stocks at a fair value of \$3,402,088 and \$3,304,206, and transferred the income of gain \$19,518 and \$510,509 from other equity to retained earnings for the six months ended June 30, 2023 and 2022, respectively.

b. Debt instruments at fair value through other comprehensive income

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Bank debentures	\$ 88,352,264	\$ 92,060,256	\$ 98,578,743
Certificates of deposits	74,126,349	87,751,306	88,507,742
Commercial papers	44,927,663	43,112,630	28,139,561
Corporate bonds	42,668,629	42,417,134	45,214,089
Government bonds	25,880,688	26,659,866	32,108,913
Asset-based securities	15,008,440	15,311,285	15,967,137
Others	<u>9,832,645</u>	<u>3,249,406</u>	<u>5,067,623</u>
	<u>\$ 300,796,678</u>	<u>\$ 310,561,883</u>	<u>\$ 313,583,808</u>

- 1) Please refer to Note 46 for information relating to debt instrument at FVTOCI pledged as security.
- 2) Loss allowance of debt instruments at fair value through other comprehensive income were \$38,243, \$51,230 and \$54,548 on June 30, 2023, December 31, 2022 and June 30, 2022. Credit risk management and information of impairment valuation of debt instruments at FVTOCI are shown in Note 49, Table 7 and Table 10.
- 3) As of June 30, 2023, December 31, 2022 and June 30, 2022, the par value of debt instruments at FVTOCI under repurchase agreements were \$21,542,601, \$21,529,140 and \$31,896,130, respectively.

**10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Certificates of deposits	\$ 73,470,904	\$ 60,038,758	\$ 54,368,645
Government bonds	68,011,841	62,307,008	59,191,752
Bank debentures	65,434,494	50,285,085	47,852,419
Asset-based securities	42,274,143	38,185,507	21,910,543
Corporate bonds	22,684,465	12,551,932	13,039,733
Others	<u>1,992,778</u>	<u>2,108,635</u>	<u>1,828,130</u>
	273,868,625	225,476,925	198,191,222
Less: Impairment loss	<u>(25,488)</u>	<u>(16,774)</u>	<u>(15,316)</u>
	<u>\$ 273,843,137</u>	<u>\$ 225,460,151</u>	<u>\$ 198,175,906</u>

- a. Please refer to Note 46 for information relating to investments in debt instruments at amortized cost pledged as security.
- b. Credit risk management and information of impairment valuation of investment in debt instruments at amortized cost are shown in Note 49, Table 7 and Table 11.
- c. As of June 30, 2023, December 31, 2022 and June 30, 2022, the par value of investment in debt instruments at amortized cost under repurchase agreements were \$3,245,274, \$1,302,984 and \$409,557, respectively.

## 11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial papers	\$ 38,341,867	\$ 31,990,324	\$ 25,565,146
Government bonds	15,658,740	23,570,549	28,034,071
Corporate bonds	9,558,857	4,196,355	3,938,699
Bank debentures	5,080,752	1,688,512	2,543,119
Negotiable certificates of deposits	<u>802,423</u>	<u>6,428,179</u>	<u>5,137,301</u>
	<u>\$ 69,442,639</u>	<u>\$ 67,873,919</u>	<u>\$ 65,218,336</u>
Agreed-upon resell amount	\$ 70,044,280	\$ 68,133,535	\$ 65,401,896
Par value	\$ 74,872,602	\$ 73,184,746	\$ 70,459,717
Expiry	September 2023	December 2023	December 2022

As of June 30, 2023, December 31, 2022 and June 30, 2022, the par value of securities purchased under resell agreements under repurchase agreements were \$34,105,936, \$27,542,840 and \$35,391,564, respectively.

## 12. RECEIVABLES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Credit card receivables	\$ 21,804,188	\$ 20,878,070	\$ 18,523,343
Margin loans receivable	18,985,877	15,200,052	19,367,317
Accounts receivable - settlement	14,765,698	7,548,441	14,338,624
Accounts receivable - factoring	11,987,014	16,881,776	15,771,810
Accounts receivable - forfaiting	10,187,371	3,345,588	6,558,474
Interest and revenue receivables	8,208,878	7,995,083	4,900,349
Acceptances	8,145,080	5,951,568	5,302,799
Securities loan receivable - purpose	5,973,258	3,050,263	3,519,418
Accounts and notes receivable	4,386,792	3,679,608	3,289,628
Lease receivables and installment	4,350,998	3,603,736	3,734,679
Receivables from securities sale	3,957,019	808,351	12,257,272
Trust administration fee revenue receivable	938,336	795,298	766,513
Others	<u>2,958,820</u>	<u>1,280,487</u>	<u>2,593,525</u>
	116,649,329	91,018,321	110,923,751
Less: Allowance for credit losses	(879,719)	(806,022)	(816,478)
Premium or discount on receivables	<u>(1,976)</u>	<u>(2,541)</u>	<u>(397)</u>
Net amount	<u>\$ 115,767,634</u>	<u>\$ 90,209,758</u>	<u>\$ 110,106,876</u>

The lease receivables and installments listed in the above periods refer to the receivables due within one year and the balance of unrealized interest income.

The Group assessed the collectability of receivables to determine the allowance. Movements in the allowance of receivables were as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 806,022	\$ 873,056
Provision	187,476	5,278
Write-off	(86,722)	(69,147)
Reclassification	(20,922)	(14,319)
Effect of exchange rate changes	<u>(6,135)</u>	<u>21,610</u>
Balance, June 30	<u>\$ 879,719</u>	<u>\$ 816,478</u>

Please refer to Note 49 and Tables 7 and 9 for the analysis of receivable impairment loss for information on pledged as security. The recovery of receivables write-off as deduction of provision for the six months ended June 30, 2023 and 2022 were \$77,261 and \$79,942, respectively.

### 13. DISCOUNTS AND LOANS, NET

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Export negotiation	\$ 2,214,459	\$ 881,123	\$ 1,087,265
Discounts and overdrafts	909,236	37,037	51,100
Accounts receivable - financing	1,000,524	1,544,711	1,975,738
Short-term loans	162,848,275	159,039,843	139,737,271
Secured short-term loans	96,867,240	92,257,054	94,535,529
Medium-term loans	331,861,415	289,379,000	253,263,586
Secured medium-term loans	206,548,869	208,320,581	187,461,842
Long-term loans	16,131,660	14,461,761	13,626,969
Secured long-term loans	605,700,810	579,509,414	570,319,625
Non-performing loans transferred from loans	<u>882,800</u>	<u>1,262,288</u>	<u>1,227,708</u>
	1,424,965,288	1,346,692,812	1,263,286,633
Less: Allowance for credit losses	(18,167,064)	(17,612,485)	(16,870,146)
Premium or discount on discounts and loans	<u>(337,671)</u>	<u>(377,412)</u>	<u>(380,240)</u>
Net amount	<u>\$ 1,406,460,553</u>	<u>\$ 1,328,702,915</u>	<u>\$ 1,246,036,247</u>

- a. Please refer to Note 49 and Tables 7 and 8 for the analysis of impairment loss on discounts and loans. Please refer to Note 46 for information on discounts and loans pledged as security. Except the accounting policy on impairment of financial assets in Note 4, SinoPac (China) also follows the local authority, maintaining an allowance of at least 1.5% of loans and 120% of non-performing loans from April 30, 2022.

- b. The Group assessed the collectability of discounts and loans to determine the required allowance. Movements in the allowance of discounts and loans were as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 17,612,485	\$ 15,557,839
Provision	883,338	1,740,674
Write-off	(353,216)	(627,005)
Effect of exchange rate changes	<u>24,457</u>	<u>198,638</u>
Balance, June 30	<u>\$ 18,167,064</u>	<u>\$ 16,870,146</u>

The Group received payments for loans previously written-off \$143,067 and \$187,870 for the six months ended June 30, 2023 and 2022, respectively, which were recognized as deduction of provision expenses.

#### 14. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The tables below show the information of unconsolidated structures entities in which the Group had an interest at the reporting date:

<b>Type of Structured Entity</b>	<b>Nature and Purpose</b>	<b>The Group's Ownership</b>
Funds	Funds under management by the third party The Group also invests units in these funds	a. The Group invests in those funds under management by the third party. b. The Group entitled to receive management fee based on the assets under management.

The total assets of Funds unrecognized in the consolidated balance sheets were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Funds	<u>\$ 72,486,549</u>	<u>\$ 63,394,864</u>	<u>\$ 60,727,017</u>

The carrying amounts of the funds in which the Group also invests were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Financial assets at fair value through profit or loss	<u>\$ 358,318</u>	<u>\$ 359,235</u>	<u>\$ 537,865</u>

The maximum exposure of loss was the carrying amount of the funds.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group did not provide any financial support to those unconsolidated structures.

## 15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2023	December 31, 2022	June 30, 2022
Golden Trust SinoPac Fund Management	\$ 975,850	\$ 914,748	\$ 825,021
Telexpress	<u>93,952</u>	<u>97,064</u>	<u>98,357</u>
	<u>\$ 1,069,802</u>	<u>\$ 1,011,812</u>	<u>\$ 923,378</u>

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			June 30, 2023	December 31, 2022	June 30, 2022
Golden Trust SinoPac Fund Management	Fund raising and sale, asset management business approved by CSRC	China	49.00%	49.00%	49.00%
Telexpress	Stockholding	Cayman Islands/ Taiwan	34.21%	34.21%	34.21%

The Group accounts for investments using the equity method, and hence the profit or loss and other comprehensive income resulting from the investments therefore are prorated accordingly based on the shares. The calculation of the share of other investments was based on the investee's unaudited financial statements, except for Golden Trust SinoPac Fund Management which was based on the investee's audited financial statement, however, the management of the Group believes that the aforesaid investment should not cause material impact to the Group's financial statements.

The associates' audited financial information is summarized as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
The Group's share of:				
Net income	\$ 40,580	\$ 65,257	\$ 88,008	\$ 119,112
Other comprehensive income	<u>(3,544)</u>	<u>(4,934)</u>	<u>(2,577)</u>	<u>(6,574)</u>
	<u>\$ 37,036</u>	<u>\$ 60,323</u>	<u>\$ 85,431</u>	<u>\$ 112,538</u>

## 16. OTHER FINANCIAL ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Customer margin deposits	\$ 35,309,602	\$ 32,966,447	\$ 35,384,021
Bank deposits not belonging to cash and cash equivalents	7,290,725	7,111,176	5,846,007
Purchase of the PEM Group's instruments	4,603,081	4,539,144	4,392,833
Long-term lease receivables and installment	2,781,767	2,191,760	2,371,596

(Continued)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Non-performing receivables transferred from other than loans	\$ 105,055	\$ 117,409	\$ 116,212
Others	<u>868,011</u>	<u>665,077</u>	<u>690,450</u>
	50,958,241	47,591,013	48,801,119
Less: Allowance for credit loss	(146,126)	(140,622)	(128,968)
Accumulated impairment	<u>(2,389,293)</u>	<u>(2,432,227)</u>	<u>(2,264,593)</u>
Net amount	<u>\$ 48,422,822</u>	<u>\$ 45,018,164</u>	<u>\$ 46,407,558</u> (Concluded)

Above bank deposits not belonging to cash and cash equivalent included bank deposits over three months; no advance termination; pledged time deposits and restricted bank deposits. The long-term leases receivable and installments presented in each period are the balance of deducting unrealized interest income.

Please refer to Note 46 for information on other financial assets pledged as security.

The Group assessed the collectability of other financial assets to determine the required allowance. Movements in the allowance of other financial assets were as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 140,622	\$ 167,568
Provision (reversal of provision)	5,585	(4,637)
Write off	(20,709)	(49,664)
Reclassifications	20,922	14,319
Effect of exchange rate changes	<u>(294)</u>	<u>1,382</u>
Balance, June 30	<u>\$ 146,126</u>	<u>\$ 128,968</u>

The Group received payments for loans previously written-off \$3,560 and \$21,611 for the six months ended June 30, 2023 and 2022, respectively, which were recognized as deduction of provision expenses.

Bank SinoPac was delegated by professional investors to sell the PEM Group's investment products amounting to US\$146,000 thousand through private placement. A U.S. Federal Court appointed a receiver for all assets that belonged to, were being managed by, or were in the possession of or control of the PEM Group. To protect the client's interests, Bank SinoPac bought back the products at the price of the initial payment net of the distribution and redemption costs. On December 24, 2010, Bank SinoPac's board of directors resolved to abide by a court's appointment of a PEM Group receiver to take the PEM Group's insurance policies at the price of approximately US\$40.4 million. On March 7, 2011, the receiver transferred the insurance policies to a trustee established jointly by certain banks to hold insurance policies. And Bank SinoPac had submitted to the authorities the results of this policy transfer. As of June 30, 2023, a reserve of US\$76,696 thousand (NT\$2,389,293) had been set aside to cover the accumulated impairment losses. Bank SinoPac has reversal of impairment loss of \$76,603 and \$43,639 for PEM Group for the six months ended June 30, 2023 and 2022.



## 17. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follows:

	<b>For the Six Months Ended June 30, 2023</b>			
	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>				
Balance, January 1	\$ 1,924,060	\$ 7,010	\$ 938,638	\$ 2,869,708
Additions	-	188	428	616
Deductions	-	-	-	-
Reclassifications	<u>7,329</u>	<u>-</u>	<u>(7,896)</u>	<u>(567)</u>
Balance, June 30	<u>1,931,389</u>	<u>7,198</u>	<u>931,170</u>	<u>2,869,757</u>
<u>Accumulated depreciation</u>				
Balance, January 1	-	6,150	435,435	441,585
Depreciation	-	239	9,988	10,227
Deductions	-	-	-	-
Reclassifications	<u>-</u>	<u>-</u>	<u>(3,787)</u>	<u>(3,787)</u>
Balance, June 30	<u>-</u>	<u>6,389</u>	<u>441,636</u>	<u>448,025</u>
<u>Accumulated impairment</u>				
Balance, January 1	14,532	-	22,772	37,304
Additions	-	-	-	-
Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30	<u>14,532</u>	<u>-</u>	<u>22,772</u>	<u>37,304</u>
<u>Net amount</u>				
Balance, June 30	<u>\$ 1,916,857</u>	<u>\$ 809</u>	<u>\$ 466,762</u>	<u>\$ 2,384,428</u>
	<b>For the Six Months Ended June 30, 2022</b>			
	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>				
Balance, January 1	\$ 1,936,290	\$ 6,790	\$ 943,706	\$ 2,886,786
Additions	-	219	282	501
Deductions	-	-	-	-
Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30	<u>1,936,290</u>	<u>7,009</u>	<u>943,988</u>	<u>2,887,287</u>
<u>Accumulated depreciation</u>				
Balance, January 1	-	5,722	421,115	426,837
Depreciation	-	215	10,080	10,295
Deductions	-	-	-	-
Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30	<u>-</u>	<u>5,937</u>	<u>431,195</u>	<u>437,132</u>

(Continued)

**For the Six Months Ended June 30, 2022**

	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated impairment</u>				
Balance, January 1	\$ 14,532	\$ -	\$ 22,772	\$ 37,304
Additions	-	-	-	-
Deductions	-	-	-	-
Balance, June 30	<u>14,532</u>	<u>-</u>	<u>22,772</u>	<u>37,304</u>
<u>Net amount</u>				
Balance, June 30	<u>\$ 1,921,758</u>	<u>\$ 1,072</u>	<u>\$ 490,021</u>	<u>\$ 2,412,851</u> (Concluded)

The above investment properties are depreciated at the following estimated useful lives:

<u>Category</u>	<u>Useful Lives</u>
Land improvements	2-10 years
Buildings	2-61 years

The investment property of Bank SinoPac was held for earning rentals and/or for capital appreciation. The fair values of properties used mainly or partially by lease for Bank SinoPac's investment properties as of June 30, 2023, December 31, 2022 and June 30, 2022 were \$5,673,812, \$5,673,812 and \$5,755,868, respectively. The fair values, which were based on an internal valuation yearly report instead of an assessment by an independent professional appraiser, determined assuming were unobservable inputs (Level 3).

The fair values of SinoPac Securities' investment properties as of June 30, 2023, December 31, 2022 and June 30, 2022 were \$243,380. The fair values were arrived at not through the valuations of independent experts but by reference to unobservable inputs (Level 3), i.e., neighboring area transaction prices and appraise from 2023 and 2022.

The fair values of SinoPac Leasing's investment properties as of June 30, 2023, December 31, 2022 and June 30, 2022 were \$8,276,739-\$8,277,318, \$8,276,739-\$8,277,318 and \$7,010,812-\$7,016,908, respectively. The fair values were based on external valuation report issued by independent experts or estimated transaction price using level 2 and level 3 inputs from October 2020 to November 2022.

Please refer to Note 46 for information on investment properties pledged as security.

## 18. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment are summarized as follows:

For the Six Months Ended June 30, 2023								
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<b>Cost</b>								
Balance, January 1	\$ 7,352,042	\$ 7,912,413	\$ 3,105,934	\$ 580,348	\$ 1,827,295	\$ 1,772,061	\$ 350,528	\$ 22,900,621
Additions	-	35,954	160,745	4,109	44,982	23,928	247,465	517,183
Deductions	-	(36,698)	(115,910)	(63,226)	(41,715)	(12,901)	-	(270,450)
Reclassifications	(7,329)	39,793	39,393	39,717	1,969	21,502	(302,748)	(167,703)
Effect of exchange rate changes	-	(10,760)	(223)	9	327	136	(479)	(10,990)
Balance, June 30	<u>7,344,713</u>	<u>7,940,702</u>	<u>3,189,939</u>	<u>560,957</u>	<u>1,832,858</u>	<u>1,804,726</u>	<u>294,766</u>	<u>22,968,661</u>
<b>Accumulated depreciation</b>								
Balance, January 1	84	4,556,743	1,998,470	309,235	1,299,192	1,449,314	-	9,613,038
Depreciation	12	99,876	208,064	45,868	65,697	51,682	-	471,199
Deductions	-	(36,565)	(112,206)	(42,890)	(40,842)	(12,640)	-	(245,143)
Reclassifications	-	3,787	-	-	-	-	-	3,787
Effect of exchange rate changes	-	(2,282)	469	9	258	(29)	-	(1,575)
Balance, June 30	<u>96</u>	<u>4,621,559</u>	<u>2,094,797</u>	<u>312,222</u>	<u>1,324,305</u>	<u>1,488,327</u>	<u>-</u>	<u>9,841,306</u>
<b>Net amount</b>								
Balance, June 30	<u>\$ 7,344,617</u>	<u>\$ 3,319,143</u>	<u>\$ 1,095,142</u>	<u>\$ 248,735</u>	<u>\$ 508,553</u>	<u>\$ 316,399</u>	<u>\$ 294,766</u>	<u>\$ 13,127,355</u>
For the Six Months Ended June 30, 2022								
	Land and Land Improvements	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<b>Cost</b>								
Balance, January 1	\$ 7,339,812	\$ 7,763,114	\$ 2,750,187	\$ 677,590	\$ 1,720,785	\$ 1,689,613	\$ 403,818	\$ 22,344,919
Additions	-	28,413	189,683	21,804	85,198	45,073	169,454	539,625
Deductions	-	-	(56,482)	(32,666)	(33,866)	(35,729)	(1,274)	(160,017)
Reclassifications	-	44,640	90,386	-	11,293	18,381	(247,481)	(82,781)
Effect of exchange rate changes	-	7,750	19,070	72	2,830	8,738	409	38,869
Balance, June 30	<u>7,339,812</u>	<u>7,843,917</u>	<u>2,992,844</u>	<u>666,800</u>	<u>1,786,240</u>	<u>1,726,076</u>	<u>324,926</u>	<u>22,680,615</u>
<b>Accumulated depreciation</b>								
Balance, January 1	61	4,366,285	1,672,766	276,206	1,252,851	1,398,494	-	8,966,663
Depreciation	12	94,444	205,336	66,578	62,472	46,229	-	475,071
Deductions	-	-	(54,563)	(21,840)	(32,985)	(35,694)	-	(145,082)
Reclassifications	-	-	(695)	-	695	451	-	451
Effect of exchange rate changes	-	1,208	15,287	72	1,997	6,466	-	25,030
Balance, June 30	<u>73</u>	<u>4,461,937</u>	<u>1,838,131</u>	<u>321,016</u>	<u>1,285,030</u>	<u>1,415,946</u>	<u>-</u>	<u>9,322,133</u>
<b>Net amount</b>								
Balance, June 30	<u>\$ 7,339,739</u>	<u>\$ 3,381,980</u>	<u>\$ 1,154,713</u>	<u>\$ 345,784</u>	<u>\$ 501,210</u>	<u>\$ 310,130</u>	<u>\$ 324,926</u>	<u>\$ 13,358,482</u>

The above property and equipment are depreciated at the following estimated useful lives:

Category	Useful Lives
Land improvements	8-30 years
Buildings	2-60 years
Machinery and computer equipment	0.58-15 years
Transportation equipment	3-6 years
Other equipment	2-15 years
Leasehold improvement	1-15 years

The property and equipment are leased under operating leases:

	June 30, 2023	December 31, 2022	June 30, 2022
Transportation equipment	\$ 218,093	\$ 241,342	\$ 321,655
Other equipment	<u>1,082</u>	<u>1,209</u>	<u>1,367</u>
	<u>\$ 219,175</u>	<u>\$ 242,551</u>	<u>\$ 323,022</u>

Please refer to Note 46 for the information on property and equipment pledged as security.

## 19. LEASE ARRANGEMENTS

### a. Right-of-use assets, net

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amounts</u>			
Land and surface rights	\$ 921,442	\$ 939,537	\$ 957,384
Buildings	2,659,110	2,550,222	2,688,537
Machinery and computer equipment	93,250	110,070	126,800
Transportation equipment	15,528	12,476	11,143
Other equipment	4,047	4,445	4,654
Decommissioning restoration costs	<u>29,032</u>	<u>30,082</u>	<u>31,609</u>
	<u>\$ 3,722,409</u>	<u>\$ 3,646,832</u>	<u>\$ 3,820,127</u>

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2023	2022	2023	2022
Additions to right-of-use assets	<u>\$ 414,034</u>	<u>\$ 202,965</u>	<u>\$ 546,785</u>	<u>\$ 576,643</u>
Depreciation charge for right-of-use assets				
Land and surface rights	\$ 9,045	\$ 9,035	\$ 18,095	\$ 18,019
Buildings	215,846	210,419	424,438	419,138
Machinery and computer equipment	8,421	8,416	16,838	16,815
Transportation equipment	2,582	1,871	4,772	3,721
Other equipment	418	467	831	926
Decommissioning restoration costs	<u>2,883</u>	<u>2,793</u>	<u>5,690</u>	<u>5,492</u>
	<u>\$ 239,195</u>	<u>\$ 233,001</u>	<u>\$ 470,664</u>	<u>\$ 464,111</u>
Right-of-use assets sublease revenue (financing interest revenue)	<u>\$ 248</u>	<u>\$ 267</u>	<u>\$ 500</u>	<u>\$ 538</u>

Please refer to Note 46 for information on right-of-use assets pledged as security.

b. Lease liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Carrying amounts	<u>\$ 3,218,260</u>	<u>\$ 3,132,839</u>	<u>\$ 3,278,530</u>

Range of discount rate for lease liabilities were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Land and surface rights	1.6391%- 2.1233%	1.0212%- 2.1233%	1.0212%- 1.6391%
Buildings	0.0851%- 8.0000%	0.1553%- 6.1000%	0.1553%- 6.1000%
Machinery and computer equipment	0.5754%- 2.3588%	0.5754%- 2.3588%	0.5754%- 2.3588%
Transportation equipment	0.1098%- 5.5000%	0.1098%- 5.5000%	0.3804%- 5.5000%
Other equipment	0.1023%- 4.8255%	0.1023%- 5.3290%	0.3410%- 5.8366%

c. Material lease-in activities and terms

The Group leases certain land and buildings for use as business locations and operating assets with lease expiration date in February 2049. The lease contract for major buildings in Taiwan for use as offices and branches specifies that lease payments will be adjusted a year on the basis of current announcement land value 5%. The lease contract for major buildings located in overseas branches stipulated fixed or regularly calculated proportionally lease payments. The lease contract for parking space with lease expiration date in December 2034 located in Taiwan for clients' using will be adjusted since the fourth year of the rent day. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 6,538</u>	<u>\$ 7,965</u>	<u>\$ 12,895</u>	<u>\$ 14,775</u>
Expenses relating to low-value asset leases	<u>\$ 11,370</u>	<u>\$ 10,507</u>	<u>\$ 21,577</u>	<u>\$ 21,005</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,683</u>	<u>\$ 1,046</u>	<u>\$ 3,063</u>	<u>\$ 2,153</u>
Total cash outflow for leases	<u>\$ (255,977)</u>	<u>\$ (237,778)</u>	<u>\$ (524,094)</u>	<u>\$ (503,573)</u>

Recognition exemption is applied to short-term leases of various types of assets such as other equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

e. Lease agreement

1) The Group as lessee

All the Group's lease agreements on business space and transportation equipment with terms of between 0.5 year and 20.08 years. The Group has no bargain purchase option.

The future minimum lease payments for the Group's lease commitments are as follows:

	Within 1 Year	1 Year to 5 Years	Over 5 Years	Total
As of June 30, 2023	\$ 927,802	\$ 1,822,180	\$ 667,802	\$ 3,417,784
As of December 31, 2022	843,601	1,705,807	675,911	3,225,319
As of June 30, 2022	882,069	1,861,289	698,265	3,441,623

2) The Group as lessor

Leased properties are mainly from the investment properties owned by the Group. All lease agreements have market review clauses when lessees exercise lease renewal options. The lessees have no bargain purchase option on the leased properties.

The Group's lease commitments are as follows:

June 30, 2023	1 Year	2 Year	3 Year	4 Year	5 Year	Over 5 Years	Total
Operating lease revenue	\$ 167,440	\$ 100,433	\$ 70,850	\$ 48,210	\$ 39,567	\$ 251,121	\$ 677,621
Financial lease revenue	2,569,487	6,181	6,098	6,002	1,362,744	55,850	4,006,362

December 31, 2022	1 Year	2 Year	3 Year	4 Year	5 Year	Over 5 Years	Total
Operating lease revenue	\$ 181,854	\$ 113,062	\$ 66,895	\$ 53,719	\$ 38,240	\$ 268,716	\$ 722,486
Financial lease revenue	1,969,067	1,488,101	6,154	6,020	6,008	64,251	3,539,601

June 30, 2022	1 Year	2 Year	3 Year	4 Year	5 Year	Over 5 Years	Total
Operating lease revenue	\$ 198,338	\$ 133,163	\$ 71,653	\$ 55,389	\$ 40,187	\$ 286,117	\$ 784,847
Financial lease revenue	2,002,895	1,157,995	253,705	161,480	17,612	54,896	3,648,583

## 20. INTANGIBLE ASSETS, NET

Items	June 30, 2023	December 31, 2022	June 30, 2022
Goodwill	\$ 1,088,243	\$ 1,088,243	\$ 1,088,243
Computer software	1,154,728	1,031,354	922,940
Customer relationships	110,214	142,455	173,417
Membership fees	41,413	41,413	41,413
Others	<u>6,414</u>	<u>6,732</u>	<u>6,908</u>
	<u>\$ 2,401,012</u>	<u>\$ 2,310,197</u>	<u>\$ 2,232,921</u>

Movements in the Group's intangible assets were as follows:

	Goodwill	Computer Software	Customer Relationships	Membership Fees	Others	Total
Balance January 1, 2023	\$ 1,088,243	\$ 1,031,354	\$ 142,455	\$ 41,413	\$ 6,732	\$ 2,310,197
Additions	-	135,342	-	-	-	135,342
Deductions	-	-	-	-	-	-
Amortization	-	(177,124)	(32,795)	-	(129)	(210,048)
Reclassifications	-	168,270	-	-	-	168,270
Effect of exchange rate changes	-	(3,114)	554	-	(189)	(2,749)
Balance June 30, 2023	<u>\$ 1,088,243</u>	<u>\$ 1,154,728</u>	<u>\$ 110,214</u>	<u>\$ 41,413</u>	<u>\$ 6,414</u>	<u>\$ 2,401,012</u>
Balance January 1, 2022	\$ 1,088,243	\$ 874,300	\$ 201,651	\$ 41,413	\$ 6,893	\$ 2,212,500
Additions	-	112,690	-	-	-	112,690
Deductions	-	-	-	-	-	-
Amortization	-	(150,706)	(32,331)	-	(130)	(183,167)
Reclassifications	-	83,670	-	-	-	83,670
Effect of exchange rate changes	-	2,986	4,097	-	145	7,228
Balance June 30, 2022	<u>\$ 1,088,243</u>	<u>\$ 922,940</u>	<u>\$ 173,417</u>	<u>\$ 41,413</u>	<u>\$ 6,908</u>	<u>\$ 2,232,921</u>

The above intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Items	Years
Computer software	2.83-10.58 years
Customer relationships	8-15 years

Goodwill in each above period will be tested for impairment annually and whenever there is an indication that it may be impaired. In assessing whether goodwill on an equity investment or an unamortized difference between the acquisition cost and the equity is impaired, the Company considered the credit card department of Bank SinoPac or the Company's investee company as a cash generating unit and estimated the recoverable amount of the investee's value in use. The Group used an investee's actual profitability and estimated salvage value in making key assumptions to predict the investee's future cash flows and thus calculate the investee's value in use. Under a going concern assumption, the Group predicted the net cash flows that would be generated from the investee's operating activities in the next 5 years and estimated the salvage value and used the Company's weighted average cost of capital to calculate the value in use. The goodwill had been tested for impairment on October 31, 2022 and 2021 recently.

Information on goodwill is summarized as follows:

- The amounts of \$876,717 was recognized as goodwill from Bank SinoPac's cash merger with SinoPac Card Services, and this merger was treated as a reorganization of the Company.

For the six months ended June 30, 2023, for the year ended December 31, 2022 and for the six months ended June 30, 2022 the amounts of net income affiliated with cash generating units were \$16,939, \$82,059 and \$53,538, respectively. The amounts of expected net income for the years 2023 and 2022 as assessed by the impairment test on goodwill would be \$28,252 and \$56,787, respectively. The recoverable amount was expected to be higher than the book value. Therefore, the Company found no objective evidence that goodwill had been impaired as of June 30, 2023 and 2022.

b. As of June 30, 2023, SinoPac Securities and its subsidiaries had the following goodwill:

- 1) The goodwill on the merger of SinoPac Securities merged with Pacific Securities and BEA Securities Broker was \$147,944.

For the six months ended June 30, 2023, for the year ended December 31, 2022 and for the six months ended June 30, 2022, the amounts of net income which are not included share of profit of associates accounted for using equity method were \$1,259,803, \$1,117,350 and \$744,860, respectively. The amounts of expected net income were \$1,911,782 and \$3,668,182 in 2023 and 2022, respectively. The actual operating results were better than expected, the recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired in 2023. Affected by the poor investment environment of domestic and foreign financial markets, the actual operating results were not as expected, but the recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired in 2022.

- 2) The goodwill on the merger of SinoPac Futures with Pacific Securities Futures Broker and the shares that bought from other shareholders of SinoPac Futures were \$63,582.

For the six months ended June 30, 2023, for the year ended December 31, 2022 and for the six months ended June 30, 2022, actual net income of SinoPac Futures were \$336,207, \$495,116 and \$223,932, respectively. The amounts of expected net income for the years 2023 and 2022 used as basis for the assessment of impairment on goodwill were \$391,486 and \$380,837, respectively. There was no significant difference between the results of actual operation and expected benefit. The recoverable amount was expected to be higher than the book value. Therefore, the Group found no objective evidence that goodwill had been impaired.

The membership fee is considered to have an indefinite useful life and will not be amortized until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired.

## 21. OTHER ASSETS, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Securities borrowing margins	\$ 8,964,870	\$ 11,359,773	\$ 12,455,959
Amounts held for settlement	7,371,116	7,074,026	7,679,866
Guarantee deposits	5,593,234	9,085,542	10,131,910
Operating guarantee deposits and settlement fund	1,657,915	1,471,227	1,441,849
Prepayment	415,642	368,961	367,628
Temporary payments and suspense accounts	152,341	221,044	157,707
Receipts under custody from customers' security subscription	2,193	1,086,460	28,932
Others	<u>116,529</u>	<u>116,397</u>	<u>111,037</u>
	24,273,840	30,783,430	32,374,888
Less: Accumulated impairment	<u>(7,935)</u>	<u>(7,935)</u>	<u>(7,935)</u>
Net amount	<u>\$ 24,265,905</u>	<u>\$ 30,775,495</u>	<u>\$ 32,366,953</u>

Operating guarantee deposits is mainly used as the legal deposit paid to financial institutions designated by relevant authorities to hold these deposits when the subsidiaries register or sets up a branch office in accordance with government regulations.



Under government regulations, when companies accept consignments for trading on the centralized securities exchange market, they should deposit a settlement/clearing fund in the Taiwan Stock Exchange, Taipei Exchange, Taiwan Futures Exchange and overseas stock and futures exchanges.

## 22. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2023	December 31, 2022	June 30, 2022
Call loans from banks	\$ 69,453,700	\$ 59,956,018	\$ 72,314,713
Redeposits from Chunghwa Post	10,049,900	10,054,000	10,071,000
Call loans from Central Bank	1,557,632	1,536,178	1,486,450
Due to banks	<u>910,090</u>	<u>931,021</u>	<u>532,721</u>
	<u>\$ 81,971,322</u>	<u>\$ 72,477,217</u>	<u>\$ 84,404,884</u>

## 23. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Bank debentures	\$ 26,727,316	\$ 17,979,374	\$ 19,162,551
Corporate bonds	19,377,831	12,178,153	19,633,165
Government bonds	16,771,988	23,920,054	27,566,379
Convertible bonds	5,726,006	5,845,734	3,250,763
Negotiable certificates of deposits	<u>-</u>	<u>-</u>	<u>505,035</u>
	<u>\$ 68,603,141</u>	<u>\$ 59,923,315</u>	<u>\$ 70,117,893</u>
Agreed-upon repurchase price	\$ 69,031,728	\$ 60,272,934	\$ 70,288,323
Par value	\$ 74,127,014	\$ 64,378,886	\$ 75,657,430
Expiry	March 2024	November 2023	April 2023

## 24. COMMERCIAL PAPERS ISSUED, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial papers payables	\$ 41,640,000	\$ 19,120,000	\$ 30,128,000
Less: Unamortized discount	<u>(66,971)</u>	<u>(17,034)</u>	<u>(14,950)</u>
Net amount	<u>\$ 41,573,029</u>	<u>\$ 19,102,966</u>	<u>\$ 30,113,050</u>
Maturity date	2023.07-2023.12	2023.01-2023.03	2022.07-2022.09
Discount rate	0.9180%- 1.7990%	0.9080%- 1.6880%	0.5990%- 1.1580%

Except for free-guarantee items, commercial paper was guaranteed or acceptances were issued by the bill finance corporations or banks.

## 25. PAYABLES

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Accounts payable for settlement	\$ 19,901,050	\$ 13,519,230	\$ 19,787,589
Acceptances payable	8,012,141	5,751,986	5,302,799
Cash dividends payable	7,280,259	-	9,016,843
Interests payable	6,215,625	4,509,812	2,150,528
Accrued expense	4,527,130	5,469,023	4,118,623
Accounts payable - factoring	3,491,053	3,875,519	4,490,536
Accounts and notes payable	3,378,222	2,736,346	3,874,321
Accounts payable for securities purchased	3,157,624	252,632	10,292,625
Financing guarantees payable	1,964,634	3,973,588	2,275,683
Deposits on short sales	1,758,639	4,172,275	2,049,515
Receipts under custody	1,284,329	276,569	3,915,432
Notes and checks in clearing	1,058,080	3,718,425	861,787
Others	<u>2,854,880</u>	<u>2,266,551</u>	<u>2,615,720</u>
	<u>\$ 64,883,666</u>	<u>\$ 50,521,956</u>	<u>\$ 70,752,001</u>

## 26. DEPOSITS AND REMITTANCES

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Checking	\$ 9,299,361	\$ 12,809,645	\$ 11,008,794
Demand	438,686,867	466,425,995	487,476,549
Savings - demand	559,171,298	525,698,441	522,350,452
Time deposits	673,911,965	688,239,431	471,308,654
Negotiable certificates of deposits	12,728,100	16,639,400	393,400
Savings - time	313,433,628	289,947,164	263,875,524
Inward remittances	1,134,823	666,295	1,270,127
Outward remittances	35,712	70,920	64,934
Others	<u>33,847</u>	<u>31,440</u>	<u>30,964</u>
	<u>\$ 2,008,435,601</u>	<u>\$ 2,000,528,731</u>	<u>\$ 1,757,779,398</u>

## 27. BONDS PAYABLE

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Bank debentures	\$ 56,251,467	\$ 56,250,137	\$ 57,548,630
Corporate bonds payable	<u>14,993,469</u>	<u>14,992,124</u>	<u>13,434,852</u>
	<u>\$ 71,244,936</u>	<u>\$ 71,242,261</u>	<u>\$ 70,983,482</u>

a. Bank debentures

To raise capital for its financial operation and increase its capital adequacy ratio, Bank SinoPac obtained approval from the FSC to issue bank debentures, as follows:

	June 30, 2023	December 31, 2022	June 30, 2022	Issue Period	Rates
First subordinated bank debentures issued in 2012 (B)	\$ -	\$ -	\$ 1,299,983	2012.09.18-2022.09.18 Principal is repayable on maturity date.	Fixed interest rate of 1.65%, interest is paid annually.
Third subordinated bank debentures issued in 2014 (B)	699,931	699,904	699,877	2014.09.30-2024.09.30 Principal is repayable on maturity date.	Fixed interest rate of 2.05%, interest is paid annually.
Third subordinated bank debentures issued in 2016	1,419,938	1,419,874	1,419,810	2016.12.23-2023.12.23 Principal is repayable on maturity date.	Fixed interest rate of 1.50%, interest is paid annually.
First subordinated bank debentures issued in 2017 (A)	149,985	149,973	149,962	2017.02.24-2024.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.60%, interest is paid annually.
First subordinated bank debentures issued in 2017 (B)	2,099,562	2,099,504	2,099,448	2017.02.24-2027.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.90%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (A)	199,980	199,970	199,960	2017.06.28-2024.06.28 Principal is repayable on maturity date.	Fixed interest rate of 1.70%, interest is paid annually.
Third subordinated bank debentures issued in 2017 (B)	539,850	539,831	539,814	2017.06.28-2027.06.28 Principal is repayable on maturity date.	Fixed interest rate of 1.95%, interest is paid annually.
Fourth subordinated bank debentures issued in 2017	3,000,000	3,000,000	2,999,821	2017.06.28, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five and a half years.	Fixed interest rate of 4.00%, interest is paid annually.
First subordinated bank debentures issued in 2018 (A)	649,887	649,857	649,827	2018.04.30-2025.04.30 Principal is repayable on maturity date.	Fixed interest rate of 1.40%, interest is paid annually.
First subordinated bank debentures issued in 2018 (B)	499,839	499,823	499,807	2018.04.30-2028.04.30 Principal is repayable on maturity date.	Fixed interest rate of 1.65%, interest is paid annually.
First subordinated bank debentures issued in 2019	1,999,758	1,999,649	1,999,544	2019.01.25, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five and a half years.	Fixed interest rate of 2.40%, interest is paid annually.
Second subordinated bank debentures issued in 2019 (A)	1,199,749	1,199,700	1,199,653	2019.01.25-2026.01.25 Principal is repayable on maturity date.	Fixed interest rate of 1.40%, interest is paid annually.
Second subordinated bank debentures issued in 2019 (B)	1,799,427	1,799,377	1,799,329	2019.01.25-2029.01.25 Principal is repayable on maturity date.	Fixed interest rate of 1.55%, interest is paid annually.
Third senior bank debentures issued in 2019	2,999,919	2,999,877	2,999,837	2019.06.26-2024.06.26 Principal is repayable on maturity date.	Fixed interest rate of 0.76%, interest is paid annually.
Fourth subordinated bank debentures issued in 2019	1,499,771	1,499,682	1,499,591	2019.08.23, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and a month.	Fixed interest rate of 2.00%, interest is paid annually.
Fifth subordinated bank debentures issued in 2019 (A)	1,749,561	1,749,494	1,749,425	2019.08.23-2026.08.23 Principal is repayable on maturity date.	Fixed interest rate of 1.03%, interest is paid annually.
Fifth subordinated bank debentures issued in 2019 (B)	1,749,400	1,749,354	1,749,306	2019.08.23-2029.08.23 Principal is repayable on maturity date.	Fixed interest rate of 1.13%, interest is paid annually.
First subordinated bank debentures issued in 2020	2,999,636	2,999,550	2,999,467	2020.03.31, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and four months.	Fixed interest rate of 1.35%, interest is paid annually.
Second subordinated bank debentures issued in 2020	1,999,552	1,999,520	1,999,488	2020.03.31-2030.03.31 Principal is repayable on maturity date.	Fixed interest rate of 0.75%, interest is paid annually.
Third subordinated bank debentures issued in 2020	2,899,725	2,899,659	2,899,596	2020.06.30, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and a month.	Fixed interest rate of 1.85%, interest is paid annually.
Fourth subordinated bank debentures issued in 2020	2,599,535	2,599,502	2,599,471	2020.06.30-2030.06.30 Principal is repayable on maturity date.	Fixed interest rate of 1.00%, interest is paid annually.
Fifth subordinated bank debentures issued in 2020	2,099,782	2,099,737	2,099,692	2020.10.29, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and a month.	Fixed interest rate of 1.70%, interest is paid annually.
Sixth subordinated bank debentures issued in 2020	2,399,588	2,399,562	2,399,534	2020.10.29-2030.10.29 Principal is repayable on maturity date.	Fixed interest rate of 0.87%, interest is paid annually.
Seventh senior bank debentures issued in 2020	999,832	999,797	999,761	2020.11.06-2025.11.06 Principal is repayable on maturity date.	Fixed interest rate of 0.46%, interest is paid annually.
First senior bank debentures issued in 2021	999,823	999,793	999,763	2021.05.18-2026.05.18 Principal is repayable on maturity date.	Fixed interest rate of 0.45%, interest is paid annually.
Second subordinated bank debentures issued in 2021	2,719,636	2,719,575	2,719,515	2021.05.28, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and two months.	Fixed interest rate of 1.70%, interest is paid annually.
Third subordinated bank debentures issued in 2021	2,299,637	2,299,615	2,299,593	2021.05.28-2031.05.28 Principal is repayable on maturity date.	Fixed interest rate of 0.82%, interest is paid annually.
Fourth subordinated bank debentures issued in 2021	3,279,669	3,279,620	3,279,570	2021.10.28, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and a month.	Fixed interest rate of 1.70%, interest is paid annually.
Fifth subordinated bank debentures issued in 2021	1,699,493	1,699,464	1,699,434	2021.10.28-2031.10.28 Principal is repayable on maturity date.	Fixed interest rate of 0.80%, interest is paid annually.
First subordinated bank debentures issued in 2022	4,999,309	4,999,222	4,999,139	2022.03.28, no maturity date and non-cumulative. The Bank has the right to call or buy back from the market after five years and four months.	Fixed interest rate of 2.00%, interest is paid annually.
Second senior bank debentures issued in 2022	<u>1,999,693</u>	<u>1,999,652</u>	<u>1,999,613</u>	2022.04.08-2027.04.08 Principal is repayable on maturity date.	Fixed interest rate of 0.78%, interest is paid annually.
	<u>\$ 56,251,467</u>	<u>\$ 56,250,137</u>	<u>\$ 57,548,630</u>		

b. Corporate bonds payable

For the purpose of raising operating capital and strengthening financial structure, the Company and SinoPac Securities issued the corporate bonds as follows:

	June 30, 2023	December 31, 2022	June 30, 2022	Maturity	Rates
<u>The Company</u>					
First unsecured bonds issued in 2020	\$ 4,997,805	\$ 4,997,104	\$ 4,996,396	2020.01.15-2025.01.15 Principal is repayable on maturity date.	Fixed interest rate of 0.79%, interest is paid annually.
First unsecured bonds issued in 2021	4,995,664	4,995,020	4,994,368	2021.10.21-2026.10.21 Principal is repayable on maturity date.	Fixed interest rate of 0.56%, interest is paid annually.
<u>SinoPac Securities</u>					
First unsecured bonds issued in 2020	2,000,000	2,000,000	2,000,000	2020.01.08-2025.01.08 Principal is repayable on maturity date.	Fixed interest rate of 0.80%, interest is paid annually.
Second unsecured bonds issued in 2020 (Note)	-	-	444,088	2020.12.23-2022.12.23 Principal is repayable on maturity date.	Fixed interest rate of 3.20%, interest is paid annually.
First unsecured subordinated bonds issued in 2022 (A)	400,000	400,000	400,000	2022.05.27-2029.05.27 Principal is repayable on maturity date.	Fixed interest rate of 2.00%, interest is paid annually.
First unsecured subordinated bonds issued in 2022 (B)	600,000	600,000	600,000	2022.05.27-2032.05.27 Principal is repayable on maturity date.	Fixed interest rate of 2.20%, interest is paid annually.
Second unsecured subordinated bonds issued in 2022 (A)	1,450,000	1,450,000	-	2022.08.26-2029.08.26 Principal is repayable on maturity date.	Fixed interest rate of 2.40%, interest is paid annually.
Second unsecured subordinated bonds issued in 2022 (B)	<u>550,000</u>	<u>550,000</u>	<u>-</u>	2022.08.26-2032.08.26 Principal is repayable on maturity date.	Fixed interest rate of 2.50%, interest is paid annually.
	<u>\$ 14,993,469</u>	<u>\$ 14,992,124</u>	<u>\$ 13,434,852</u>		

Note: The amount is calculated from CNY100,000 thousand at the exchange rate at the end of June 2022.

## 28. BORROWINGS

a. Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Credit loans	\$ 4,276,043	\$ 3,564,926	\$ 6,382,178
Guaranteed loans	<u>2,500,000</u>	<u>300,000</u>	<u>575,000</u>
	<u>\$ 6,776,043</u>	<u>\$ 3,864,926</u>	<u>\$ 6,957,178</u>
Maturity date	2023.7-2024.6	2023.1-2023.12	2022.7-2023.6
Range of interest rates per annum	1.60000%- 6.42000%	1.33%- 5.98208%	1.15%- 6.03415%

b. Long-term borrowings

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Credit loans	<u>\$ 978,121</u>	<u>\$ 2,480,712</u>	<u>\$ 2,402,568</u>
Maturity date	2023.7-2025.3	2023.1-2024.12	2022.7-2024.6
Range of interest rates per annum	4.4250%- 6.4%	4.75%- 5.49210%	2.46%- 4.80000%

SinoPac Securities

To meet the funding requirements, SinoPac Securities (Cayman) obtained syndicated loans with financial institutions on December, 2021 in the amounts of US\$45,000 thousand. The terms of the syndicated loans were three years start from the date of first drawdowns or contract date. The loans could be taken on revolving basis. SinoPac Securities (Cayman) could not pledge its ownership interest to others during the terms of the loans.

SinoPac Leasing

To raise working capital, SinoPac Capital International (HK) Limited entered into a syndicated loan agreement (“2020 agreement”) of US\$160,000 thousand with a syndicate of 9 banks led by Mega International Commercial Bank in December 2020. The term of the syndicated loan transaction is three years from the first drawdown date, and the date of first drawdown was March 15, 2021.

According to the contract, the restriction conditions are as follows:

- 1) During the term of the Agreement, SinoPac Leasing should maintain following financial ratios:
  - a) Debt ratio: Ratio of liability to equity not more than 800%.
  - b) Interest coverage ratio: Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 110%.
- 2) The aforementioned financial ratios should be reviewed annually and determined based on SinoPac Leasing’s annual consolidated financial statements audited by independent auditors.
- 3) Failing to meet the financial covenants, a penalty of 0.125% annual interest rate (calculated daily and paid monthly based on the outstanding principal, for the period starting from October 1 subsequent to the year breach to the date that the financial ratios were improved) would be imposed.

Assets mortgaged or pledged as collaterals for borrowings are shown in Note 46.

## 29. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
Provision for employee benefits	\$ 2,158,436	\$ 2,298,554	\$ 2,801,538
Provision for financing commitment	340,710	287,905	195,167
Provision for guarantee liabilities	345,955	339,536	340,415
Provision for decommissioning liabilities	162,354	157,546	152,152
Other provision	<u>13,005</u>	<u>16,187</u>	<u>16,520</u>
	<u>\$ 3,020,460</u>	<u>\$ 3,099,728</u>	<u>\$ 3,505,792</u>

The Group's movements of provision for financing commitment, provision for guarantee liabilities and other provisions were as follows:

	<u>For the Six Months Ended June 30, 2023</u>		
	<b>Provision for Financing Commitment</b>	<b>Provision for Guarantee Liabilities</b>	<b>Other Provision</b>
Balance at January 1	\$ 287,905	\$ 339,536	\$ 16,187
Provision (reversal of provision)	51,207	6,335	(3,121)
Effect of exchange rate changes	<u>1,598</u>	<u>84</u>	<u>(61)</u>
Balance at June 30	<u>\$ 340,710</u>	<u>\$ 345,955</u>	<u>\$ 13,005</u>

	<u>For the Six Months Ended June 30, 2022</u>		
	<b>Provision for Financing Commitment</b>	<b>Provision for Guarantee Liabilities</b>	<b>Other Provision</b>
Balance at January 1	\$ 163,432	\$ 395,361	\$ 23,836
Provision (reversal of provision)	25,861	(56,046)	(9,136)
Effect of exchange rate changes	<u>5,874</u>	<u>1,100</u>	<u>1,820</u>
Balance at June 30	<u>\$ 195,167</u>	<u>\$ 340,415</u>	<u>\$ 16,520</u>

## 30. PROVISION FOR EMPLOYEE BENEFITS

	June 30, 2023	December 31, 2022	June 30, 2022
Recognized in the consolidated balance sheets (payables and provisions)			
Defined contribution plans	\$ 80,280	\$ 77,703	\$ 76,186
Defined benefit plans	1,528,955	1,680,397	2,248,848
Preferential interest on employees' deposits	351,805	343,699	349,925
Others	<u>277,676</u>	<u>274,458</u>	<u>202,765</u>
	<u>\$ 2,238,716</u>	<u>\$ 2,376,257</u>	<u>\$ 2,877,724</u>

Others included long-term incentive compensation plans; deferred service leave and termination benefits. On June 30, 2023, December 31, 2022 and June 30, 2022, the liabilities related to cash-settled share-based payments of long-term incentive compensation plans were recognized as \$244,034, \$225,708 and \$170,220, respectively, the acquired total embedded value of which were \$192,799, \$192,799 and \$134,160, respectively.

The pension expenses related to defined benefit plans and preferential interest on employee's deposits plan are recognized according to the results of actuarial valuation on December 31, 2022 and 2021.

	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Operating expenses	\$ 51,055	\$ 55,462

### 31. OTHER FINANCIAL LIABILITIES

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Principal of structured products	\$ 49,038,903	\$ 36,117,641	\$ 23,833,547
Futures trader's equity	35,309,602	32,966,447	35,384,021
Equity for each customer in the account	797,089	525,327	645,638
Others	<u>138,753</u>	<u>155,012</u>	<u>39,929</u>
	<u>\$ 85,284,347</u>	<u>\$ 69,764,427</u>	<u>\$ 59,903,135</u>

### 32. OTHER LIABILITIES

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Securities lending refundable deposits	\$ 9,113,334	\$ 10,452,320	\$ 11,190,244
Guarantee deposits received	3,497,066	2,323,922	2,022,431
Temporary receipts and suspense accounts	907,356	671,652	686,610
Advance revenue	340,239	191,704	159,574
Deferred revenue	94,709	106,494	94,470
Receipts under custody from customers' security subscription	2,193	1,086,460	28,932
Receipt sub-brokerage under custody	-	394,676	431,087
Others	<u>69,595</u>	<u>447,026</u>	<u>429,404</u>
	<u>\$ 14,024,492</u>	<u>\$ 15,674,254</u>	<u>\$ 15,042,752</u>

### 33. INCOME TAX

Under Article 49 of the Financial Holding Company Act and related directives issued by the Ministry of Finance, a financial holding company and its domestic subsidiaries that hold over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings.

The Company has used the linked-tax system for income tax and unappropriated earnings tax filings with its qualified subsidiaries since 2003.

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
Current period	\$ 819,079	\$ 627,677	\$ 1,862,037	\$ 1,134,226
Unappropriated earnings	-	268,229	-	268,229
Prior periods	(52,939)	(36,109)	(52,883)	(21,580)
Others	<u>11,147</u>	<u>-</u>	<u>11,147</u>	<u>-</u>
	<u>777,287</u>	<u>859,797</u>	<u>1,820,301</u>	<u>1,380,875</u>
Deferred tax				
Incurrence and reversal of temporary differences	<u>67,608</u>	<u>77,809</u>	<u>(198,321)</u>	<u>405,931</u>
Income tax expenses recognized in profit or loss	<u>\$ 844,895</u>	<u>\$ 937,606</u>	<u>\$ 1,621,980</u>	<u>\$ 1,786,806</u>

The ROC Income Tax Act was 20%. The rate of unappropriated earnings was 5%. Other jurisdictions are calculated based on the respective income tax rate.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
Adjustments of current period				
Exchange difference on translation of foreign operations	\$ 57,007	\$ (10,536)	\$ 59,091	\$ (140,440)
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	(24,008)	5,544	(30,328)	39,922
Share of the other comprehensive income of associate	<u>708</u>	<u>987</u>	<u>515</u>	<u>1,315</u>
Income tax recognized in other comprehensive income	<u>\$ 33,707</u>	<u>\$ (4,005)</u>	<u>\$ 29,278</u>	<u>\$ (99,203)</u>

- c. The income tax returns of SinoPac Securities through 2017 had been examined by the tax authorities, of which the 2012 to 2017 tax returns were disallowed items, such as the allocation principle of operating expenses and interest expenses as well as the amortization; therefore, the Corporation filed appeals for the authorities' reconsideration of the assessments. Even if this matter was still unresolved, the Corporation accrued and paid \$64,361 assessed by the tax authorities as additional income tax expenses.



- d. SinoPac Call Center was merged into Bank SinoPac in 2019. The assessed years of profit - seeking enterprise income tax were approved to 2017.
- e. The status of the subsidiaries' examined income tax returns is as follows:

	<u>Examined Year</u>
SPH	2017
Bank SinoPac	2017
SinoPac Venture Capital	2017
SinoPac Leasing	2017
SinoPac Securities Investment Trust	2017
SinoPac Futures	2020
SinoPac Securities Investment Service	2021
SinoPac Securities Venture Capital	2021

### 34. EQUITY

#### a. Capital stock

##### 1) Common stock

The Company had an authorized capital of \$180,000,000 divided into 18,000,000 thousand shares, with a par value of NT\$10. The authorized capital can be issued in installments upon approval of the board of directors. Of the authorized capital, 500,000 thousand shares had been reserved for issuing stock option certificates, stock warrants associated with preferred stock and stock warrants associated with corporate bonds. The subscription shares issued on the exercise of employee stock options were subject to the regulations of the Securities and Futures Bureau.

On May 24, 2023, the shareholders' meeting resolved to issue 242,675 thousand common shares with earnings reallocated as capital at a par value of NT\$10 each, as totally \$2,426,753 and then increasing the share capital issued and fully paid to \$123,764,399. The above transaction was approved by authorities and set August 15, 2023 as the record date.

On May 27, 2022, the shareholders' meeting resolved to issue 112,711 thousand common shares with earnings reallocated as capital at a par value of NT\$10 each, as totally \$1,127,105 and then increasing the share capital issued and fully paid to \$113,837,646. The above transaction was approved by authorities and set August 16, 2022 as the record date.

To strengthen the capital structure, increase ratio of common equity, and meet the demand for operation and expanding the business, The board of the Company resolved to plan to issue ordinary shares in terms of public subscription to increase capital cash on October 21, 2022, and the upper limit was 800 million shares with a par value of NT\$10. The actual offering price and shares would conduct when authorized chairman to negotiate with underwriters in accordance with related regulations and recent market circumstance. This case was approved by the Financial Supervisory Commission (FSC) on December 27, 2022 under guidelines No. 1110366677, and the chairman approved the issuance of 750 million shares at a price of NT\$15 per share. The above transaction was set March 15, 2023 as the record date, then increasing the share capital issued and fully paid to \$121,337,646.

On January 7, 2022, the Company obtained 1 share from foreign shareholders and calculated by the closing price of acquisition date. The transaction was recognized as treasury stock and capital surplus-donated surplus. On January 11, 2022, the treasury stocks were disposed.

## 2) Preferred shares

To strengthen its financial structure, raise its capital adequacy ratio and increase its operating capital, the Company proposed the issuance of preferred Class A shares, with the effective date of May 15, 2009, at a price of NT\$6.00 per share.

Major terms and conditions of the preferred Class A shares are as follows:

- a) The current year's earnings will be first used to cover losses of the past years as well as settle all taxes payable. The balance will then be used to appropriate legal reserve and special reserve and to reverse a special reserve in accordance with relevant laws and regulations and the corporate charter. The remainder will then be used to pay the accrued dividends of the past years and dividend of the current year.
- b) In the 15 years after the offering, dividends will be calculated at floating rates, using the annual deposit interest rates of Chunghwa Post Co., Ltd. for the period starting from the capital increase record date to the first anniversary of the offering plus 0.7%; from the 16th year and on, dividends will be calculated at the annual interest rates of Chunghwa Post Co., Ltd. at the anniversary of the offering, plus 1.5%. Dividend are payable in cash annually on the basis of the actual offering price. The date of dividend payment will be determined by the board after the shareholders' meeting approves the Company's audited operating results. The Board will then decide the record date for the payment of the previous year's dividend. Dividends for the year of initial share offering and for the buyback year are calculated using the number of days the shares have been outstanding, and the dividend for the buyback year should be paid when a notice is served after the following year's shareholders' meeting.
- c) If no earnings are available, earnings are insufficient to fully pay dividends of preferred Class A stock, or the dividend payout will result in the consolidated capital adequacy ratio falling below the minimum amount set by laws and regulations or administrative bodies, the current year's dividends should be accrued together with those of the past years and paid preferentially in the following surplus years.
- d) For the distribution of the Company's residual assets, preference is given to preferred Class A shareholders instead of common shareholders, with the amount not exceeding the offering amount and accrued dividends payable.
- e) Preferred Class A shareholders do not have voting rights in shareholders' meetings but have the right to be elected as board directors. Nonetheless, preferred Class A shareholders are entitled to in the meetings of preferred Class A shareholders.
- f) Preferred Class A shareholders are not entitled to payouts from earnings as well as capital reserve meant for common stock, but they may receive dividends mentioned in paragraph (b) above.
- g) If new shares are issued, preferred Class A shareholders have the preferential right of subscription.
- h) Within three years of the preferred Class A stock offering, preferred Class A shareholders are entitled to convert all or part of their holdings into common stock on a one-for-one basis at any time, except when the registration of the conversion is suspended in accordance with relevant laws and regulations and when the offering falls within a period starting from the third business day after the date of the board of directors' announcement of its decision on the ex-dividend dates for the stock dividends, cash dividends and rights issues - which involve the suspension of stock registration on certain dates - till the record dates on the above dividends and rights. After conversion, the rights of the holders of the converted shares become the same as those of the common stock.

- i) Preferred Class A shares are not entitled to preferred dividends of the current year and the following year's dividend payout for the preferred stock if they had been converted into common stock before the record date (for common dividend distribution). In addition, if preferred stock dividends have already been paid in the year when preferred Class A shares have been converted to common stock, holders of the converted shares are not entitled to common dividends paid out in the year of the conversion. In the following years, accrued preferred dividends should be paid ahead of common dividends in the year and thereafter.
- j) Preferred Class A stock has no maturity date. Within 15 years of share offering, all or part of the preferred Class A shares may be bought back at a price based on the offering price plus accrued dividends of the past years and on the basis of the number of days the shares have been outstanding in the current year. For this buyback, the Company will use the money raised through earnings generation, new share offerings or any other means as permitted by relevant laws and regulations. If the Company wants to buy back preferred Class A shares, a written notice should be given to the shareholders 30 days before the buyback. The right to convert the preferred shares into common stock within this period will not be affected by this notice.

There were 70,000 thousand preferred Class A shares. Under IAS 32 "Financial Instruments: Presentation", the Company bifurcated the conversion rights embedded in the preferred Class A stock and the liability component, which amounted to \$290,940 (recorded as capital surplus - conversion rights, such capital surplus may not be used for any purpose) and \$129,060, respectively. The related public issuance procedures had been completed, with the registration of these procedures approved by the Financial Supervisory Commission (FSC) under guidelines No. 1010058323. As of June 30, 2023, preferred Class A shares had been converted into 60,000 thousand common stock.

b. Capital surplus

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Share premium	\$ 6,083,151	\$ 2,182,571	\$ 2,182,571
Conversion rights	41,562	41,562	41,562
Others	<u>4,648</u>	<u>4,648</u>	<u>4,648</u>
	<u>\$ 6,129,361</u>	<u>\$ 2,228,781</u>	<u>\$ 2,228,781</u>

The premium from shares issued in excess of par (share premium from issuance of common stock, conversion of bonds and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

In accordance with the Company Act, the amount recognized from changes in equity of local associates and joint venture accounted for using equity method can be used to cover accumulated deficits.

On October 21, 2022, the board of directors of the Company, approved a capital increase and retained 10% of shares for subscription by the Group's employees. The criteria for the employee entitlement to the employee share options were in accordance with IFRS 2 "Share-based Payment". Under IFRS 2 share options granted by a parent company to a subsidiary's employees should be treated as equity-settled share-based payments that match the service provided by employees and are recognized as equity increase due to parent's contribution. The Company's capital surplus - share-based payments, which was determined on the basis of the grant-date fair value of the employee share options, was \$150,580 in the first quarter of 2023, recognized as capital surplus - share premium.

Options were priced using the Black-Scholes pricing model. The inputs into the model were as follows:

	<b>February 15, 2023</b>
Grate-date stock price	\$ 17.2
Issue price	\$ 15
Volatility	23.10%
Duration	0.058 year
Risk-free interest rate	0.7023%

The volatility was based on historical annualized standard deviation of return rates from February 15, 2022 to February 15, 2023. The return rates over time were measured using natural logarithm of daily restored closing stock price.

Under the Financial Holding Company Act and related directives of the Securities and Futures Bureau, if the capital surplus obtained by a financial holding company through a share swap comes from its subsidiaries' unappropriated retained earnings after legal and special reserves, the surplus is exempted from the restriction stated in the Securities and Exchange Act (Ref No. 0910016280). This surplus was distributed together with 2004 earnings.

c. Other equity items

	<b>Exchange Differences on Translation of Foreign Operations</b>	<b>Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income</b>		<b>Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability</b>	<b>Total</b>
		<b>Equity Instrument</b>	<b>Debt Instrument</b>		
Balance January 1, 2023	\$ (1,190,869)	\$ 269,582	\$ (13,232,280)	\$ (46,645)	\$ (14,200,212)
Exchange differences					
Exchange differences on translation of foreign operations	(300,200)	-	-	-	(300,200)
Related income tax	59,091	-	-	-	59,091
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	3,927,048	1,247,900	-	5,174,948
Adjustment for loss allowance of debt instruments	-	-	(12,987)	-	(12,987)
Current disposal	-	-	(92,177)	-	(92,177)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(19,518)	-	-	(19,518)
Related income tax	-	(4,396)	(25,932)	-	(30,328)
Share of the other comprehensive income of associates accounted for using equity method					
Current amounts	(2,577)	-	-	-	(2,577)
Related income tax	515	-	-	-	515
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	(498)	(498)
Balance June 30, 2023	<u>\$ (1,434,040)</u>	<u>\$ 4,172,716</u>	<u>\$ (12,115,476)</u>	<u>\$ (47,143)</u>	<u>\$ (9,423,943)</u>

(Continued)

	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income		Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Total
		Equity Instrument	Debt Instrument		
Balance January 1, 2022	\$ (1,891,151)	\$ 4,503,408	\$ (568,342)	\$ (85,882)	\$ 1,958,033
Exchange differences					
Exchange differences on translation of foreign operations	702,873	-	-	-	702,873
Related income tax	(140,440)	-	-	-	(140,440)
Financial assets at fair value through other comprehensive income					
Current adjustment for change in value	-	(2,989,922)	(11,313,592)	-	(14,303,514)
Adjustment for loss allowance of debt instruments	-	-	1,930	-	1,930
Current disposal	-	-	(120,574)	-	(120,574)
Cumulative realized gain or loss transferred to retained earnings due to disposal	-	(510,509)	-	-	(510,509)
Related income tax	-	986	38,936	-	39,922
Share of the other comprehensive income of associates accounted for using equity method					
Current amounts	(6,574)	-	-	-	(6,574)
Related income tax	1,315	-	-	-	1,315
Change in fair value of financial liability attributable to change in credit risk of liability					
Change in amount	-	-	-	33,456	33,456
Balance June 30, 2022	<u>\$ (1,333,977)</u>	<u>\$ 1,003,963</u>	<u>\$ (11,961,642)</u>	<u>\$ (52,426)</u>	<u>\$ (12,344,082)</u>

(Concluded)

d. Earnings distribution and dividend policy

The Company's Articles of Incorporation provide that annual net income should be appropriated after deducting any accumulated losses and taxes and providing legal and special reserves and reversing special reserve. The remaining earnings will be used to pay the accumulated and current year's dividends of Class-A preferred shares, and at least 30 percent of retained earnings in the current year will be appropriated as ordinary share dividends, then the board of directors will prepare a proposal for approval at the shareholders' meeting on the appropriation of the remaining earnings and the retained earnings from previous years.

When legal reserve reaches the full amount of the Company's paid-in capital, legal reserve appropriation could be suspended.

The Company appropriates or reverses a special reserve in accordance with Rule No. 1090150022. If there's a net deduction of other equity accumulated in the previous period, the Company should appropriate the same amount of special reserve from the unappropriated retained earnings in the previous period, if there's still a shortage, the Company should appropriate special reserve which is from the current net income after tax and the current unappropriated retained earning not included in the current net income after tax.

Based on the Company's operating plans, the dividend policy is to distribute most dividends in the form of stock to meet capital needs. The cash dividends will be declared only when there is an excess of cash and cash dividends should not be less than 10% of total dividends declared.

Cash dividends and cash bonuses are paid after the approval of the shareholders, while the distribution of stock dividends requires the additional approval of the authorities.

Legal reserve should be appropriated until it has reached the amount of the Company's paid-in capital. This reserve may be used to offset a deficit. When the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2021 had been approved in the shareholder's meetings on May 27, 2022. The appropriation and dividends per share are as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,723,160	
Cash dividends	9,016,843	\$ 0.8
Stock dividends	1,127,105	0.1

The appropriation of earnings for 2022 had been approved in the shareholder's meetings on May 24, 2023. The appropriation and dividends per share are as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,638,996	
Special reserve	14,200,212	
Cash dividends	7,280,259	\$ 0.6
Stock dividends	2,426,753	0.2

The shareholders' meeting has established that in future cases of a share buyback, conversion of preferred shares into common stock or other situations that lead to changes in the numbers of shares outstanding or shareholders waive the right to dividends, the board of directors has the authority to make adjustments.

### 35. NET INTEREST REVENUE

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest income				
Discounts and loans	\$ 11,299,697	\$ 6,803,578	\$ 21,823,899	\$ 12,493,877
Investment securities interest	3,511,622	1,962,863	6,673,152	3,559,727
Due from the Central Bank and other banks	2,007,770	362,471	4,662,954	553,891
Securities purchased under resell agreements	507,919	83,758	965,498	126,224
Financing	352,535	380,655	665,758	781,365
Deposits	265,969	53,312	512,893	92,313
Credit card revolving interest rate income	127,297	121,749	255,364	245,915
Others	413,384	163,897	826,468	312,928
	<u>18,486,193</u>	<u>9,932,283</u>	<u>36,385,986</u>	<u>18,166,240</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest expense				
Deposits	\$ (9,534,394)	\$ (2,368,000)	\$ (18,829,656)	\$ (4,131,993)
Call loans from banks	(910,654)	(244,818)	(1,684,466)	(351,854)
Securities sold under repurchase agreements	(673,408)	(136,917)	(1,241,641)	(197,998)
Interest expense of structured products	(562,956)	(115,009)	(963,679)	(199,316)
Bank debentures	(215,892)	(221,069)	(429,456)	(412,537)
Borrowing	(209,671)	(109,292)	(394,683)	(199,371)
Others	(215,174)	(57,279)	(366,957)	(105,329)
	<u>(12,322,149)</u>	<u>(3,252,384)</u>	<u>(23,910,538)</u>	<u>(5,598,398)</u>
Net amount	<u>\$ 6,164,044</u>	<u>\$ 6,679,899</u>	<u>\$ 12,475,448</u>	<u>\$ 12,567,842</u> (Concluded)

### 36. SERVICE FEE AND COMMISSIONS INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Commissions and fee revenue				
Brokerage services	\$ 1,921,431	\$ 1,836,725	\$ 3,624,708	\$ 3,840,897
Loan services	627,916	646,949	1,531,736	1,413,321
Trust and related services	759,216	630,956	1,478,390	1,473,349
Insurance services	663,507	515,234	978,140	1,931,356
Credit card services	206,295	177,869	419,664	316,645
Others	417,726	397,162	841,600	788,047
	<u>4,596,091</u>	<u>4,204,895</u>	<u>8,874,238</u>	<u>9,763,615</u>
Commissions and fee expense				
Credit card services	(204,100)	(161,343)	(401,926)	(313,289)
Brokerage services	(171,232)	(186,958)	(314,813)	(379,799)
Interbank services	(88,314)	(79,611)	(177,418)	(159,448)
Trust services	(62,724)	(55,053)	(119,084)	(109,945)
Futures commission	(37,734)	(37,976)	(74,242)	(81,090)
Settlement and delivery services	(35,999)	(48,027)	(70,392)	(92,230)
Others	(160,111)	(112,234)	(289,858)	(214,674)
	<u>(760,214)</u>	<u>(681,202)</u>	<u>(1,447,733)</u>	<u>(1,350,475)</u>
Net amount	<u>\$ 3,835,877</u>	<u>\$ 3,523,693</u>	<u>\$ 7,426,505</u>	<u>\$ 8,413,140</u>

**37. GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS, NET**

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Disposal gain (loss) on financial assets and liabilities at fair value through profit or loss				
Operating securities - proprietary, net	\$ 1,356,379	\$ (1,234,801)	\$ 1,755,686	\$ (824,715)
Operating securities - hedging, net	112,830	(293,625)	207,763	(499,261)
Stocks	117,946	28,631	143,032	79,861
Government bonds	3,812	(135,336)	26,908	(362,160)
Corporate bonds	(4,646)	(622,711)	(251,428)	(607,722)
Securities lending and short sales bonds under resell agreements transactions	(465,376)	401,600	(532,581)	375,237
Currency swap contracts	716,305	(172,450)	1,571,961	(364,473)
Interest rate swap contracts	160,874	523,931	730,742	925,488
Issuance of call (put) warrants	(74,074)	(502,042)	439,164	(646,126)
Forward contracts	122,204	(40,325)	423,597	(115,502)
Structured instruments	(81,903)	(15,268)	(123,401)	(57,992)
Option contracts	127,073	(37,250)	(130,349)	43,048
Asset swap contracts	(175,550)	(215,778)	(304,703)	(436,436)
Futures contracts	(1,379,313)	178,812	(1,062,304)	(91,424)
Others	63,468	66,972	111,323	157,428
	<u>600,029</u>	<u>(2,069,640)</u>	<u>3,005,410</u>	<u>(2,424,749)</u>
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss				
Operating securities - proprietary, net	610,014	(2,092,347)	1,937,128	(2,695,180)
Corporate bonds	(47,599)	(98,653)	369,551	(837,139)
Stocks	60,596	(150,153)	172,783	(157,040)
Operating securities - hedging, net	31,807	(48,809)	89,178	(109,397)
Securities lending and short sales bonds under resell agreements transactions	(90,516)	1,769,970	(1,337,617)	2,554,260
Option contracts	(148,067)	(545,806)	473,482	(913,713)
Currency swap contracts	343,188	144,464	446,845	(26,892)
Forward contracts	650,477	108,073	365,750	146,962
Future margin - marketable securities	192,476	-	209,772	-
Futures contracts	(370,310)	(335,017)	(350,044)	107,414
Asset swap contracts	(128,332)	524,947	(352,984)	573,062
Interest rate swap contracts	245,287	1,131,640	(497,065)	2,173,010
Issuance of call (put) warrants	9,593	806,182	(551,694)	1,249,065
Others	(29,340)	(133,661)	5,793	(204,305)
	<u>1,329,274</u>	<u>1,080,830</u>	<u>980,878</u>	<u>1,860,107</u>
Interest income	<u>256,165</u>	<u>151,359</u>	<u>473,702</u>	<u>325,316</u>
Dividend income	<u>647,147</u>	<u>892,546</u>	<u>698,214</u>	<u>938,277</u>
	<u>\$ 2,832,615</u>	<u>\$ 55,095</u>	<u>\$ 5,158,204</u>	<u>\$ 698,951</u>



**38. REALIZED GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Dividend income				
Held at the end of the reporting period	\$ 609,665	\$ 438,417	\$ 708,459	\$ 510,492
Disposed in the reporting period	34,800	205	36,849	380
Gain from disposal of debt instruments	<u>89,982</u>	<u>45,917</u>	<u>92,177</u>	<u>120,574</u>
	<u>\$ 734,447</u>	<u>\$ 484,539</u>	<u>\$ 837,485</u>	<u>\$ 631,446</u>

**39. REVERSAL OF IMPAIRMENT LOSS ON ASSETS**

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Reversal of impairment losses (impairment losses) on other financial assets	\$ 53,784	\$ 17,364	\$ 76,603	\$ 43,639
Others	<u>7,002</u>	<u>38,197</u>	<u>4,930</u>	<u>27,818</u>
	<u>\$ 60,786</u>	<u>\$ 55,561</u>	<u>\$ 81,533</u>	<u>\$ 71,457</u>

**40. NET OTHER REVENUE OTHER THAN INTEREST INCOME**

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Securities lending	\$ 153,164	\$ 144,791	\$ 297,630	\$ 269,640
Operating assets rental income	47,236	55,431	95,305	111,564
Stock affairs agent revenue	39,551	36,140	67,029	63,902
Rental income	14,239	11,569	28,894	24,500
Transaction bonus	4,839	7,256	11,787	14,867
Expense arising from issuance of call (put) warrants	(29,611)	(33,341)	(71,825)	(87,505)
Others	<u>28,027</u>	<u>46,610</u>	<u>51,187</u>	<u>68,960</u>
	<u>\$ 257,445</u>	<u>\$ 268,456</u>	<u>\$ 480,007</u>	<u>\$ 465,928</u>

#### 41. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Salaries and wages	\$ 3,872,884	\$ 3,408,976	\$ 7,523,954	\$ 7,057,856
Labor insurance and national health insurance	231,131	219,546	531,854	513,675
Pension costs	131,505	129,440	260,514	256,862
Share-based payment transaction				
Equity-settled (Note 34)	-	-	150,580	-
Cash-settled	16,163	(6,591)	18,559	(4,988)
Others	<u>289,944</u>	<u>271,485</u>	<u>564,643</u>	<u>527,562</u>
	<u>\$ 4,541,627</u>	<u>\$ 4,022,856</u>	<u>\$ 9,050,104</u>	<u>\$ 8,350,967</u>

The Company's Articles of Incorporation provide that the Company shall allocate from annual profit more than 0.01% as employees' compensation and not more than 1% as remuneration of directors. When the company has accumulated losses, it should reserve the amount to cover deficit in advance.

For the six months ended June 30, 2023 and 2022, the compensation were \$997 and \$833, respectively and the remuneration of directors were \$23,931 and \$20,817, respectively. These amounts were estimated on the basis of the provisions of the Company's Articles of Incorporation and past experience.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The board of directors approved \$2,000 as employees' compensation and \$36,000 as remuneration of directors on January 13, 2023 and February 24, 2023, respectively. These amounts were the same as those recognized in the financial statements and will be delivered entirely in cash. The approval has been reported in the shareholders' meeting on May 24, 2023.

The board of directors approved \$2,000 as employees' compensation and \$36,000 as remuneration of directors on January 21, 2022 and February 25, 2022, respectively. These amounts were the same as those recognized in the financial statements and will be delivered entirely in cash. The approval has been reported in the shareholders' meeting on May 27, 2022.

The information on the proposed and approved compensations to employees and directors is available at the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

For short-term and long-term compensation, the Company has sets up a long-term incentive compensation plan, which defers the delivery of performance bonus to the Group's high level managers, and links the stock price of the Company with the long term performance index. The Group expects to use virtual stocks and future stock price to calculate the compensation and deliver in cash. The Group recognizes the compensation as cash-settled share-based employee benefits expense.

#### 42. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Depreciation expense				
Land improvements	\$ 125	\$ 120	\$ 251	\$ 227
Buildings	54,848	52,793	109,864	104,524
Machinery and computer equipment	101,672	106,031	208,064	205,336
Transportation equipment	23,294	33,321	45,868	66,578
Other equipment	33,014	31,973	65,697	62,472
Leasehold improvements	26,127	23,906	51,682	46,229
Right-of-use assets	239,195	233,001	470,664	464,111
	<u>478,275</u>	<u>481,145</u>	<u>952,090</u>	<u>949,477</u>
Amortization expense	<u>107,261</u>	<u>93,201</u>	<u>210,048</u>	<u>183,167</u>
	<u>\$ 585,536</u>	<u>\$ 574,346</u>	<u>\$ 1,162,138</u>	<u>\$ 1,132,644</u>

#### 43. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Taxation and fees	\$ 574,651	\$ 454,898	\$ 1,136,790	\$ 870,292
Automated equipment	322,279	298,130	597,870	543,862
Marketing	154,574	132,166	281,161	262,910
Professional advisory	134,149	176,153	271,364	319,565
Insurance	115,318	108,277	232,270	215,963
Communications expense	110,735	113,048	218,983	209,347
Location fee	111,394	107,157	217,991	216,101
Securities lending	97,525	90,260	171,916	168,130
Others	327,914	271,178	595,787	536,378
	<u>\$ 1,948,539</u>	<u>\$ 1,751,267</u>	<u>\$ 3,724,132</u>	<u>\$ 3,342,548</u>

#### 44. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income by the weighted-average number of common stock outstanding.

In the calculation of diluted earnings per share, the preferred shares, which have a dilutive effect, are included in the weighted-average number of common stock outstanding by which net income will be divided. The Company has preferred stocks which are potential dilutive common stock.

	<b>Dollars Per Share</b>			
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Basic EPS	<u>\$ 0.43</u>	<u>\$ 0.33</u>	<u>\$ 0.84</u>	<u>\$ 0.71</u>
Diluted EPS	<u>\$ 0.43</u>	<u>\$ 0.33</u>	<u>\$ 0.84</u>	<u>\$ 0.71</u>

Net income and the weighted-average number of common stock outstanding in the computation of EPS are as follow:

### Net Income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net income for calculating basic EPS	\$ 5,350,947	\$ 3,818,867	\$ 10,099,504	\$ 8,227,827
Effect of potentially dilutive common stock:				
Preferred shares	306	244	568	463
Employee stock bonus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income for calculating diluted EPS	<u>\$ 5,351,253</u>	<u>\$ 3,819,111</u>	<u>\$ 10,100,072</u>	<u>\$ 8,228,290</u>

### Shares

	<b>Shares in Thousands</b>			
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
The weighted-average number of common stock outstanding in the computation of basic EPS	12,376,440	11,611,440	12,067,904	11,611,440
Effect of potentially dilutive common stock:				
Preferred shares	10,000	10,000	10,000	10,000
Employee stock bonus	<u>57</u>	<u>50</u>	<u>65</u>	<u>64</u>
The weighted-average number of common stock outstanding in the computation of diluted EPS	<u>12,386,497</u>	<u>11,621,490</u>	<u>12,077,969</u>	<u>11,621,504</u>

When calculating the EPS, the 2021 EPS was retrospectively adjusted for the effects of the bonus stock issuance on August 15, 2023. Thus, the basic EPS for the three months ended June 30, 2022 and for the six months ended June 30, 2022 decreased from NT\$0.34 and NT\$0.72 to NT\$0.33 and NT\$0.71, respectively.

If the Group decides to give an employee bonus in the form of cash or shares, the Group should presume that the entire amount of the bonus will be in the form of shares and if the resulting potential shares have a dilutive effect, these shares should be included in the weighted-average number of shares outstanding to be used in the calculation of diluted earnings per share. The dilutive effect of the potential shares should be included in the computation of diluted earnings per share until the board of directors resolve at their meeting in the following year the number of shares to be distributed to employees.

#### 45. RELATED-PARTY TRANSACTIONS

In addition to those disclosed in other notes to the financial statements, relationships with the Group and significant transactions, as well as the subsidiaries' related-party transactions, are summarized as follows:

a. Related parties and their relationships with the Group

<u>Related Party</u>	<u>Relationship with the Group</u>
SinoPac Foundation	Affiliate of the Company's chairman
The Bankers Association of the Republic of China (BAROC)	Affiliate of the Company's chairman
Global Unichip Corp. (GUC)	Affiliate of the Company's chairman's spouse
Taiwan Stock Exchange (TWSE)	Affiliate of the Company's general manager (before June 2022)
Hsinex International Corp. (Hsinex International)	The Company's corporate director
Shin Yuan Investment Co., Ltd. (Shin Yuan Investment)	The Company's corporate director
Hsin Yi Recreation Enterprise Co., Ltd. (Hsin Yi Recreation)	Affiliate of the Company's corporate director
Quanta Computer Inc. (Quanta Computer)	Affiliate of the Company's director (before July 2022)
E Ink Holdings Inc. (E Ink Holdings)	Affiliate of the Company's director
Zero One Technology Co., Ltd. (Zero One Technology)	Affiliate of the Company's director
Chunghwa Telecom Co., Ltd. (Chunghwa Telecom)	Affiliate of Bank SinoPac's director
Sinbon Electronics Company Ltd. (Sinbon Electronics)	Affiliate of Bank SinoPac's director
President Chain Store Company (PCSC)	Affiliate of Bank SinoPac's director
Uni-President Development Corp. (Uni-President Development)	Affiliate of Bank SinoPac's director
ScinoPharm Taiwan, Ltd. (ScinoPharm)	Affiliate of Bank SinoPac's director
Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' director
Asia Cement Corporation (Asia Cement)	Affiliate of SinoPac Securities' director
Taiwan Riken Industrial Co., Ltd. (Taiwan Riken Industrial)	Affiliate of SinoPac Securities' director
Pegatron Corporation (Pegatron)	Affiliate of SinoPac Securities' director
Yuanta Securities Co., Ltd. (Yuanta Securities)	Affiliate of second-degree-in-laws of Bank SinoPac's director
Hua Nan Commercial Bank Ltd. (Hua Nan Bank)	Affiliate of SPL's director's spouse
Hotai Investment Limited (Hotai Investment)	Affiliate of Bank SinoPac's manager
Wafer Works (shanghai) Co., Ltd. (Wafer Works (shanghai))	Affiliate of Bank SinoPac's manager's spouse
Grand Bills Finance Corp. (Grand Bills Finance)	Affiliate of the Company's manager's spouse

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
Evercast Precision Industry Corporation (Evercast Precision)	Affiliate of first-degree kin of Bank SinoPac's manager
Kim Great Co., Ltd. (Kim Great)	Affiliate of second-degree kin of Bank SinoPac's manager
Hao-Xin-Di Co., Ltd. (Hao-Xin-Di)	Affiliate of second-degree kin of Bank SinoPac's manager
Zetai Investment Limited (Zetai Investment)	Affiliate of second-degree kin of Bank SinoPac's manager
Yong, Yu-Kang Construction Co., Ltd. (Yong, Yu-Kang Construction)	Affiliate of third-degree kin of Bank SinoPac's manager
Froch Enterprise Co., Ltd. (Froch Enterprise)	Affiliate of second-degree-in-laws of Bank SinoPac's manager
Elite Material Co., Ltd. (Elite Material)	Related party
SinoPac Securities Investment Trust Funds	Related party
TaiGen Biopharmaceuticals Holdings Limited (TaiGen Biopharmaceuticals)	Related party
TransGlobe Life Insurance Inc. (TGL)	Related party
YFY International Co., Ltd. (YFY International)	Related party
Sun He Energy Co., Ltd. (Sun He Energy)	Related party
Jhong Cing Investment Co., Ltd. (Jhong Cing Investment)	Related party
Hsin-Yi Foundation	Related party
Dream Universe Limited	Related party
China Color Printing Co., Ltd. (China Color Printing)	Related party
TaiGen Biotechnology Co., Ltd. (TaiGen Biotechnology)	Related party
YFY Biotech Management Co., Ltd. (YFY Biotech Management)	Related party
Yong Hsin Yi Enterprise Co., Ltd. (Yong Hsin Yi Enterprise)	Related party
YuanHan Materials Inc. (YuanHan Materials)	Related party
Rich Optronics (Yangzhou) Co., Ltd. (Rich Optronics (Yangzhou))	Related party
Transyork Technology (Yangzhou) Ltd. (Transyork Technology (Yangzhou))	Related party
Hoss Investment Inc. (Hoss Investment)	Related party
YFY Investment Co., Ltd. (YFY Investment)	Related party
Effion Enertech Co., Ltd. (Effion Enertech)	Related party
Hoss Capital Inc. (Hoss Capital)	Related party
Shin Foong Specialty And Applied Materials Co., Ltd. (Shin Foong Specialty And Applied Materials)	Related party
Everterminal Co., Ltd. (Everterminal)	Related party
New Field E-Paper Co., Ltd. (New Field e-Paper)	Related party
YFY Packaging (YangZhou) Investment Ltd. (YFY Packaging (YangZhou))	Related party
SinoPac Multi Strategy Quant Fund Limited	Related party
SinoPac Multi-Series Fund II Limited	Related party
SinoPac Multi-Series Fund SPC	Related party
Others	The Group's directors, supervisors, managers and their relatives, department chiefs, investments accounted for using equity method and their subsidiaries, and investees of the Company's other subsidiaries, etc.

(Concluded)

b. Significant transactions with related parties

1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
SinoPac Securities and its subsidiaries			
Bank deposits			
Grand Bills Finance	\$ 439,735	\$ 864,418	\$ -
TAIFEX	321,755	362,323	649,154
Hua Nan Bank	2,849	871,711	2,423
SinoPac Leasing and its subsidiaries			
Bank deposits			
Others	69	69	13

2) Due from the Central Bank and call loans to banks

	June 30, 2023		For the Six Months Ended June 30, 2023
	Ending Balance	Interest Rate (%)	Interest Income
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank	\$ 2,054,011	0.4-6.8	\$ 28,198
		December 31, 2022	
		Ending Balance	Interest Rate (%)
Bank SinoPac and its subsidiaries			
Call loans to banks			
Hua Nan Bank		\$ 1,226,221	0.16-8.5
Others		-	0.59
		June 30, 2022	For the Six Months Ended June 30, 2022
	Ending Balance	Interest Rate (%)	Interest Income
Bank SinoPac and its subsidiaries			
Call loans to banks			
Others	\$ -	0.16-3.6	\$ 2,615

3) Financial assets at fair value through profit or loss

	June 30, 2023	December 31, 2022	June 30, 2022
SinoPac Securities and its subsidiaries			
TAIFEX	\$ 2,464,770	\$ 1,243,060	\$ 1,130,053
Elite Material	486,549	172,970	13,522
SinoPac Securities Investment Trust			
Funds	158,214	166,362	269,089
GUC	149,832	2,181	1,340
Chunghwa Telecom	123,207	36,847	34,655
Sinbon Electronics	42,995	11,378	133,295
Others	370,865	106,712	131,940
SinoPac Securities Investment Trust			
Others	8,751	8,424	92,550
SinoPac Venture Capital			
TaiGen Biopharmaceuticals	374,710	347,437	374,088
Others	202,898	210,982	254,953

4) Derivative financial instruments

	June 30, 2023				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Bank SinoPac and its subsidiaries					
Currency swap contracts					
Hua Nan Bank	\$ 1,869,159	2021.11.11- 2023.10.5	\$ 60,098	Financial assets at fair value through profit or loss	\$ 149,014
Hua Nan Bank	6,853,583	2023.1.17- 2024.2.29	(216,251)	Financial liabilities at fair value through profit or loss	216,251
TGL	20,685,360	2023.2.23- 2023.11.6	436,194	Financial assets at fair value through profit or loss	436,194
TGL	2,647,975	2023.5.23- 2023.7.25	(15,926)	Financial liabilities at fair value through profit or loss	15,926
Interest rate swap contracts					
Hua Nan Bank	12,217,187	2020.11.13- 2032.3.16	63,497	Financial assets at fair value through profit or loss	533,841
TAIFEX	25,725,000	2018.8.9- 2032.5.31	300,127	Financial assets at fair value through profit or loss	314,160
TAIFEX	20,415,000	2018.9.27- 2033.5.9	(274,499)	Financial liabilities at fair value through profit or loss	278,110
Forward contracts					
TGL	1,169,268	2023.5.10- 2023.8.9	37,685	Financial assets at fair value through profit or loss	47,332
TGL	1,505,237	2022.10.17- 2024.4.18	(44,597)	Financial liabilities at fair value through profit or loss	44,597
YFY International	311,527	2023.1.13- 2024.1.17	(21,101)	Financial liabilities at fair value through profit or loss	21,101
Cross-currency swap contracts					
Hua Nan Bank	1,508,970	2023.2.3- 2024.2.29	(65,954)	Financial liabilities at fair value through profit or loss	65,954
SinoPac Securities and its subsidiaries					
Asset exchange option contracts					
Grand Bills Finance	321,600	2020.9.14- 2025.8.29	81,653	Financial liabilities at fair value through profit or loss	32,590



<b>December 31, 2022</b>				
	<b>Contract (Notional) Amount</b>	<b>Contract Period</b>	<b>Account</b>	<b>Balance</b>
Bank SinoPac and its subsidiaries				
Currency swap contracts				
Hua Nan Bank	\$ 1,843,413	2021.11.11- 2023.10.5	Financial assets at fair value through profit or loss	\$ 88,916
Hua Nan Bank	3,686,826	2022.1.12- 2023.4.20	Financial liabilities at fair value through profit or loss	237,148
TGL	7,680,888	2021.1.21- 2023.4.14	Financial assets at fair value through profit or loss	74,865
TGL	9,038,066	2022.9.27- 2023.3.1	Financial liabilities at fair value through profit or loss	236,918
Interest rate swap contracts				
Hua Nan Bank	11,123,563	2020.11.13- 2032.3.16	Financial assets at fair value through profit or loss	473,707
TAIFEX	3,150,000	2022.7.27- 2027.8.11	Financial assets at fair value through profit or loss	14,033
TAIFEX	2,000,000	2022.7.27- 2023.7.27	Financial liabilities at fair value through profit or loss	3,610
Forward contracts				
TGL	772,448	2022.10.17- 2023.7.13	Financial assets at fair value through profit or loss	16,430
TGL	3,081,540	2022.3.30- 2023.6.16	Financial liabilities at fair value through profit or loss	128,889
SinoPac Securities and its subsidiaries				
Asset exchange option contracts				
Grand Bills Finance	421,600	2020.9.14- 2025.8.29	Financial assets at fair value through profit or loss	49,062

<b>June 30, 2022</b>					
	<b>Contract (Notional) Amount</b>	<b>Contract Period</b>	<b>Valuation Gains or Losses</b>	<b>Account</b>	<b>Balance</b>
Bank SinoPac and its subsidiaries					
Currency swap contracts					
Hua Nan Bank	\$ 594,580	2021.11.11- 2023.9.28	\$ 30,241	Financial assets at fair value through profit or loss	\$ 29,202
Hua Nan Bank	4,756,640	2021.10.5- 2023.4.20	(164,908)	Financial liabilities at fair value through profit or loss	154,205
Interest rate swap contracts					
Hua Nan Bank	9,828,000	2020.11.13- 2032.3.16	448,522	Financial assets at fair value through profit or loss	524,631
SinoPac Securities and its subsidiaries					
Asset exchange option contracts					
Grand Bills Finance	410,800	2020.6.4- 2025.6.13	(49,606)	Financial assets at fair value through profit or loss	44,025

5) Financial assets at fair value through other comprehensive income

	June 30, 2023	December 31, 2022	June 30, 2022
Bank SinoPac and its subsidiaries			
Equity instruments			
TAIFEX	\$ 321,954	\$ 333,886	\$ 366,554
PCSC	-	207,808	-
Quanta Computer	-	-	262,542
Others	24,738	23,032	23,283
SinoPac Securities and its subsidiaries			
Equity instruments			
TAIFEX	302,636	313,852	344,560
Chunghwa Telecom	261,543	253,685	303,170
Quanta Computer	-	-	134,543
Others	94,019	-	69,794
SinoPac Venture Capital			
Equity instruments			
Sun He Energy	113,486	109,690	-
Others	81,661	71,559	74,968

6) Securities purchased under resell agreements

	June 30, 2023		For the Six Months Ended June 30, 2023
	Face Amount	Carrying Amount	Interest Income
SinoPac Securities and its subsidiaries			
Grand Bills Finance	\$ 1,105,919	\$ 927,627	\$ 11,227
Others	-	-	103
		December 31, 2022	
		Face Amount	Carrying Amount
SinoPac Securities and its subsidiaries			
Grand Bills Finance		\$ 399,406	\$ 351,154
Others		153,945	85,559
			For the Six Months Ended June 30, 2022
		Face Amount	Carrying Amount
Interest Income			
Bank SinoPac and its subsidiaries			
Others	\$ -	\$ -	\$ 14
SinoPac Securities and its subsidiaries			
Grand Bills Finance	891,870	731,574	2,703
Others	371,504	202,837	1,415

7) Receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Bank SinoPac and its subsidiaries			
Others	\$ 756,316	\$ 267,276	\$ 222,515
SinoPac Securities and its subsidiaries			
Others	113,441	54,626	73,534
SinoPac Securities Investment Trust			
Others	22,531	18,992	14,922
SinoPac Leasing and its subsidiaries			
Others	-	3	18

8) Loans

For the Six Months Ended June 30, 2023			
Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Income
\$ 10,746,568	\$ 11,424,446	0-12.90	\$ 99,890

Category	June 30, 2023						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	257	\$ 307,274	\$ 290,571	V	-	None	Yes
Household mortgage loans	1,524	7,702,332	7,450,969	V	-	Real estate	Yes
Others:							
	Jhong Cing Investment	54,634	52,894	V	-	Real estate	Yes
	Kim Great	40,670	39,237	V	-	Real estate	Yes
	Hao-Xin-Di	6,833	6,406	V	-	Real estate	Yes
	Hotai Investment	1,581	1,168	V	-	Vehicle	Yes
	Zetai Investment	875	700	V	-	Vehicle	Yes
	Others	3,310,247	2,904,623	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	3,414,840	3,005,028				
	Total	\$ 11,424,446	\$ 10,746,568				

**For the Year Ended December 31, 2022**

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>
\$ <u>10,413,666</u>	\$ <u>11,782,074</u>	0-10.77

Category	December 31, 2022						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	237	\$ 392,615	\$ 356,109	V	-	None	Yes
Household mortgage loans	1,164	7,494,220	7,122,009	V	-	Real estate	Yes
Others:							
	Froch Enterprise	248,808	-	V	-	None, Note 1	Yes
	Uni-President Development	130,000	-	V	-	None, Note 1	Yes
	Jhong Cing Investment	58,160	54,634	V		Real estate	Yes
	Kim Great	43,566	40,670	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	6,833	V	-	Real estate	Yes
	Hotai Investment	2,406	1,581	V	-	Vehicle	Yes
	Zetai Investment	1,225	875	V	-	Vehicle	Yes
	Yong, Yu-Kang Construction	131	-	V	-	Certificates of deposits	Yes
	Others	3,370,782	2,830,955	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	3,895,239	2,935,548				
	Total	\$ 11,782,074	\$ 10,413,666				

**For the Six Months Ended June 30, 2022**

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>	<b>Interest Income</b>
\$ <u>10,075,419</u>	\$ <u>10,954,072</u>	0-11.26	\$ <u>63,948</u>

Category	June 30, 2022						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	250	\$ 413,898	\$ 394,548	V	-	None	Yes
Household mortgage loans	1,143	7,054,702	6,855,361	V	-	Real estate	Yes
Others:							
	Froch Enterprise	248,808	49,928	V	-	None, Note 1	Yes
	Jhong Cing Investment	58,160	56,384	V	-	Real estate	Yes
	Kim Great	43,566	42,108	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	7,260	V	-	Real estate	Yes
	Hotai Investment	2,406	1,994	V	-	Vehicle	Yes
	Zetai Investment	1,225	1,050	V	-	Vehicle	Yes
	Others	3,091,146	2,666,786	V	-	Real estate, certificates of deposits and vehicle	Yes
	Others subtotal	3,485,472	2,825,510				
	Total	\$ 10,954,072	\$ 10,075,419				

Note 1: Non-related party of Bank SinoPac at the loan's signing date.

Note 2: Debtors of related party loans are all within normal credit ranking. The Group estimated provision for doubtful debt periodically in accordance with the guidelines issued by the authority and IFRSs.

9) Guarantees

June 30, 2023

None.

December 31, 2022

Related Party	Highest Balance in Current Year	Ending Balance	Provision	Rates (%)	Type of Collaterals	Note
Yuanta Securities	\$820,000	\$ -	\$ -	0.30	None, Note	

June 30, 2022

None.

Note: Non-related party of Bank SinoPac at the loan's signing date.

10) Other financial assets

	June 30, 2023	December 31, 2022	June 30, 2022
SinoPac Securities and its subsidiaries			
TAIFEX	\$ 7,230,630	\$ 7,801,246	\$ 8,000,115

11) Property and equipment

In the six months ended June 30, 2023, the Company purchased property and equipment from its related parties for a total price of \$1,367, recognized as machinery and computer equipment. (In the six months ended June 30, 2022: None)

In the six months ended June 30, 2023 and 2022, Bank SinoPac and its subsidiaries purchased property and equipment from its related parties for a total price of \$8,578 and \$14,124, respectively, recognized as machinery and computer equipment and prepayments for equipment.

In the six months ended June 30, 2023 and 2022, SinoPac Securities and its subsidiaries purchased property and equipment from its related parties for a total price of \$3,710 and \$453, respectively, recognized as machinery and computer equipment and prepayments for equipment.

12) Intangible assets

In the six months ended June 30, 2023 and 2022, the Company purchased computer software from its related parties for a total price of \$194 and \$216, respectively.

In the six months ended June 30, 2023 and 2022, Bank SinoPac and its subsidiaries purchased computer software from its related parties for a total price of \$20,701 and \$10,349, respectively.

In the six months ended June 30, 2023 and 2022, SinoPac Securities and its subsidiaries purchased computer software from its related parties for a total price of \$3,805 and \$3,609, respectively.

In the six months ended June 30, 2023, SinoPac Leasing purchased computer software from its related parties for a total price of \$190. (In the six months ended June 30, 2022: None)

13) Other assets

	June 30, 2023	December 31, 2022	June 30, 2022
Bank SinoPac and its subsidiaries			
Guarantee deposits			
Others	\$ 1,067	\$ 1,157	\$ 1,455
Prepayments			
Others	14	17	20
SinoPac Securities and its subsidiaries			
Clearing and settlement fund			
TAIFEX	236,762	224,818	227,167
Guarantee deposits			
Others	2,331	2,330	2,629
Prepayments			
Others	37	573	8
Temporary payment			
Others	1	240	-
SinoPac Securities Investment Trust			
Guarantee deposits			
Others	11	11	11
SinoPac Leasing and its subsidiaries			
Guarantee deposits			
Others	645	640	635
Prepayments			
Others	15	20	24

Bank SinoPac and its subsidiaries signed an agreement with other related parties for the purchase. Bank SinoPac and its subsidiaries paid \$12,305 and \$12,322 for the six months ended June 30, 2023 and 2022, respectively, which were recognized as prepayments (other assets) or operating expenses.

On June 30, 2023, December 31, 2022 and June 30, 2022, undiscounted guarantee deposits paid on lease contracts of Bank SinoPac and its subsidiaries were \$780.

On June 30, 2023, December 31, 2022 and June 30, 2022, undiscounted guarantee deposits paid on lease contracts of SinoPac Securities and its subsidiaries were \$158.

On June 30, 2023, December 31, 2022 and June 30, 2022, undiscounted guarantee deposits paid on lease contracts of SPL and its subsidiaries were \$624.

14) Notes and bonds transaction

	<b>For the Six Months Ended June 30, 2023</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Bank SinoPac and its subsidiaries		
Others	\$ 49,959	\$ 49,961
SinoPac Securities and its subsidiaries		
Grand Bills Finance	65,518,882	65,943,565
Hua Nan Bank	10,144,793	11,200,982
Asia Cement	300,000	-
	<b>For the Six Months Ended June 30, 2022</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
SinoPac Securities and its subsidiaries		
Grand Bills Finance	\$ 6,458,998	\$ 4,900,000
Hua Nan Bank	698,776	1,250,000
Chunghwa Telecom	500,000	-
Others	-	5,846

15) Deposits from the Central Bank and banks

	<b>June 30, 2023</b>		<b>For the Six Months Ended June 30, 2023</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Bank SinoPac and its subsidiaries			
Hua Nan Bank	\$ 934,580	0.5-5.68	\$ 28,501
	<b>December 31, 2022</b>		
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	
Bank SinoPac and its subsidiaries			
Hua Nan Bank	\$ 1,228,942	0.11-5.35	
	<b>June 30, 2022</b>		<b>For the Six Months Ended June 30, 2022</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Bank SinoPac and its subsidiaries			
Hua Nan Bank	\$ 3,924,228	0.11-2.80	\$ 9,348

16) Securities sold under repurchase agreements

June 30, 2023

None.

	<u>June 30, 2022</u>		<b>For the Six Months Ended June 30, 2022</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Expense</b>
SinoPac Securities and its subsidiaries			
Others	\$ 81,313	\$ 56,159	\$ 518

17) Commercial papers issued

	<u>June 30, 2023</u>		<b>For the Six Months Ended June 30, 2023</b>
	<b>Face Amount</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
SinoPac Securities and its subsidiaries			
Grand Bills Finance	\$ 1,000,000	1.54-1.56	\$ 523
SinoPac Leasing and its subsidiaries			
Others	-	1.488-1.808	309

	<u>December 31, 2022</u>	
	<b>Face Amount</b>	<b>Interest Rate (%)</b>
The Company		
Others	\$ -	0.7347
SinoPac Securities and its subsidiaries		
Others	-	0.35-1.29
SinoPac Leasing and its subsidiaries		
Grand Bills Finance	100,000	0.4780-1.588

	<u>June 30, 2022</u>		<b>For the Six Months Ended June 30, 2022</b>
	<b>Face Amount</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
The Company			
Others	\$ -	0.7347	\$ 84
SinoPac Securities and its subsidiaries			
Others	-	0.35-0.75	6,655
SinoPac Leasing and its subsidiaries			
Grand Bills Finance	300,000	0.478-1.078	1,371



18) Payables

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Bank SinoPac and its subsidiaries			
Others	\$ 12,010	\$ 13,113	\$ 13,961
SinoPac Securities and its subsidiaries			
Others	35,185	34,874	47,440
SinoPac Leasing and its subsidiaries			
Others	12	-	46

19) Deposits

	<b>June 30, 2023</b>		<b>For the Six Months Ended June 30, 2023</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Others	\$ 23,019,902	0-13	\$ 192,813
		<b>December 31, 2022</b>	
		<b>Ending Balance</b>	<b>Interest Rate (%)</b>
Others		\$ 23,404,540	0-13
			<b>For the Six Months Ended June 30, 2022</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Others	\$ 21,973,599	0-13	\$ 82,612

Deposit details of related-party whose amounts are over \$100,000 with Bank SinoPac and its subsidiaries, please refer to Note 45, c.10.

20) Bonds payable

Bank SinoPac paid for the interest of bank debenture for six months ended June 30, 2023 and 2022 in the amount of \$3,800, respectively.

21) Short-term borrowings

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
SinoPac Leasing and its subsidiaries			
Others	\$ -	\$ -	\$ 50,000

22) Other financial liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
SinoPac Securities and its subsidiaries			
Futures traders' equity			
Others	\$ 28,820	\$ 50,156	\$ 1,803

23) Lease

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries as a lessee		
Acquisition of right-of-use assets		
Others	\$ 3,040	\$ -
SinoPac Securities and its subsidiaries as a lessee		
Acquisition of right-of-use assets		
Others	-	4,971

  

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Bank SinoPac and its subsidiaries as a lessee			
Lease liabilities			
Others	\$ 52,745	\$ 74,670	\$ 98,895
SinoPac Securities and its subsidiaries as a lessee			
Lease liabilities			
Others	3,906	4,399	4,891
SinoPac Leasing and its subsidiaries as a lessee			
Lease liabilities			
Others	5,544	7,362	9,165

For the guarantee deposits on lease contracts with related parties, refer to Note 45.b. 13.

For guarantee deposits, interest income, lease interest expense and other lease expense (recognized as operating expenses) on the lease contracts with related parties for the six months ended June 30, 2023 and 2022, refer to Note 45.b. 25, 26 and 31.

24) Other liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Bank SinoPac and its subsidiaries			
Guarantee deposits received			
Others	\$ 875	\$ 1,587	\$ 1,587
SinoPac Securities and its subsidiaries			
Temporary receipts and suspense accounts			
Others	5	5	5
Prepayments			
Others	2	5	-

25) Interest income

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Others	\$ 3	\$ 3
SinoPac Securities and its subsidiaries		
Others	11,661	3,190
SinoPac Venture Capital		
Others	-	1
SinoPac Leasing and its subsidiaries		
Others	5	6

26) Interest expense

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Others	\$ 380	\$ 548
SinoPac Securities and its subsidiaries		
Others	129	5
SinoPac Leasing and its subsidiaries		
Others	54	119

27) Service fee and commissions income, net

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Fee revenues		
Others	\$ 11,388	\$ 8,450
Fee expenses		
Others	10,913	4,270
SinoPac Securities and its subsidiaries		
Fee revenues		
Others	23,009	19,506
Fee expenses		
TAIFEX	174,406	228,004
TWSE	-	142,605
Others	2,173	10,535
SinoPac Securities Investment Trust		
Fee revenues		
Others	122,168	91,914

28) Gains (losses) on financial assets and liabilities at fair value through profit or loss, net

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
SinoPac Securities and its subsidiaries		
Others	\$ 13,202	\$ 4,272
SinoPac Securities Investment Trust		
Others	294	(1,101)
SinoPac Venture Capital		
Others	13,580	7,573

29) Realized gains (losses) on financial assets at fair value through other comprehensive income

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Others	\$ 19,870	\$ 18,971
SinoPac Securities and its subsidiaries		
Others	31,804	24,809

30) Net other revenue other than interest income

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Bank SinoPac and its subsidiaries		
Operating assets rental revenue		
Others	\$ 3,330	\$ 4,776
Other revenues		
Others	1,086	1,190
SinoPac Securities and its subsidiaries		
Stock affairs agent revenue		
Others	8,479	7,822
Expenses on issuance of call (put) warrants		
Others	-	59,943
Other net revenues		
Others	51,921	65,905
SinoPac Venture Capital		
Other revenues		
Others	77	-
SinoPac Leasing and its subsidiaries		
Other expenses		
Others	46	47

31) Operating expenses

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Donation		
SinoPac Foundation	\$ 30,000	\$ 35,000
Others		
The Company		
Others	3,209	3,390
Bank SinoPac and its subsidiaries		
Others	98,510	72,091
SinoPac Securities and its subsidiaries		
Others	79,582	98,401
SinoPac Securities Investment Trust		
Others	2,200	1,513
SinoPac Venture Capital		
Others	40	30
SinoPac Leasing and its subsidiaries		
Others	3,519	3,260

32) Other transactions

The subsidiaries of SinoPac Securities acquired management shares of SinoPac Multi Strategy Quant Fund Limited, SinoPac Multi-Series Fund II Limited and SinoPac Multi-Series Fund SPC establish in Cayman Islands in the amount of \$6. The management shares were issued to the investment manager in compliance with specific legal procedures, and the holders do not have the rights to participate in profit, assets or distributions of surplus funds.

33) Compensation of key management personnel

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 45,734	\$ 45,018
Post-employment benefits	740	839
Share-based payment - equity-settled	<u>519</u>	<u>-</u>
	<u>\$ 46,993</u>	<u>\$ 45,857</u>

The management personnel are composed of general manager, vice general manager and other employees with higher positions.

c. Related-party transactions amounting to over \$100,000

Bank SinoPac and its subsidiaries

1) Due from the Central Bank and call loans to banks

	June 30, 2022		For the Six Months Ended June 30, 2022
	Ending Balance	Interest Rate (%)	Interest Income
Call loans to bank Hua Nan Bank	\$ 2,054,011	0.4-6.8	\$ 28,198
	December 31, 2022		
	Ending Balance	Interest Rate (%)	
Call loans to bank Hua Nan Bank		\$ 1,226,221	0.16-8.5

2) Derivative financial instruments

	June 30, 2023				
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Currency swap contracts					
Hua Nan Bank	\$ 1,869,159	2021.11.11- 2023.10.5	\$ 60,098	Financial assets at fair value through profit or loss	\$ 149,014
Hua Nan Bank	6,853,583	2023.1.17- 2024.2.29	(216,251)	Financial liabilities at fair value through profit or loss	216,251
TGL	20,685,360	2023.2.23- 2023.11.6	436,194	Financial assets at fair value through profit or loss	436,194
TGL	2,647,975	2023.5.23- 2023.7.25	(15,926)	Financial liabilities at fair value through profit or loss	15,926
Interest rate swap contracts					
SinoPac Securities	675,000	2020.8.3- 2024.8.12	1,725	Financial liabilities at fair value through profit or loss	5,397
Hua Nan Bank	12,217,187	2020.11.13- 2032.3.16	63,497	Financial assets at fair value through profit or loss	533,841
TAIFEX	25,725,000	2018.8.9- 2032.5.31	300,127	Financial assets at fair value through profit or loss	314,160
TAIFEX	20,415,000	2018.9.27- 2033.5.9	(274,499)	Financial liabilities at fair value through profit or loss	278,110
Forward contracts					
TGL	1,169,268	2023.5.10- 2023.8.9	37,685	Financial assets at fair value through profit or loss	47,332
TGL	1,505,237	2022.10.17- 2024.4.18	(44,597)	Financial liabilities at fair value through profit or loss	44,597
YFY International	311,527	2023.1.13- 2024.1.17	(21,101)	Financial liabilities at fair value through profit or loss	21,101
Cross-currency swap contracts					
Hua Nan Bank	1,508,970	2023.2.3- 2024.2.29	(65,954)	Financial liabilities at fair value through profit or loss	65,954

<b>December 31, 2022</b>				
	<b>Contract (Notional) Amount</b>	<b>Contract Period</b>	<b>Account</b>	<b>Balance</b>
Currency swap contracts				
Hua Nan Bank	\$ 1,843,413	2021.11.11- 2023.10.5	Financial assets at fair value through profit or loss	\$ 88,916
Hua Nan Bank	3,686,826	2022.1.12- 2023.4.20	Financial liabilities at fair value through profit or loss	237,148
TGL	7,680,888	2021.1.21- 2023.4.14	Financial assets at fair value through profit or loss	74,865
TGL	9,038,066	2022.9.27- 2023.3.1	Financial liabilities at fair value through profit or loss	236,918
Interest rate swap contracts				
SinoPac Securities	675,000	2020.8.3- 2024.8.12	Financial liabilities at fair value through profit or loss	7,122
Hua Nan Bank	11,123,563	2020.11.13- 2032.3.16	Financial assets at fair value through profit or loss	473,707
TAIFEX	3,150,000	2022.7.27- 2027.8.11	Financial assets at fair value through profit or loss	14,033
TAIFEX	2,000,000	2022.7.27- 2023.7.27	Financial liabilities at fair value through profit or loss	3,610
Forward contracts				
TGL	772,448	2022.10.17- 2023.7.13	Financial assets at fair value through profit or loss	16,430
TGL	3,081,540	2022.3.30- 2023.6.16	Financial liabilities at fair value through profit or loss	128,889

<b>June 30, 2022</b>					
	<b>Contract (Notional) Amount</b>	<b>Contract Period</b>	<b>Valuation Gains or Losses</b>	<b>Account</b>	<b>Balance</b>
Currency swap contracts					
Hua Nan Bank	\$ 594,580	2021.11.11- 2023.9.28	\$ 30,241	Financial assets at fair value through profit or loss	\$ 29,202
Hua Nan Bank	4,756,640	2021.10.5- 2023.4.20	(164,908)	Financial liabilities at fair value through profit or loss	154,205
Interest rate swap contracts					
SinoPac Securities	675,000	2020.8.3- 2024.8.12	(6,376)	Financial liabilities at fair value through profit or loss	8,932
Hua Nan Bank	9,828,000	2020.11.13- 2032.3.16	448,522	Financial assets at fair value through profit or loss	524,631

3) Financial assets at fair value through other comprehensive income

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Equity instruments			
TAIFEX	\$ 321,954	\$ 333,886	\$ 366,554
PCSC	-	207,808	-
Quanta Computer	-	-	262,542

4) Current income tax assets and liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Receivable from adopting the linked-tax system	<u>\$ 1,055,020</u>	<u>\$ 1,055,020</u>	<u>\$ 1,055,020</u>
Payable from adopting the linked-tax system	<u>\$ 1,460,616</u>	<u>\$ 989,706</u>	<u>\$ 950,350</u>

## 5) Loans

**For the Six Months Ended June 30, 2023**

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>	<b>Interest Income</b>
<u>\$ 10,746,568</u>	<u>\$ 11,494,446</u>	0-12.90	<u>\$ 100,081</u>

Category	June 30, 2023						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	257	\$ 307,274	\$ 290,571	V	-	None	Yes
Household mortgage loans	1,524	7,702,332	7,450,969	V	-	Real estate	Yes
Others:							
	SPL	70,000	-	V	-	Real estate	Yes
	Jhong Cing Investment	54,634	52,894	V	-	Real estate	Yes
	Kim Great	40,670	39,237	V	-	Real estate	Yes
	Hao-Xin-Di	6,833	6,406	V	-	Real estate	Yes
	Hotai Investment	1,581	1,168	V	-	Vehicle	Yes
	Zetai Investment	875	700	V	-	Vehicle	Yes
	Others	3,310,247	2,904,623	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	3,484,840	3,005,028				
	Total	\$ 11,494,446	\$ 10,746,568				

**For the Year Ended December 31, 2022**

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>
<u>\$ 10,483,666</u>	<u>\$ 12,182,074</u>	0-10.77

Category	December 31, 2022						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	237	\$ 392,615	\$ 356,109	V	-	None	Yes
Household mortgage loans	1,164	7,494,220	7,122,009	V	-	Real estate	Yes
Others:							
	SPL	400,000	70,000	V	-	Real estate	Yes
	Froch Enterprise	248,808	-	V	-	None, Note 1	Yes
	Uni-President Development	130,000	-	V	-	None, Note 1	Yes
	Jhong Cing Investment	58,160	54,634	V	-	Real estate	Yes
	Kim Great	43,566	40,670	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	6,833	V	-	Real estate	Yes
	Hotai Investment	2,406	1,581	V	-	Vehicle	Yes
	Zetai Investment	1,225	875	V	-	Vehicle	Yes
	Yong, Yu-Kang Construction	131	-	V	-	Certificates of deposits	Yes
	Others	3,370,782	2,830,955	V	-	Real estate, certificates of deposits, securities and vehicle	Yes
	Others subtotal	4,295,239	3,005,548				
	Total	\$12,182,074	\$ 10,483,666				



**For the Six Months Ended June 30, 2022**

<b>Ending Balance</b>	<b>Highest Balance</b>	<b>Interest/ Fee Rates (%)</b>	<b>Interest Income</b>
<u>\$ 10,375,419</u>	<u>\$ 11,354,072</u>	0-11.26	<u>\$ 64,420</u>

Category	June 30, 2022						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	250	\$ 413,898	\$ 394,548	V	-	None	Yes
Household mortgage loans	1,143	7,054,702	6,855,361	V	-	Real estate	Yes
Others:							
	SPL	400,000	300,000	V	-	Real estate	Yes
	Froch Enterprise	248,808	49,928	V	-	None, Note 1	Yes
	Jhong Cing Investment	58,160	56,384	V	-	Real estate	Yes
	Kim Great	43,566	42,108	V	-	Real estate	Yes
	Evercast Precision	32,472	-	V	-	Real estate	Yes
	Hao-Xin-Di	7,689	7,260	V	-	Real estate	Yes
	Hotai Investment	2,406	1,994	V	-	Vehicle	Yes
	Zetai Investment	1,225	1,050	V	-	Vehicle	Yes
	Others	3,091,146	2,666,786	V	-	Real estate, certificates of deposits and vehicle	Yes
	Others subtotal	3,885,472	3,125,510				
	<b>Total</b>	<b>\$ 11,354,072</b>	<b>\$ 10,375,419</b>				

Note 1: Non-related party of Bank SinoPac at the loan's signing date.

Note 2: Debtors of related party loans are all within normal credit ranking. The Group estimated the provision for doubtful debt periodically in accordance with the guidelines issued by the authority and IFRSs.

6) Guarantees

December 31, 2022

Related Party	Highest Balance	Ending Balance	Provision	Rates (%)	Type of Collaterals	Note
Yuanta Securities	\$ 820,000	\$ -	\$ -	0.30	None, Note	

Note: Non-related party of Bank SinoPac at the loan's signing date.

7) Notes and bonds transaction

	<b>For the Six Months Ended June 30, 2022</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
SinoPac Securities	\$ -	\$ 7,000,000

8) Deposits from the Central Bank and banks

	<b>June 30, 2023</b>		<b>For the Six Months Ended June 30, 2023</b>
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>	<b>Interest Expense</b>
Hua Nan Bank	<u>\$ 934,580</u>	0.5-5.68	<u>\$ 28,501</u>
		<b>December 31, 2022</b>	
		<b>Ending Balance</b>	<b>Interest Rates (%)</b>
Hua Nan Bank		<u>\$ 1,228,942</u>	0.11-5.35
			<b>For the Six Months Ended June 30, 2022</b>
	<b>June 30, 2022</b>		<b>Interest Expense</b>
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>	
Hua Nan Bank	<u>\$ 3,924,228</u>	0.11-2.80	<u>\$ 9,348</u>

9) Payables

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Cash dividend payable to the Company	<u>\$ 1,435,025</u>	<u>\$ 1,435,025</u>	<u>\$ 1,435,025</u>

10) Deposits

	<b>June 30, 2023</b>	
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>
SinoPac Securities	\$ 5,578,273	0-2
TGL	5,414,382	0.2-1.05
E Ink Holdings	1,843,237	0-1.565
Hsin-Yi Foundation	719,371	0.01-2.2
ScinoPharm	532,438	0.53-1.565
YFY International	490,726	0.001-5.46
SinoPac Securities (Asia)	418,333	0-2.75
TAIFEX	400,000	0.285-1.135
BAROC	397,011	0-1.58
Dream Universe Limited	385,111	0.05
GUC	317,594	0.001-1.51
Hsin Yi Recreation	286,461	0.2-4.7
China Color Printing	273,984	0.53-1.565
SinoPac Securities Venture Capital	256,534	0.53
TaiGen Biotechnology	217,271	0-5
YFY Biotech Management	194,042	0-1.135
Hsinex International	166,348	0.53-5

(Continued)

	<b>June 30, 2023</b>	
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>
SinoPac Securities Investment Service	\$ 166,330	0-4.9
SPL	163,884	0-1.05
Yong Hsin Yi Enterprise	148,786	0.53-5
Taiwan Riken Industrial	140,994	0.001-1.32
Shin Yuan Investment	129,754	0.001-5
YuanHan Materials	127,544	0.001-1.565
Zero One Technology	126,731	0.53-5.09
Rich Optronics (Yangzhou)	107,405	0.05-0.35
Wafer Works (Shanghai)	102,804	0.35
		(Concluded)

	<b>December 31, 2022</b>	
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>
SinoPac Securities	\$ 6,220,948	0-4.55
TGL	4,998,167	0.2-0.85
GUC	1,984,002	0.001-1.01
E Ink Holdings	1,034,254	0-1.44
ScinoPharm	1,034,040	0.405-1.44
Hsin-Yi Foundation	791,639	0.01-1.9
SinoPac Securities (Asia)	513,531	0-2.75
Transyork Technology (Yangzhou)	448,182	0.05-3.1
BAROC	432,384	0-1.455
TAIFEX	400,000	0.285-1.135
Hsin Yi Recreation	281,785	0.2-2
China Color Printing	271,554	0.405-1.44
SPL	268,751	0-0.85
TaiGen Biotechnology	248,812	0-3.25
Dream Universe Limited	222,946	0.05-2
YFY Biotech Management	194,824	0-1.135
Hoss Investment	184,407	0.2-1.7
YuanHan Materials	182,288	0.001-1.44
SinoPac Securities Venture Capital	179,980	0.405
SinoPac Securities Investment Service	173,052	0-1.44
SPIL	162,673	0.35-2.025
Yong Hsin Yi Enterprise	153,080	0.405-4.83
Taiwan Riken Industrial	146,724	0.001-1.195
YFY Investment	145,840	0.05-2.1
Effion Eneritech	132,420	0.405-1.005
Hoss Capital	131,525	0.2-0.85
Shin Yuan Investment	126,312	0.001-4.83
Shin Foong Specialty And Applied Materials	106,957	0.405-0.85
Everterminal	100,301	0.285-0.865

	<b>June 30, 2022</b>	
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>
SinoPac Securities	\$ 6,388,870	0-1.1
Pegatron	4,697,176	0.08-0.63
E Ink Holdings	1,169,049	0.001-1.19
GUC	1,149,456	0.001-1.01
SinoPac Securities (Asia)	1,054,626	0-0.9
Hsin-Yi Foundation	763,855	0.01-2.3
Transyork Technology (Yangzhou)	671,148	0.05-3.1
YFY Investment	617,407	0.05-2.1
TaiGen Biotechnology	589,194	0-1.19
SinoPac Capital International (HK) Limited	403,061	0.001-0.2
Dream Universe Limited	343,027	0.05-2.0
New Field e-Paper	309,406	0.155-0.2
China Color Printing	275,330	0.155-1.19
Hsin Yi Recreation	267,116	0.155-2.0
SPIL	232,982	0.35-2.025
YFY Biotech Management	215,333	0-0.76
YFY Packaging (Yangzhou)	208,725	0.35-2.1
TAIFEX	200,001	0.08-0.76
SinoPac Securities Venture Capital	190,838	0.155
Effion Enertech	177,449	0.155-0.705
SinoPac Securities Investment Service	164,256	0-1.19
SinoPac Futures	162,924	0.001-1.135
Yong Hsin Yi Enterprise	150,766	0.155-1.37
YuanHan Materials	146,023	0.001-1.19
SPL	129,977	0-0.2
Shin Yuan Investment	113,099	0.001-2.03
Taiwan Riken Industrial	101,856	0.001-0.76

11) Lease

Bank SinoPac and its subsidiaries as a lessee.

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Lease liabilities			
SPL	\$ 589,218	\$ 608,016	\$ 629,718

SinoPac Securities and its subsidiaries

1) Cash and cash equivalents

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Bank SinoPac	\$ 4,291,714	\$ 5,098,342	\$ 5,832,441
Grand Bills Finance	439,735	864,418	-
TAIFEX	321,755	362,323	649,154
Hua Nan Bank	<u>2,849</u>	<u>871,711</u>	<u>2,423</u>
	<u>\$ 5,056,053</u>	<u>\$ 7,196,794</u>	<u>\$ 6,484,018</u>

Cash and cash equivalents included other financial assets - current, other current assets - settlement, underwriting receipts under custody and separated account for customer.

	June 30, 2023	December 31, 2022	June 30, 2022
2) Customer margin deposits			
TAIFEX	<u>\$ 7,230,630</u>	<u>\$ 7,801,246</u>	<u>\$ 8,000,115</u>
3) Current financial assets at fair value through profit or loss			
Future margin - securities			
TAIFEX	\$ 1,710,605	\$ 848,754	\$ -
Futures margin-own funds			
TAIFEX	754,165	394,306	1,130,053
Operating securities (Non - equity Investments)			
Elite Material	222,863	170,573	-
Funds managed by SinoPac Securities Investment Trust	158,214	166,362	269,089
Listed shares			
Elite Material	263,686	2,397	13,522
GUC	149,832	2,181	1,340
Chunghwa Telecom	<u>123,207</u>	<u>36,847</u>	<u>34,655</u>
	<u>\$ 3,382,572</u>	<u>\$ 1,621,420</u>	<u>\$ 1,448,659</u>
4) Derivative financial instruments - contract (notional) amount			
Interest rate swap contracts			
Bank SinoPac	<u>\$ 675,000</u>	<u>\$ 675,000</u>	<u>\$ 675,000</u>
Assets swap options			
Grand Bills Finance	<u>\$ 321,600</u>	<u>\$ 421,600</u>	<u>\$ 410,800</u>
5) Securities purchased under resell agreements			
Grand Bills Finance	<u>\$ 927,627</u>	<u>\$ 351,154</u>	<u>\$ 731,574</u>
6) Current income tax assets			
SPH	<u>\$ 300,306</u>	<u>\$ 292,326</u>	<u>\$ 168,049</u>
7) Restricted assets - current			
Bank SinoPac	<u>\$ 1,205,560</u>	<u>\$ 1,030,560</u>	<u>\$ 1,030,560</u>

	June 30, 2023	December 31, 2022	June 30, 2022
8) Guarantee deposits			
Bank SinoPac	\$ 715,172	\$ 715,626	\$ 715,612
TAIFEX	<u>236,762</u>	<u>224,818</u>	<u>227,167</u>
	<u>\$ 951,934</u>	<u>\$ 940,444</u>	<u>\$ 942,779</u>
9) Financial assets at fair value through other comprehensive income			
TAIFEX	\$ 302,636	\$ 313,852	\$ 344,560
Chunghwa Telecom	261,543	253,685	303,170
Quanta Computer	<u>-</u>	<u>-</u>	<u>134,543</u>
	<u>\$ 564,179</u>	<u>\$ 567,537</u>	<u>\$ 782,273</u>
10) Commercial papers payable - face amount			
Grand Bills Finance	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>
11) Current income tax liabilities			
SPH	<u>\$ 121,201</u>	<u>\$ 97,457</u>	<u>\$ 100,523</u>
12) Notes and bonds transaction			

	<b>For the Six Months Ended June 30, 2023</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Grand Bills Finance	\$ 65,518,882	\$ 65,943,565
Hua Nan Bank	10,144,793	11,200,982
Asia Cement	300,000	-

	<b>For the Six Months Ended June 30, 2022</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Bank SinoPac	\$ 7,000,000	\$ -
Grand Bills Finance	6,458,998	4,900,000
Hua Nan Bank	698,776	1,250,000
Chunghwa Telecom	500,000	-

13) Brokerage fee expense

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
TAIFEX	\$ 101,317	\$ 131,864
TWSE	<u>-</u>	<u>135,187</u>
	<u>\$ 101,317</u>	<u>\$ 267,051</u>

SinoPac Venture Capital

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
1) Financial assets at fair value through profit or loss			
TaiGen Biopharmaceuticals	<u>\$ 374,710</u>	<u>\$ 347,437</u>	<u>\$ 374,088</u>
2) Financial assets at fair value through other comprehensive income			
Sun He Energy	<u>\$ 113,486</u>	<u>\$ 109,690</u>	<u>\$ -</u>

SinoPac Leasing and its subsidiaries

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
1) Cash and cash equivalents			
Bank deposits			
Bank SinoPac	\$ 244,599	\$ 355,415	\$ 533,038
Bank SinoPac (China)	<u>97,770</u>	<u>162,673</u>	<u>232,982</u>
	<u>\$ 342,369</u>	<u>\$ 518,088</u>	<u>\$ 766,020</u>
2) Current income tax assets			
SPH	<u>\$ 306,666</u>	<u>\$ 306,570</u>	<u>\$ 69,944</u>
3) Commercial papers payable - face amount			
Grand Bills Finance	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 300,000</u>
4) Short-term and long-term borrowings			
Borrowings from banks			
Bank SinoPac	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 300,000</u>

- 5) As of June 30, 2023, December 31, 2022 and June 30, 2022, borrowings and derivative financial instruments from Bank SinoPac for SinoPac Leasing and its subsidiaries totaling \$979,763, \$1,029,618 and \$1,024,645, respectively, and investment properties were provided as collaterals for SinoPac Leasing's borrowings.

#### 46. PLEDGED OR MORTGAGED ASSETS

In addition to those disclosed in other Notes, pledged or restricted assets of the Group are summarized as follows:

Restricted Assets	Object	June 30, 2023	December 31, 2022	June 30, 2022	Remarks
Financial assets at fair value through other comprehensive income	Bank debentures	\$ 835,273	\$ -	\$ -	Note 1
Investment in debt instruments at amortized cost	Certificates of deposits	8,155,763	8,153,618	8,148,645	Note 2
Investment in debt instruments at amortized cost	Government bonds	1,511,798	1,462,398	1,488,905	Note 3
Discounts and loans	Loans	20,898,028	16,610,100	16,847,855	Note 4
Other financial assets	Certificates of deposits and time deposits	440,000	450,000	450,000	Note 5
Investment properties	Land and land improvements and buildings	715,553	716,367	717,338	Note 6
Properties and equipment	Land and buildings	1,027,629	1,036,540	1,045,452	Note 6
Right-of-use assets	Land and surface rights	921,255	939,300	957,343	Note 7

Note 1: Pledged with repurchase agreement.

Note 2: Bank SinoPac pledged in accordance with the Central Bank for foreign-exchange, with the Mega Bank for USD foreign-exchange settlement and with requirements of the California Department of Financial Institutions.

Note 3: Bank SinoPac's guarantees of dealing and underwriting business, a trust reserve fund, guarantees of bills financial service, reserve for payment of VISA international card, pledged to court as collaterals for filing provisional seizure and disposition and Hong Kong branch's clearing system of real-time gross settlement.

Note 4: Bank SinoPac pledged in accordance with the Federal Reserve Bank under the discount window program.

Note 5: Pledged with intraday overdraft of settlement banks, and assets pledged to financial institutions as guarantees for commercial papers issued and pledged to obtain credit line for short-term borrowings and bank overdraft.

Note 6: Assets pledged to financial institutions as guarantees for commercial papers issued and pledged to obtain credit line for borrowings and bank overdraft.

Note 7: Loan collateral.



#### 47. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. In addition to those disclosed in other notes, significant unrecognized commitments of the Group as of June 30, 2023, December 31, 2022 and June 30, 2022 are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Trust assets	\$ 859,920,061	\$ 754,698,688	\$ 725,955,977
Securities under custody	236,848,594	229,382,736	204,126,840
Agent for government bonds	96,445,000	84,867,900	86,242,300
Receipts under custody	24,172,501	24,867,070	28,055,225
Agent for marketable securities under custody	10,403,300	16,758,120	8,389,210
Guarantee notes payable	8,779,663	8,739,018	8,777,645
Appointment of investment	7,138,546	6,434,557	5,727,270
Goods under custody	936,745	1,083,102	1,062,564

As of June 30, 2023, in addition to above mentioned unrecognized commitments, Bank SinoPac and SinoPac Securities had applied for tax concessions to Ministry of Finance regarding their technical support service expenditure relating to financial transaction system, and had jointly signed to the system manufacturer the letter of which indemnity of the total compensation is not more than US\$1,300 thousand to obtain the proxy of the manufacturer thereof to apply for foresaid tax concession. The compensation distributable to Bank SinoPac is US\$867 thousand and to SinoPac Securities is US\$433 thousand. The deadline for compensation guarantee period is December 31, 2027.

In order to continue the practical application and deepening cooperation of the artificial intelligence research with National Cheng Kung University to accelerate the digital transformation, the board of directors of Bank SinoPac continued to sign the third phase of the agreement with the total budget of \$30,000 enterprise and industry cooperation and donation agreement effective from July 1, 2023 through June 30, 2026 in May 2023. As of June 30, 2023, the Bank recognized operating expense in the amount of \$15,000.

- b. The Group entered into contracts to buy computers and office equipment for \$870,409 and \$880,731, of which \$575,643 and \$555,805 had not been paid as of June 30, 2023 and 2022.
- c. Contingent liabilities and contingencies

1) The Securities and Futures Investors Protection Center (SFIPC) filed a lawsuit against Bank SinoPac and SinoPac Leasing Corporation's (SPL) subsidiary, Grand Capital International Limited (renamed as SinoPac Capital International Limited on October 4, 2018, liquidated), on the ground that Procomp Informatics Ltd. (Procomp) deposited US\$10,000 thousand in Bank SinoPac's Shisung Branch (formerly Sungshan Branch) and placed a restriction on the use of this deposit as a condition for a short-term loan to Addie International Limited granted by SPL and for allegedly helping Yeh, Sue-Fei and Procomp do irregular trading. But at the same time, Procomp used the restricted deposit for fictitious sale transactions. Later, when problems on Procomp's account arose, Bank SinoPac and SPL demanded compensation, which was taken from Procomp's account, resulting in damage to Procomp. Bank SinoPac was suspected of misleading investors by concealing the restricted status of Procomp's deposit and window dressing Procomp's financial statements. On behalf of investors, the SFIPC filed a lawsuit against Bank SinoPac, SPL and all other parties related to Procomp jointly. The amount of the claim was \$4,207,212 in total.

Both the court of the first instance and the second instance ruled in favor of Bank SinoPac and SPL. The court believes that Bank SinoPac and SinoPac Leasing are not liable for the damage of Procomp as they do not hold rights and obligations to the edition, approval, recognition and announcement of Procomp's financial statements and Bank SinoPac and SinoPac Leasing did not conspire with Procomp to conceal the restricted status of Procomp.

However, the SFIPC decided to file an appeal on January 20, 2016. The Supreme Court reversed the declared judgment on July 26, 2017 and remanded the case to Taiwan High Court. The case is still under process. The SFIPC reduced their declaration to \$4,161,366, and once again reduced their declaration to \$4,161,219.

The Taiwan High Court ruled in favor of Bank SinoPac and SinoPac Leasing on May 7, 2019. However, the SFIPC decided to file an appeal to the Supreme Court on June 6, 2019. On March 17, 2021, the Supreme Court dismissed the appeal to SinoPac Leasing (conviction affirmed), and remanded Bank SinoPac's case to Taiwan High Court, currently under trial by Taiwan High Court.

- 2) Bank SinoPac dealt with Skwentex International Corporation (Skwentex) regarding Skwentex's receivables from Siltrontech Electronics Corporation. The relevant accounts receivable transaction involved suspected false cycle trading and was investigated by the Taiwan New Taipei District Prosecutors in 2015. This case was still under process by the Criminal Court. Due to the abnormal and suspected unlawful accounts receivable transaction, Bank SinoPac cannot pay the consideration of accounts receivable to Skwentex in accordance with the credit contract. Skwentex sued Bank SinoPac in July 2017 and demanded a compensation of \$214,471.

The Taiwan Taipei District Court ruled in favor of Bank SinoPac on February 27, 2020. Skwentex was dissatisfied and appealed in March 2020. The Taiwan Taipei District Court ruled in favor of Bank SinoPac on May 24, 2023.

- 3) In the years 1999 to 2006, the former salesman, Mr. Zhu of Pacific Securities which was merged by SinoPac Securities in 2012, appeared to have debt disputes with the customer Mr. Chen and other three people due to bond sales. The customers filed civil complaint at the Taiwan Taipei District Court against SinoPac Securities asking for \$13,000 damage compensation. This case happened long ago, and Mr. Zhu resigned in 2016. At present, it is only known that Mr. Zhu appeared to fabricate the fact of government bonds repurchase transaction to cause the customer to be defrauded and Mr. Chen also sued the plaintiff Mr. Zhu of this case for criminal lawsuit. The appeal was rejected by the Taiwan District Court, after Chen Jun appealed to the Taiwan High Court, SinoPac Securities should pay Chen Jun NT\$3 million and interest calculated at an annual interest rate of 5% from September 17, 2018 to the settlement date. Since the plaintiff did not submit the original copy of the exhibit, the existence of the content rights of the plaintiff is still controversial, SinoPac Securities had appealed to the Supreme Court in November 14, 2022, and the appeal is expected to be remanded after a legal opinion is issued by the appointed lawyer.
- 4) Plaintiff Mr. Tang filed a civil complaint against SinoPac Securities (Asia) in January 2018. The plaintiff claimed that SinoPac Securities (Asia) committed a breach of obligation and liable for HK\$59,670 thousand for his loss in stock transfer without authorization. However, SinoPac Securities (Asia) transferred the stocks based on stock purchase and sale agreement and Mr. Tang's order and was not liable for the loss. SinoPac Securities (Asia) entrusted an external lawyer to handle the case and would take all necessary actions to defend SinoPac Securities (Asia) against the claim.

## 48. HIERARCHY AND FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

### a. The definition of the hierarchy:

#### 1) Level 1

Financial instruments are traded in active market and have the identical price for the same financial instruments. "Active market" should fit the following characteristics:

- a) All financial instruments in the market are homogeneous;
- b) Willing buyers and sellers exist in the market all the time;
- c) The public can access the price information easily.

#### 2) Level 2

The products categorized in this level have the prices that can be inferred from either direct or indirect observable inputs other than the active market's prices. Examples of these inputs are:

- a) Quoted prices from the similar products in the active market. This means the fair value can be derived from the current trading prices of similar products. It is also noted that whether they are similar products should be judged by the characteristics and trading rules. The fair value valuation in this circumstance may make some adjustment due to time lags, trading rule's differences, related parties' prices, and the correlation of price between itself and the similar instruments.
- b) Quoted prices for identical or similar financial instruments in inactive markets.
- c) When marking-to-model, the input of model in this level should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be attained from market and can reflect the expectation of market participants.
- d) Inputs which can be derived from other observable prices or whose correlation can be verified through other observable market data.

#### 3) Level 3

The fair prices of the products in this level are based on the inputs other than the direct market data. For example, historical volatility used in valuing options is an unobservable input, because it cannot represent the entire market participants' expectation for future volatility.

b. Financial instrument measured at fair value

1) Hierarchy information of fair value of financial instruments

Financial Instruments Measured at Fair Value	June 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	\$ 23,245,490	\$ 21,226,172	\$ 166,334	\$ 1,852,984
Bonds	44,170,955	34,759,705	8,497,404	913,846
Others	19,240,954	9,319,594	9,921,360	-
Financial assets designated at fair value through profit or loss				
Bonds	4,718,569	4,718,569	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	32,057,767	27,346,081	2,074,125	2,637,561
Debt instruments at fair value through other comprehensive income				
Bonds	159,726,856	68,119,670	89,657,299	1,949,887
Certificates of deposits and others	141,069,822	572,238	140,497,584	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	11,394,245	11,394,245	-	-
Financial liabilities designated at fair value through profit or loss	1,855,985	-	1,855,985	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	47,550,295	3,292,157	41,130,295	3,127,843
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	40,004,902	498,770	37,557,800	1,948,332
Financial liabilities designated as at fair value through profit or loss	14,243,953	-	14,213,656	30,297

Financial Instruments Measured at Fair Value	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	\$ 7,781,723	\$ 5,623,606	\$ 25,792	\$ 2,132,325
Bonds	32,710,915	21,785,678	9,069,942	1,855,295
Others	11,287,609	4,050,072	7,237,537	-
Financial assets designated at fair value through profit or loss				
Bonds	4,326,990	4,326,990	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	25,576,964	20,701,042	2,116,326	2,759,596
Debt instruments at fair value through other comprehensive income				
Bonds	164,328,234	79,540,169	82,833,719	1,954,346
Certificates of deposits and others	146,233,649	554,582	145,679,067	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	12,219,095	12,219,095	-	-
Financial liabilities designated at fair value through profit or loss	1,790,442	-	1,790,442	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	35,536,619	1,581,628	31,338,589	2,616,402
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	34,114,721	314,841	32,292,797	1,507,083
Financial liabilities designated as at fair value through profit or loss	11,640,564	-	11,622,529	18,035

Financial Instruments Measured at Fair Value	June 30, 2022			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL				
Stocks	\$ 12,018,850	\$ 9,784,527	\$ 19,895	\$ 2,214,428
Bonds	37,916,708	28,494,647	8,089,314	1,332,747
Others	10,330,537	4,190,840	6,139,697	-
Financial assets designated at fair value through profit or loss				
Bonds	5,249,126	4,944,653	304,473	-
Financial assets at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income				
Stocks and others	25,740,590	20,768,077	1,891,156	3,081,357
Debt instruments at fair value through other comprehensive income				
Bonds	179,922,157	98,783,250	79,223,337	1,915,570
Certificates of deposits and others	133,661,651	537,669	133,123,982	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	14,878,643	14,878,643	-	-
Financial liabilities designated at fair value through profit or loss	1,694,445	-	1,694,445	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily classified as at FVTPL	37,444,852	1,671,685	33,911,277	1,861,890
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	32,986,665	186,158	31,550,263	1,250,244
Financial liabilities designated as at fair value through profit or loss	10,039,646	-	9,995,016	44,630

## 2) Fair value measurement technique

Financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income with quoted price in an active market are using market price as fair value; financial instruments above with no quoted price in an active market are estimated by valuation methods. The estimation and assumption of valuation method the Group used is the same as market participants'. The Group can obtain this information.

The basis of fair value estimation used by the Group is as follows:

The fair value of forward contract, interest rate swap contracts, cross currency swap contracts is measured by the discounted cash flow method; the fair value of option is measured by Black & Scholes Model.

Fair values of forward contracts are estimated on the basis of the foreign exchange rates. Structured product is measured by opponents' price based on match basis. This method diminished market risk to zero. Fair value of interest rate swap contracts and cross currency swap contracts are estimated on the basis of market quotation.

Fair value are determined as follows: (a) listed stocks and Taipei Exchange stocks and Stocks of Real Estate Investment Trust - closing prices as of the balance sheet date; (b) beneficial certificates (open-end funds), net asset values as of the balance sheet date; (c) bonds-period-end reference prices published by the Taipei Exchange or internal model prices; (d) bank debentures issued overseas and the overseas bonds-period-end reference prices published by market quotation, calculated through an internal model or provided by a counter-party.

The Group assessed the active level of market and the adequacy of fair value of emerging stocks and measured the investments at fair value.

The Group assessed the fair value of unlisted counters using the market method, income method and asset method. The above methods use the price and other relevant information generated by the market transactions involving comparable or comparable assets, liabilities or assets and liabilities.

3) Credit risk valuation adjustment is set out below:

Credit risk valuation consists of credit valuation adjustment and debit valuation adjustment.

Credit valuation adjustment adopts for derivative contracts trading in other than exchange market, over-the-counter, and reflects the non-performance risk of counter party on fair value.

Debit valuation adjustment adopts for derivative contracts trading in other than exchange market, over-the-counter, and reflects the non-performance risk of the Group on fair value.

The Group calculated debit and credit valuation adjustment based on models with inputs of Probability of Default (PD) and Loss Given Default (LGD) multiplying Exposure at Default (EAD).

The Group calculated EAD based on mark-to-market fair value of OTC derivative instruments.

The Group takes 60% as the standard LGD of counter parties, and subject to change under the risk nature and data feasibility.

The Group take credit risk valuation adjustment into valuation of the fair value of financial instruments, thus reflect the credit quality of counter parties and the Group.

4) Transfer between Levels 1 and 2

For the six months ended June 30, 2023, the Group transferred part of the government bonds, corporate bonds and bank debentures amounts \$12,386,129 transferred from Levels 1 to 2 because the Group determined these investments were not in an active market.

For the six months ended June 30, 2022, the Group transferred part of the government bonds, corporate bonds, bank debentures and certificates of deposits amounts \$9,422,875 transferred from Levels 1 to 2 because the Group determined these investments were not in an active market.

5) Reconciliation of Level 3 items of financial instruments

a) Reconciliation of Level 3 items of financial assets

For the Six Months Ended June 30, 2023									
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/Issued	Transfer to Level 3 (Note)	Disposed/Sold	Transfer Out of Level 3 (Note)		
<u>Non-derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL									
Stock	\$ 2,132,325	\$ 192,278	\$ -	\$ 55,317	\$ 11,145	\$ (184,550)	\$ (353,637)	\$ 106	\$ 1,852,984
Bonds	1,855,295	5,383	-	13,021	-	(939,297)	(28,303)	7,747	913,846
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	2,759,596	-	(161,509)	44,919	-	(5,445)	-	-	2,637,561
Debt instruments at FVTOCI									
Bonds	1,954,346	-	(20,544)	3,221	-	-	-	12,864	1,949,887
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	2,616,402	511,441	-	-	-	-	-	-	3,127,843

For the Six Months Ended June 30, 2022									
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Effects of Changes in Exchange Rate	Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/Issued	Transfer to Level 3 (Note)	Disposed/Sold	Transfer Out of Level 3 (Note)		
<u>Non-derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL									
Stock	\$ 2,111,951	\$ (162,656)	\$ -	\$ 536,397	\$ 72,438	\$ (285,497)	\$ (58,205)	\$ -	\$ 2,214,428
Bonds	1,300,317	(22,378)	-	117,748	-	(150,187)	-	87,247	1,332,747
Financial assets at fair value through other comprehensive income									
Equity instruments at FVTOCI									
Stock	3,373,295	-	(291,938)	-	-	-	-	-	3,081,357
Debt instruments at FVTOCI									
Bonds	1,641,729	-	(13,059)	202,811	-	-	-	84,089	1,915,570
Certificates of deposits	426,093	-	(26)	-	-	(450,775)	-	24,708	-
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Financial assets mandatorily classified as at FVTPL	449,176	1,412,714	-	-	-	-	-	-	1,861,890

Note: Items are transferred to Level 3 for the six months ended June 30, 2023 and 2022 for lack of observable price (due to the inactive transaction in the securities market); items transferring out of Level 3 are because the price can be attained from the securities market.

For the six months ended June 30, 2023 and 2022, the gains on valuation included in net income with assets still held were \$1,020,967 and \$1,737,704, respectively.

For the six months ended June 30, 2023 and 2022, the losses on valuation included in other comprehensive income with assets still held were \$182,053 and \$305,023, respectively.

b) Reconciliation of Level 3 items of financial liabilities

For the Six Months Ended June 30, 2023									
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effect of Changes in Exchange Rate	Ending Balance	
			Purchase/Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3			
<u>Derivative financial instruments</u>									
Financial liabilities at fair value through profit or loss									
Held-for-trading financial liabilities	\$ 1,507,083	\$ 441,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,948,332
Financial liabilities designated as at fair value through profit or loss	18,035	847	124,869	-	(113,454)	-	-	-	30,297

For the Six Months Ended June 30, 2022									
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effect of Changes in Exchange Rate	Ending Balance	
			Purchase/Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3			
<u>Derivative financial instruments</u>									
Financial liabilities at fair value through profit or loss									
Held-for-trading financial liabilities	\$ 757,540	\$ 492,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250,244
Financial liabilities designated as at fair value through profit or loss	89,753	(22,248)	44,698	-	(67,573)	-	-	-	44,630



For the six months ended June 30, 2023 and 2022, the losses on valuation included in net income with liabilities still held were \$764,269 and \$839,012, respectively.

6) Quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement

Quantitative information about the significant unobservable inputs is set out below:

June 30, 2023

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
Derivative financial instruments					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
and held-for-trading					
financial liabilities					
Interest rate swap contracts	\$ 2,742,125	\$ 1,562,819	Sellers' quote	(Notes 1 and 2)	-
Currency swap contracts-Hybrid FX swap structured instruments	357,070	356,878	Sellers' quote	(Note 1)	-
Others	28,648	28,635	Sellers' quote	(Note 1)	-
	<u>\$ 3,127,843</u>	<u>\$ 1,948,332</u>			
Financial instruments designated as at fair value through profit or loss					
Liabilities for structured note	\$ -	\$ 30,297	Self-built option pricing model	Volatility	3%-38% (Note 4)
Non-derivative financial instruments					
Financial instruments at fair value through profit or loss					
Financial assets mandatorily classified as at FVTPL					
Stock	\$ 1,852,984	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity	0%-35%
Bonds	913,846	-	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 2,766,830</u>	<u>\$ -</u>			
Financial assets at fair value through other comprehensive income					
Equity instruments at FVTOCI					
Stock	\$ 2,637,561	\$ -	Market approach or asset approach or income approach or market value with liquidity valuation discount	Others shareholders and discount factor of liquidity	0%-35%
Debt instruments at FVTOCI					
Bonds	1,949,887	-	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 4,587,448</u>	<u>\$ -</u>			

December 31, 2022

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
Derivative financial instruments					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL and held-for-trading financial liabilities					
Interest rate swap contracts	\$ 1,928,089	\$ 819,142	Sellers' quote	(Notes 1 and 2)	-
Currency swap contracts-Hybrid FX swap structured instruments	379,401	379,196	Sellers' quote	(Note 1)	-
Others	<u>308,912</u>	<u>308,745</u>	Sellers' quote	(Note 1)	-
	<u>\$ 2,616,402</u>	<u>\$ 1,507,083</u>			
Financial instruments designated as at fair value through profit or loss Liabilities for structured note	<u>\$ -</u>	<u>\$ 18,035</u>	Self-built option pricing model	Volatility	3%-33% (Note 5)
Non-derivative financial instruments					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL					
Stock	\$ 2,132,325	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity	0%-35%
Bonds	<u>1,855,295</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 3,987,620</u>	<u>\$ -</u>			
Financial assets at fair value through other comprehensive income Equity instruments at FVTOCI					
Stock	\$ 2,759,596	\$ -	Market approach or asset approach or income approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity	0%-35%
Debt instruments at FVTOCI					
Bonds	<u>1,954,346</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 4,713,942</u>	<u>\$ -</u>			

June 30, 2022

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL and held-for-trading financial liabilities					
Interest rate swap contracts	\$ 922,738	\$ 311,599	Sellers' quote	(Notes 1 and 2)	-
Currency swap contracts-Hybrid FX swap structured instruments	380,477	380,272	Sellers' quote	(Note 1)	-
Others	<u>558,675</u>	<u>558,373</u>	Sellers' quote	(Note 1)	-
	<u>\$ 1,861,890</u>	<u>\$ 1,250,244</u>			
Financial instruments designated as at fair value through profit or loss Liabilities for structured note	<u>\$ -</u>	<u>\$ 44,630</u>	Self-built option pricing model	Volatility	3%-24% (Note 6)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss Financial assets mandatorily classified as at FVTPL					
Stock	\$ 2,214,428	\$ -	Market approach or asset approach or market value with liquidity valuation discount	Other shareholders and discount factor of liquidity	0%-35%
Bonds	<u>1,332,747</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or sellers' quote	(Note 3)	-
	<u>\$ 3,547,175</u>	<u>\$ -</u>			
Financial assets at fair value through other comprehensive income Equity instruments at FVTOCI					
Stock	\$ 3,081,357	\$ -	Market approach or asset approach or income approach or market value with liquidity valuation discount	Others shareholders and discount factor of liquidity	0%-35%
Debt instruments at FVTOCI					
Bonds	<u>1,915,570</u>	<u>-</u>	Taipei Exchange's quote or Bloomberg's quote or Sellers' quote	(Note 3)	-
	<u>\$ 4,996,927</u>	<u>\$ -</u>			

Note 1: On pairs of back-to-back transactions, consequences of significant unobservable inputs and fair values are not fully captured in practice. Therefore, both inputs are not disclosed.

Note 2: Considering the risk model, the seller's quotation is provided for reference; consequences of significant unobservable inputs and fair values are not fully captured in practice. Therefore, both inputs are not disclosed.

Note 3: Due to zero coupon callable bonds and international bonds listed in the OTC market lack liquidity, no observable liquidity reduction factor could be obtained. Therefore, no disclosure has been made.

Note 4: The stock price volatilities of structured notes issued by SinoPac Securities and its' subsidiaries were between 3% and 38%.

Note 5: The stock price volatilities of structured notes issued by SinoPac Securities s and its' subsidiaries were between 3% and 33%.

Note 6: The stock price volatilities of structured notes issued by SinoPac Securities s and its' subsidiaries were between 3% and 24%.

7) Valuation processes for fair value measurements categorized within Level 3

The Group assesses the derivative financial instruments' fair values according to the quote by counterparties; related assessments are compiled as risk-control reports and inform the manager and the board of directors by month.

The risk management department is responsible for independent testify of fair value of non-derivative financial instruments. The team also use the independent source date to bring the assessment results closer to market conditions, confirm that data sources are independent, reliable, consistent with other resources and represent executable price, calibrate the evaluation model periodically and update input values and data required for the evaluation model to ensure the evaluation results are reasonable.

8) The sensitivity analysis of reasonable, possible and alternative hypothesis for the Level 3 of fair value measurements

The Group evaluates financial instruments reasonably, although using different valuation model and parameter, may cause different valuation results. For financial instruments classified as Level 3 and the fair value source used lacks observable input, i.e., liquidity reduction factor. If the change of estimated liquidity cost, estimated at 99% confidence interval and based on historical data of market turnover in the past two years, are included in the estimation, the impact on profit and loss is as follows:

June 30, 2023

Item	Changes in the Fair Value Reflected on Current Profit or Loss	
	Unfavorable Change	Favorable Change
<u>Asset</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at fair value through profit or loss	<u>\$ (83,119)</u>	<u>\$ 83,119</u>
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (25,680)</u>	<u>\$ 25,680</u>

December 31, 2022

Item	Changes in the Fair Value Reflected on Current Profit or Loss	
	Unfavorable Change	Favorable Change
<u>Asset</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at fair value through profit or loss	<u>\$ (94,250)</u>	<u>\$ 94,250</u>
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (37,145)</u>	<u>\$ 37,145</u>

June 30, 2022

Item	Changes in the Fair Value Reflected on Current Profit or Loss	
	Unfavorable Change	Favorable Change
<u>Asset</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at fair value through profit or loss	<u>\$ (83,105)</u>	<u>\$ 83,105</u>
Financial assets at fair value through other comprehensive income		
Debt instruments at fair value through other comprehensive income	<u>\$ (24,506)</u>	<u>\$ 24,506</u>

c. Financial instruments not carried at fair value

1) Fair value information of financial instruments

Financial instruments not carried at fair value excluding the table below are reasonably close to their fair value, therefore no additional disclosure, for example: Cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreement, receivables, discounts and loans, some other financial assets, deposits from the Central Bank and banks, securities sold under repurchase agreements, commercial papers, payables, deposits and remittances, short-term and long-term borrowings, liability component of preferred stock and other financial liabilities.

Items	<u>June 30, 2023</u>	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 273,843,137	\$ 264,019,770
Bonds payable	71,244,936	70,484,683

Items	December 31, 2022	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 225,460,151	\$ 215,147,668
Bonds payable	71,242,261	70,088,954

  

Items	June 30, 2022	
	Carrying Amount	Fair Value
Investments in debt instruments at amortized cost	\$ 198,175,906	\$ 190,112,156
Bonds payable	70,983,482	70,126,258

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 264,019,770	\$ 70,315,529	\$ 193,704,241	\$ -
Bonds payable	70,484,683	-	44,729,683	25,755,000

Assets and Liabilities Item	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 215,147,668	\$ 42,163,904	\$ 172,983,764	\$ -
Bonds payable	70,088,954	-	44,333,954	25,755,000

Assets and Liabilities Item	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments in debt instruments at amortized cost	\$ 190,112,156	\$ 31,694,092	\$ 158,418,064	\$ -
Bonds payable	70,126,258	4,911,075	39,016,095	26,199,088

3) Methods and assumptions applied in estimating the fair values of financial instruments not carried at fair value are as follows:

- a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreement, receivables, some of other financial assets, deposits from the Central Bank and banks, commercial papers payables, securities sold under repurchase agreements, short-term borrowings, payables and other financial liabilities their fair value because of the short maturity or the similarity of the carrying amount and future price.
- b) Discounts and loans (including non-performing loans): The Group usually uses base rate (floating rate) as loan rate because it can reflect market rate. Thus, using its carrying amount to consider the probability of repossession and estimate its fair value is reasonable. Long-term loans with fixed rate should estimate its fair value by its discounted value of expected cash flow. Because this kind of loans is not significant in this item, using its carrying amount to consider the probability of repossession and estimate its fair value should be reasonable.

- c) The investments in debt instruments at amortized cost: The debt instruments investments at amortized cost with quoted price in an active market are using market price as fair value; the debt instruments investments at amortized cost with no quoted price in an active market are estimated by valuation methods or opponent's price.
- d) Deposits and remittances: Considering banking industry's characteristic, since deposits have one-year maturity and measured by market rate (market value), using carrying value to assess fair value is reasonable. For deposits with three-years maturity are measured by discounted cash flow, using carrying value to assess fair value is reasonable.
- e) Bonds payable: Bonds payable with quoted price in an active market use market price or price quotations from counterparties to estimate fair value; bonds payable with no quoted price in an active market are estimated by valuation methods or based on prices of similar instruments.
- f) Investments accounted for using equity method: The fair value of unquoted equity investments and investments accounted for using equity method cannot be reliably measured because there is no quoted price in an active market, the interval of variable fair value measurements is significant or the probability of the estimations in the variable interval cannot be reasonably assessed. Hence, no fair value can be disclosed.
- g) Liability components of preferred stocks: These liability components are interest-bearing liabilities with floating interest rates; thus, their carrying amounts represent fair value.
- h) Long-term borrowings: These borrowings are interest-bearing liabilities with floating interest rates; thus, their carrying amounts represent fair value.

## 49. FINANCIAL RISK MANAGEMENT

### Bank SinoPac and Its Subsidiaries

#### a. Overview

Bank SinoPac and its subsidiaries document the risk management policies, including overall operating strategies and risks control philosophy. Bank SinoPac and its subsidiaries' overall risk management policies are to minimize the possibility of potential unfavorable factors. The board of directors approves the documentation of overall risk management policies (including climate risk) and specific risk management policies; including credit risk, liquidity risk, market risk, operational risk, derivative instruments transactions and managements. The board of directors reviews the policies regularly, and reviews the operation to make sure Bank SinoPac and its subsidiaries' policies are executed properly.

#### b. Risk management framework

The board of directors is the top risk supervisor of Bank SinoPac and its subsidiaries. The board not only reviewed risk management policies and rules but also authorized management to be in charge of daily risk management work. Bank SinoPac has set up a risk management committee under the chairman of the Board to be responsible for the services above; Bank SinoPac has also set up a credit committee. The credit committee helps the board of directors approve cases over general manager's authority and cases related to credit risk investment under the board's authorization, reporting to the Board of Directors on a regular basis.

Bank SinoPac and its subsidiaries comply with the sustainability policies of the competent authorities and SPH, establishing climate risk and opportunity-related regulations. The regulations outline the governance framework and management mechanisms for climate risk and opportunity, including the responsibilities of the board of directors, executives and three lines of defense.

The board of directors authorized Bank SinoPac and its subsidiaries' management to supervise risk management activities, evaluate the performance and confirm every risk management agent having essential code of ethic and professional skills. Internal audit is responsible for the periodic review of risk management and the control environment, then reports the results directly to the board of directors.

Bank SinoPac has set up a risk management department to control risk management policies, establish rules, plan and set up risk management system. The risk management department executes these policies based on the board's approval, then reports the results and performance reviews to the authority or the board.

c. Credit risk

1) Sources and definitions of credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from lending, trade finance, treasury, and credit derivatives. The issuer's credit risk should be considered as part of the market risk when the investment target is securities in an active market.

2) Policies and strategies

Bank SinoPac and its subsidiaries established policies based on operating goals and strategies, business plans and risk management goals authorized by the board of directors. These policies were established to lower potential financial losses, minimize risks and rewards to raise the performance and protect shareholders' equity through appropriate managing policies and procedures based on risk-diversification principle.

Bank SinoPac and its subsidiaries risk strategy is to strengthen the credit risk management framework, establish complete credit verification system and procedure, develop and use efficient and scientific credit risk managing instruments to identify, measure, manage and supervise credit risks. These strategies transparentize, systematize, specialize and formalize credit risk management to manage loans, non-performing assets and every kind of assets' credit risk.

Bank SinoPac and its subsidiaries have set up policies of main risks as prime direction based on legislations and operational goals. These policies include risk appetite, management goals, organization structure of responsibility and accountability, measurement, evaluation, supervision and report procedure of risks. These policies are established to reach the purposes of consistency and centralized management and are put into practice in corporate government.

Credit risk management procedures and measurements are as follows:

a) Loan business (includes loan commitment and guarantee)

Loan business classification and qualities are as follows:

i. Classification

Bank SinoPac classified credit assets as normal assets, assets that require special mentioned, assets with substandard, assets with doubtful collectability, and assets on which there is loss. In order to manage credit problem, Bank SinoPac issued "Evaluate Assets and Deal with Non-performing/Non-accrual Loans" for managing credit problem and debt collection.



Bank SinoPac (China) Ltd. strictly follows the “Guidance for the Risk-Based Loan Categorization” established by the China Banking Regulatory Commission. It divides its loans into five categories based on a debtor’s ability to repay the full principal and interest on time. The five categories are normal, special mention, substandard, doubtful, and loss. The last three categories are considered non-performing loans.

ii. Credit quality level

Bank SinoPac and its subsidiaries sets up credit quality level (ex. internal credit risk assessment model, credit assessment rules) based on business characteristic and scale to manage risks.

In order to measure clients’ credit risks, Bank SinoPac and its subsidiaries established credit risk assessment model for corporate banking and retail banking through statistic methods, professional judgment and clients’ information. Each model is regularly monitored for its effectiveness to examine whether the predicting results is match to the actual conditions then Bank SinoPac and its subsidiaries will evaluate suitability of the models.

For corporate banking customers, in addition to using credit rating models for risk pricing and limit control, Bank SinoPac and its subsidiaries have also developed a dedicated risk rating system for the small and micro enterprises who apply through a standardized project process. In addition to differentiated classification for each rating, the system will directly reject customers whose risk rating is too high.

For retail banking customers, every case will be reviewed individually to assess default risks except that credit and credit card business should be assessed by the credit risk assessment model and be used as a basis for approval.

b) Investment business

Bank SinoPac and its subsidiaries manages and identifies credit risks of debt investment through credit ratings by outsiders, credit qualities of the debt, regional conditions and counterparties’ risks.

Bank SinoPac and its subsidiaries carry out derivative instrument transactions with counterparties in financial industry which are almost above the investment level. Bank SinoPac and its subsidiaries would control credit risks based on counterparties’ credit lines; counterparties with no credit ratings or at non-investment level should be reviewed individually. Normal customers’ credit exposure positions should be controlled by approved derivative instrument credit line and condition based on normal credit procedure.

3) Credit risk hedge or mitigation policies

a) Collateral

Bank SinoPac and its subsidiaries have set up several standards dealing with credit exposures and collateral requirements in order to mitigate credit risks and maintain creditor’s rights. The standards cover areas such as collateral appraisal and management disposal of collateral, acceptance of real estate as collateral, credit policies for every commodity to regulate collateral categories, appraisals, procedures, deduction percentages, loan rate, maturity analysis, management and disposal.

To maintain collateral's effectiveness, Bank SinoPac and its subsidiaries supervise and manage the collateral by examining the usage, custody and maintenance of collateral regularly and irregularly to avoid selling, leasing, pledging, moving and disposing collaterals without authorization. Once the loan is due but will be extended, the contract should be seen as a new case and the collateral should be revalued.

b) Credit risk limits and credit risk concentration control

Bank SinoPac and its subsidiaries manage credit line and concentration of credit assets through appropriate information managing system that gathers information on credit exposure to centralized conditions, exposure of credit asset combinations, including national risk, large credit exposure, credit line of single corporation, group and industry. For cases approaching credit limit, the concerned unit should report to management and make control strategies; for cases exceeding credit limit, it should be submitted to the Credit Committee for approval and report to the Board of Directors for review.

c) Agreement of net settlement

Bank SinoPac and its subsidiaries often makes gross settlement on transactions, sign net settlement contract with other counterparties or cancel every transactions and make net settlement when default occurs to mitigate credit risk.

4) The determination since the initial recognition of the credit risk has increased significantly

a) Loan business

Bank SinoPac and its subsidiaries assess the change in the risk of default of various credit assets during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition.

In order to make this assessment, the main consideration is reasonable and supportable information that the credit risk has increased significantly since the initial recognition (including forward-looking information), key indicators include:

i. Quantitative indicators

Information on overdue conditions: When the contractual payments were overdue for more than 30 days to overdue 89 days, it has been determined that credit risk of the financial assets after the initial recognition was significantly increased.

ii. Qualitative indicators

i) Although the loan has not been repaid or due on the maturity date, there are other bad debts and the asset classification is not normal.

ii) The loan review report belonging to an abnormal credit.

iii) The credit card transaction with Bank SinoPac is abnormal.

On the basis of various credit asset evaluation benchmark days of Bank SinoPac and its subsidiaries, if the credit risk does not increase significantly and not belong to an impaired financial asset, it can be determined that the credit risk does not increase significantly after the initial recognition.

b) Investment business

Bank SinoPac and its subsidiaries adopt external credit rating scales to measure whether the credit risk after the initial recognition is significantly increased for debt instrument measured at amortized cost and debt instrument measured at fair value through other comprehensive income. The external credit rating is determined by international credit rating agency. When the external credit rating changes and the following situations occur, the credit risk is regarded to have significantly increased after the initial recognition.

- i. From investment grade (Aaa-Baa3) to non-investment grade (Ba1 (inclusive) or less, without Ca-D)
- ii. From grade Ba1-Ba3 to grade B1-Caa3
- iii. The bonds in grade B1-Caa3 at initial recognition.

Credit	Moody's	S&P	Fitch	Taiwan Ratings	Fitch (Taiwan)
First grade	Aaa	AAA	AAA		
	Aa1	AA+	AA+		
	Aa2	AA	AA		
	Aa3	AA-	AA-		
	A1	A+	A+	twAAA	AAA (tw)
	A2	A	A	twAA+	AA+ (tw)
	A3	A-	A-	twAA	AA (tw)
	Baa1	BBB+	BBB+	twAA-	AA- (tw)
	Baa2	BBB	BBB	twA+	A+ (tw)
	Baa3	BBB-	BBB-	twA	A (tw)
Second grade	Ba1	BB+	BB+	twA-	A- (tw)
	Ba2	BB	BB	twBBB+	BBB+ (tw)
	Ba3	BB-	BB-	twBBB	BBB (tw)
				twBBB-	BBB- (tw)
Third grade	B1	B+	B+	twBB+	BB+ (tw)
	B2	B	B	twBB	BB (tw)
	B3	B-	B-	twBB-	BB- (tw)
				twB+	B+ (tw)
				twB	
	Caa1	CCC+	CCC+	twB-	B (tw)
	Caa2	CCC	CCC	twCCC+	B- (tw)
	Caa3	CCC-	CCC-	twCCC	CCC+ (tw)
Fourth grade	Ca	CC	CC	twCCC-	CCC (tw)
	C	C	C	twCC	CCC- (tw)
		SD	DDD	twC	CC (tw)
		D	DD	twSD	C (tw)
		R	D	twD	DDD (tw)
				twR	DD (tw)
					D (tw)
	P-1	A-1	F-1		
	P-2	A-2	F-2	twA-1	F1 (tw)
	P-3	A-3	F-3	twA-2	F2 (tw)

The external rating of each credit rating agency refers to the conversion chart of Basel III.

If a bond has multiple credit ratings, the lowest rating of such bond will be taken as its credit rating; if the bond itself has no credit rating, the guarantor's credit rating will be taken; if there is no guarantor, the issuer's credit rating will be taken. If the bond's, guarantor's, or issuer's external credit rating is not available, the external rating of the bond is based on the internal rating of the bond in SinoPac Holdings.

#### 5) Definition of financial asset default and credit impairment

Bank SinoPac and its subsidiaries' definition of financial asset default is the same as financial asset credit impairment. If one or more of the following conditions are satisfied, Bank SinoPac and its subsidiaries determines that the financial asset has defaulted and has credit impairment.

##### a) Quantitative indicators

Principal or interest is overdue for more than three months.

##### b) Qualitative indicators

If there is evidence that the debtor will not be able to pay the contract money, or the debtor is facing significant financial difficulties, for examples:

- i. The main debtor has been chased, or the collateral has been disposed of.
- ii. The main debtor has not paid short-term advance to Bank SinoPac and its subsidiaries.
- iii. The debtor applies for debt negotiation, debt extension and debt restructuring, etc. due to financial difficulties.
- iv. Other situation with objective evidence of impairment.

Bond investment belongs to credit ratings Ca-D bonds when the following situations occur:

- i. The issuer probably cannot repay the principal or interest on the bond maturity date.
- ii. It could be objectively judged that the issuer will not be able to repay the principal and interest of the bond on time before maturity.
- iii. Probability that the debtor will enter into bankruptcy or undergo financial reorganization.
- iv. The issuer encounters bankruptcy or being reorganized or taken over due to financial difficulties before bond maturity.

The above definition of default and credit impairment applies to all financial assets held by Bank SinoPac and its subsidiaries. It is consistent with the definition of relevant financial assets for internal credit risk management, and applicable to relevant impairment assessment model as well.

#### 6) Write-off policy

If one of the following situations occurred, overdue and non-performing loans of Bank SinoPac, after deducting any estimated recoverable part, will be written off as bad debts.

- a) All or part of the creditor's right could not be enforced due to dissolution, escape, settlement, bankruptcy or other reasons of the debtors.

- b) The values of collateral and properties of the main and subordinate debtors are very low, compensation are not available after deducting the first mortgage, or it is unbeneficial that execution fee is close to or may exceed Bank SinoPac's reimbursable amount.
- c) The collateral and the properties of the main and subordinate debtors are unsold after multiple discount auctions and not beneficial to Bank SinoPac.
- d) Overdue and non-performing loans have not been recovered after more than 2 years from the maturity date.

Bank SinoPac has procedures for recording accounts written-off and for keeping such records for inspection. Relevant business department continues to watch for movements of the main and subordinate debtors all the time. If there is any property available for execution, Bank SinoPac will take appropriate legal action.

#### 7) Amendment to financial asset contract cash flows

Bank SinoPac and its subsidiaries will amend financial asset contract cash flows when borrowers are in financial difficulties, as a result of improvement of problematic debtors' recovery rate or for maintenance of customer relationships. Financial asset contract cash flows amendment include extension of contract period, interest payment date modification, contract interest modification, or exemption from certain requirements of part of debts. The amendment could result in Bank SinoPac and its subsidiaries disposal of existing financial asset and recording of new financial asset at fair value.

If the modification of the contractual cash flows of financial asset does not result in derecognition of asset, Bank SinoPac and its subsidiaries will assess whether the credit risk of financial asset has increased significantly by comparing the following:

- a) Risk of breaching the contract on the reporting date (based on revised contract terms).
- b) The risk of default in the original recognition (based on the original unmodified contract terms).

Bank SinoPac and its subsidiaries will consider the borrower's subsequent payment in accordance with the revised terms and several relevant behavior indicators to assess the probability of default on the revised financial asset, and confirm whether the contract modification improves or restore the Bank SinoPac and its subsidiaries' ability to recover related contract payments.

#### 8) Measurement of expected credit losses

For the purpose of measuring expected credit losses, Bank SinoPac and its subsidiaries will look into the business attributes of the credit assets (such as corporate finance and retail finance, etc.) as well as the size of the company, types of collateral, and remaining period of maturities, etc. and group the credit risk characteristics into three stages: No significant increase in credit risk (stage 1), significant increase in credit risk (stage 2), and credit impairment (stage 3) according to the credit risk level at the valuation date.

Bank SinoPac and its subsidiaries provide allowance for 12-month expected credit losses when financial instruments did not have a significant increase in credit risk since the initial recognition. Financial instruments are provided with allowance for full-lifetime expected credit losses when there is significant increase in credit risk or credit impairment since the initial recognition.

To measure expected credit losses, Bank SinoPac and its subsidiaries take into account the borrower's probability of default ("PD") for the next 12 months and for the period of existence, and includes loss given default ("LGD"), and exposure at default ("EAD") taking into account the impact of the time value of money. The expected credit losses for 12 months and for full-lifetime are calculated.

Bank SinoPac assesses the amount of Exposure at default of lending based on outstanding loan principal of customers, interest receivable and short-term advances at the end of each period. In addition, when estimating the expected credit losses of lending financing commitments, Exposure at default used to calculate expected credit losses is determined based on the conditions and days of the financing commitment and by reference to the credit risk conversion factor of Basel Capital Accord.

Probability of default is the default probability of the borrower, and the default loss rate is the rate of loss caused by default of the borrower. The default probability and default loss rate used in the impairment assessment and calculation of expected credit losses of Bank SinoPac loan business are based on internal historical information (such as credit loss experience, etc.) of each borrower group, with adjustments to the historical data based on the current observable data and forward-looking economic information. The expected loss of debt instrument investment is calculated according to the default rate information and external recovery rate information published by the external credit rating agencies.

#### 9) Forward-looking information considerations

##### a) Credit assets

Bank SinoPac takes forward-looking information into account when determining whether the credit risk of the credit assets has increased significantly since the initial recognition and measures the expected credit losses. Bank SinoPac uses historical data and expert judgments to analyze and identify the economic factors that affect the credit risk and expected credit losses of various asset groups, such as GDP and unemployment rate. Bank SinoPac obtains quarterly historical data and forecast information of the relevant economic factors from international financial organizations (such as the International Monetary Fund (IMF)), and Directorate General of Budget, Accounting and Statistics, Executive Yuan. This forecast information contains the best estimate of the economic situation in the next five years.

The relevant economic factors and their impact on PD differ among different credit business. Bank SinoPac classifies credit product types as:

- i. Enterprise, sovereignty, and bank credit exposure.
- ii. Home Mortgage Loan credit exposure.
- iii. Qualified cycling retail credit exposure.
- iv. Other retail credit exposure.

With reference to the Basel Capital Accord IRB method, the correlation coefficient of various types of credit products and risk category is calculated and forward-looking information is used to adjust the default probability.

b) Investment business

For the debt instrument investment measured at amortized cost and measured at fair value through other comprehensive income, one of the indicators of significant increase in credit risk is the quantified change in the external rating class announced by the international credit rating agencies, and the measurement of expected credit losses is based on the information of the default ratings and default loss rates regularly announced by external rating agencies and international credit rating agencies.

As international credit rating agencies have considered forward-looking information in assessing credit ratings, Bank SinoPac's assessment of forward-looking information is appropriate, and is included in Bank SinoPac's assessment of expected credit losses.

c) Bank SinoPac (China)

Bank SinoPac (China) consider prospective information when calculate expected credit losses, framework a prospective information forecast performance of model to ensure prospective factor, and framework a conduction model transfer prospective factor to expected credit losses, conduct prospective adjustment about parameter correlation of expected credit losses evaluate model and evaluate prospective information influence.

Bank SinoPac (China) has established an index pool including a number of indicators such as the proportion of non-performing loans, GDP, PPI, PMI, and the weighted average interest rate of RMB loans of financial institutions, and incorporates the predicted values of the above indicators into the relevant parameters of the expected credit loss in the return model to implement forward-looking adjustments, that is, establish the relationship between the default probability and the macro economy through the return model, transmit macroeconomic changes to the default probability through forward-looking macro factors, and update the forward-looking information every six months. In the event of major domestic and foreign events (including but not limited to political, economic, financial, health, environmental, climate, natural disasters and other events) or major adjustments to relevant policies, relevant forward-looking information should be updated in a timely manner.

10) The maximum credit exposure of the financial instruments held by Bank SinoPac and Bank SinoPac (China) Ltd.

Maximum credit exposures of assets on balance sheet excluding collaterals and other credit enhancement instruments are almost equivalent to the carrying value. The maximum credit exposures (excluding collaterals, other credit enhancement instruments and undrawn maximum exposure) off-balance-sheet were as follows:

Off-Balance Sheet Items	The Maximum Credit Exposure		
	June 30, 2023	December 31, 2022	June 30, 2022
Undrawn credit card commitments	\$ 227,084,999	\$ 221,832,593	\$ 217,205,244
Undrawn loan commitments	49,314,929	45,067,636	45,443,483
Guarantees	34,967,206	34,537,369	36,132,903
Standby letter of credit	6,822,992	7,978,791	7,536,635

Bank SinoPac and Bank SinoPac (China) Ltd. adopt a strict and continuous evaluation procedure and review the result regularly to control and minimize off-balance-sheet credit risk exposures.

The contract amount in the credit business and financial instruments may not be fully paid before the maturity; therefore, the contract amount is not deemed as the amount of future cash outflow. In other words, the future cash demand is lower than contract amount. If the credit limit is exceeded and collaterals lose their value, the amount of credit risk is equal to the contract amount which is the possible maximum loss.

#### 11) Credit risk exposures concentration of Bank SinoPac and its subsidiaries

When financial instruments transactions concentrated on one counter-party or several counter-parties, which engaged in similar business activities, had similar economic characteristics and abilities to execute contracts, the credit risk concentration arises.

Credit risk concentrations can arise in Bank SinoPac and its subsidiaries' assets, liabilities or off-balance sheet items through the execution or processing of transactions (either product or service) or through a combination of exposures across these broad categories. It includes credit, due from the banks and call loan to banks, investment, receivables and derivatives. Bank SinoPac and its subsidiaries maintain a diversified portfolio to limit its exposure to any geographic region, country or individual creditor and monitor its exposures continually. Bank SinoPac and its subsidiaries' most significant concentrations of credit risk are summarized by industry, region and collateral as follows:

##### a) By industry

Industries	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Private enterprise	\$ 675,951,567	47.63	\$ 641,380,549	47.87	\$ 575,667,912	45.84
Public enterprise	16,949,395	1.19	22,366,382	1.67	7,464,359	0.60
Government sponsored enterprise and business	31,954,000	2.25	12,000,000	0.90	20,000,000	1.59
Nonprofit organization	190,083	0.01	192,340	0.01	244,119	0.02
Private	679,852,284	47.90	651,745,182	48.64	638,379,158	50.84
Financial institutions	14,436,465	1.02	12,262,932	0.91	13,959,622	1.11
Total	\$ 1,419,333,794	100.00	\$ 1,339,947,385	100.00	\$ 1,255,715,170	100.00

##### b) By region

Regions	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 1,155,529,658	81.41	\$ 1,077,234,867	80.39	\$ 1,003,589,992	79.92
Asia	145,926,537	10.28	141,222,369	10.54	140,389,551	11.18
North America	74,175,715	5.23	82,035,723	6.12	80,131,348	6.38
Others	43,701,884	3.08	39,454,426	2.95	31,604,279	2.52
Total	\$ 1,419,333,794	100.00	\$ 1,339,947,385	100.00	\$ 1,255,715,170	100.00

##### c) By collateral

Collaterals	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Credit Secured	\$ 494,224,689	34.82	\$ 441,814,944	32.97	\$ 384,526,594	30.62
Stocks	3,548,003	0.25	3,337,185	0.25	4,668,898	0.37
Bonds	13,931,463	0.98	10,871,060	0.81	11,588,215	0.92
Real estate	826,051,807	58.20	801,483,415	59.82	775,986,871	61.80
Movable collaterals	56,175,630	3.96	54,794,521	4.09	50,839,180	4.05
Guarantees	13,258,380	0.93	16,064,270	1.20	16,530,603	1.32
Others	12,143,822	0.86	11,581,990	0.86	11,574,809	0.92
Total	\$ 1,419,333,794	100.00	\$ 1,339,947,385	100.00	\$ 1,255,715,170	100.00



## 12) The financial impact of credit risk mitigation policies

### a) Collateral and other credit enhancements

Bank SinoPac and its subsidiaries implement a series of policies and measures to reduce credit risk for loan business; one of the commonly used methods is to require borrowers to provide collateral. Bank SinoPac and its subsidiaries have designed and follows procedures for enforcing rights to collateral and the valuation, management, and disposal of collateral. The main types of collateral for financial assets of Bank SinoPac and its subsidiaries are as follows:

- i. Real estate mortgage loan.
- ii. Derivatives margin agreement.

The credit contract has provisions for the preservation of debts and guarantees, which clearly define that when credit incidents occur, Bank SinoPac and its subsidiaries is be able to reduce the credit limit, shorten the loan repayment deadline or treat all of them as due, so as to reduce the credit risk.

Other collateral for non-loan business depends on the nature of the financial instrument. Only asset-based securities and other similar financial instruments are secured by a group of asset-pooled financial instruments.

There was no material change in the collateral policy of Bank SinoPac, and there was no significant change in the overall collateral quality on the balance sheet date.

### b) Amount of collateral for impaired financial assets

Bank SinoPac and its subsidiaries closely observe the value of the collateral of the financial instruments and consider adequacy of the allowance for the credit-impaired financial assets. On June 30, 2023, December 31, 2022 and June 30, 2022, the amount of discounts and loans were \$4,281,954, \$4,572,446 and \$5,382,407, with a provision for loss allowance of \$700,077, \$718,288 and \$939,173 under IFRS 9 Stage 3, and credit guarantees, real estate, movable assets or certificates of deposits, etc., which reduced the potential loss, amounted to \$2,816,474, \$3,010,962 and \$3,196,839.

### c) The contracted amount of financial assets that have been written off and still have recourse activities

The contracted amount of financial assets that have been written off by Bank SinoPac and still have recourse activities are \$49,012,895, \$48,781,006 and \$48,166,828 on June 30, 2023, December 31, 2022 and June 30, 2022.

## 13) Management policies of collaterals assumed

Collaterals assumed are classified as other assets. According to regulations, Bank SinoPac should dispose of collaterals within four years.

There are no assumed collaterals of Bank SinoPac and its subsidiaries as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

14) Disclosures prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Overdue loans and receivables

Date		June 30, 2023					
Items		Non-performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	
Corporate loan	Secured	\$ 462,348	\$ 284,779,233	0.16%	\$ 3,666,377	792.99%	
	Unsecured	196,005	434,295,547	0.05%	4,952,837	2,526.89%	
Consumer loan	Mortgage (Note 4)	195,787	366,188,546	0.05%	5,525,733	2,822.32%	
	Cash card	-	1,648	-	228	-	
	Micro credit (Note 5)	121,652	37,749,731	0.32%	673,906	553.96%	
	Others (Note 6)	Secured	153,442	253,883,484	0.06%	2,641,938	1,721.78%
		Unsecured	2,057	1,531,432	0.13%	18,888	918.23%
Total		1,131,291	1,378,429,621	0.08%	17,479,907	1,545.13%	
		<b>Overdue Receivables</b>	<b>Accounts Receivables</b>	<b>Delinquency Ratio</b>	<b>Allowance for Credit Losses</b>	<b>Coverage Ratio</b>	
Credit card		23,522	21,804,188	0.11%	153,466	652.44%	
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	11,328,267	-	152,616	-	

Date		June 30, 2022					
Items		Non-performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	
Corporate loan	Secured	\$ 453,540	\$ 258,125,272	0.18%	\$ 3,501,445	772.03%	
	Unsecured	440,277	336,606,497	0.13%	4,482,631	1,018.14%	
Consumer loan	Mortgage (Note 4)	185,629	345,693,189	0.05%	5,248,410	2,827.37%	
	Cash card	-	2,353	-	311	-	
	Micro credit (Note 5)	79,813	28,982,168	0.28%	494,744	619.88%	
	Others (Note 6)	Secured	251,241	243,653,996	0.10%	2,555,012	1,016.96%
		Unsecured	1,628	2,048,682	0.08%	23,569	1,447.73%
Total		1,412,128	1,215,112,157	0.12%	16,306,122	1,154.72%	
		<b>Overdue Receivables</b>	<b>Accounts Receivables</b>	<b>Delinquency Ratio</b>	<b>Allowance for Credit Losses</b>	<b>Coverage Ratio</b>	
Credit card		21,826	18,523,343	0.12%	186,691	855.36%	
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	15,233,521	-	187,169	-	

Note 1: For loan business: Overdue loans represent the amounts of overdue loans reported in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”.

For credit card business: Overdue receivables are regulated by the Banking Bureau letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL ratio =  $NPL \div Total\ loans$ .

For credit card business: Delinquency ratio =  $Overdue\ receivables \div Accounts\ receivables$ .

Note 3: For loan business: Coverage ratio =  $LLR \div NPL$ .

For credit card business: Coverage ratio =  $Allowance\ for\ credit\ losses \div Overdue\ receivables$ .

Note 4: Household mortgage loan is a financing to be used by a borrower to buy, build, or fix a dwelling, and the dwelling owned by the borrower, spouse, or children is used to fully secure the loan.

Note 5: Micro credit loan is regulated by the Banking Bureau letter dated December 19, 2005 (Ref. No. 09440010950) and is not credit and debit cards’ micro credit loan.

Note 6: Others in consumer loans refers to secured or unsecured loans excluding mortgage, cash card, micro credit, and credit cards.

Note 7: For accounts receivable - factoring with no recourse, as required by the Banking Bureau letter dated July 19, 2005 (Ref. No. 0945000494), which is equal to dated August 24, 2009 (Ref. 09850003180), and allowance for bad debts is recognized once no compensation is made from factoring or insurance within three months.

Note 8: Part of non-performing receivables transferred from other than loans were included.

b) Excluded NPLs and excluded overdue receivables

Date	June 30, 2023		June 30, 2022	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreement (Note 1)	\$ 250	\$ 13,310	\$ 397	\$ 19,973
As a result of consumer debt clearance (Note 2)	18,451	536,856	16,514	591,630
Total	\$ 18,701	\$ 550,166	\$ 16,911	\$ 611,603

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreement is based on the Banking Bureau letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs, pre-mediation and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

c) Concentration of credit extensions

Year	June 30, 2023		
	Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)
1	A Group (manufacture of panel and components)	\$ 9,474,111	5.91
2	B Group (real estate development activities)	7,308,994	4.56
3	C Group (real estate development activities)	6,237,360	3.89
4	D Group (metal casting)	5,941,844	3.71
5	E Group (real estate development activities)	5,457,000	3.40
6	F Group (manufacture of computers)	5,374,239	3.35
7	G Group (department store)	4,499,262	2.81
8	H Company (real estate development activities)	3,803,000	2.37
9	I Group (manufacture of computer, peripheral equipment and software wholesale activities)	3,252,005	2.03
10	J Company (other metalworking activities)	3,000,000	1.87

Year	June 30, 2022		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (other holding companies)	\$ 8,616,136	6.52
2	B Group (real estate development activities)	7,219,962	5.46
3	C Group (other holding companies)	6,511,712	4.92
4	D Group (real estate development activities)	5,294,840	4.00
5	E Group (metal casting)	5,284,822	4.00
6	F Group (manufacture of computer, peripheral equipment and software wholesale activities)	4,249,649	3.21
7	G Group (real estate development activities)	3,888,000	2.94
8	H Group (real estate lease and sale activities)	3,527,108	2.67
9	I Company (real estate development activities)	3,005,000	2.27
10	J Company (other metalworking activities)	3,000,000	2.27

Note 1: Ranking of top 10 groups (excluding government or state - owned enterprises) whose total credit consists of loans. If the borrower is a member of any of the above groups, the total amount of credits of the entire group must be listed and disclosed by code and line of industry. If the borrower is the group enterprise, for the risk exposure maximum, the line of industry must be disclosed. The line of industry must be classified and filled to the industry name of sub-category which is based on the industry classification standard of Department of Budget, Accounting and Statistics.

Note 2: Groups were those as defined in Articles 6 of the Supplementary Provision to the Taiwan Stock Exchange Corporation's Rules for Review of Securities Listings Law.

Note 3: Total credit is the sum of all loans (including import and export bills negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, and non-performing loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantee deposit issued.

#### d. Liquidity risk management

##### 1) Definition of liquidity risk

Liquidity is Bank SinoPac's ability to provide sufficient funding for asset growth and matured liabilities. Liquidity risk means the risk banks cannot obtain sufficient fund with reasonable cost and correct timing, and then suffer losses on earnings or capital.

The measures of enhancing cash liquidity are holding sufficient cash and highly liquid able securities, adjusting maturities differences, savings absorption or arranging borrowings, etc.

##### a) Strategies

Bank SinoPac established a sound liquidity risk managing system based on business' scale and characteristic, assets and liabilities' structure, funding strategies and diversity of funding sources to ensure it would have sufficient funding for obligations in normal or worst scenario.

b) Risk measurement

Bank SinoPac uses quantitative analysis to manage liquidity risk. Cash flow deficit and liquidity management goals are used as measure instruments to report monthly the analysis results to the assets and liabilities managing committee.

Stress testing is done to ensure Bank SinoPac would have sufficient funding for asset growth and matured liabilities despite any internal operating problems or adverse changes in the financial environment.

c) Risk monitoring

Bank SinoPac established a liquidity deficit limit and an early warning system to detect liquidity risk and take appropriate action at the right time.

Bank SinoPac has formed a crisis management team to handle any liquidity crisis. The general manager is the team convener, and the managers of the financial obligation department and the risk management department are the team members. The general manager can also assign the managers of related departments to join the team, depending on the situation. Members' rights and responsibilities are listed in "Bank SinoPac's Operational Crisis Response Measures".

2) Maturity analysis of non-derivative financial liabilities

Cash outflow analyses of non-derivative financial liabilities of Bank SinoPac and Bank SinoPac (China) are summarized in the following tables. The amounts are provided on a contract cash flow basis so some of the amounts will not match the amounts in the consolidated balance sheets.

Bank SinoPac

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 23,134,104	\$ 19,826,397	\$ 14,233,149	\$ 19,140,723	\$ -	\$ 76,334,373
Financial liabilities at fair value through profit or loss	-	-	-	1,907,750	-	1,907,750
Securities sold under repurchase agreements	14,064,682	6,778,241	2,331,058	313,221	-	23,487,202
Payables	4,512,832	621,256	85,501	2,404,900	2,021,706	9,646,195
Deposits and remittances	1,256,590,004	301,247,027	164,169,074	232,918,441	27,936,777	1,982,861,323
Bank debentures	-	126,101	1,606,289	3,713,184	53,491,587	58,937,161
Lease liabilities	60,047	104,565	168,271	333,798	2,179,222	2,845,903

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 21,703,286	\$ 20,963,842	\$ 21,470,995	\$ 7,138,907	\$ -	\$ 71,277,030
Financial liabilities at fair value through profit or loss	-	-	1,800,452	-	-	1,800,452
Securities sold under repurchase agreements	15,633,910	10,484,259	1,122,203	1,332,723	-	28,573,095
Payables	9,716,663	411,863	215,350	125,584	2,117,698	12,587,158
Deposits and remittances	1,179,854,056	327,968,285	212,491,297	220,775,521	27,205,557	1,968,294,716
Bank debentures	136,664	121,471	182,490	1,790,842	57,204,771	59,436,238
Lease liabilities	68,544	101,614	164,955	314,684	2,239,805	2,889,602

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 22,521,501	\$ 12,864,740	\$ 43,852,339	\$ 1,073,481	\$ -	\$ 80,312,061
Financial liabilities at fair value through profit or loss	-	-	-	1,742,170	-	1,742,170
Securities sold under repurchase agreements	27,767,849	12,689,509	2,838,273	611,196	-	43,906,827
Payables	8,034,355	542,511	158,550	2,262,496	2,344,713	13,342,625
Deposits and remittances	1,169,760,579	183,706,262	133,665,232	208,738,279	25,393,494	1,721,263,846
Bank debentures	-	1,451,306	216,547	3,499,076	55,937,162	61,104,091
Lease liabilities	58,894	100,407	161,477	321,756	2,370,148	3,012,682

## Bank SinoPac (China)

(In Thousands of CNY)

June 30, 2023	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Deposits from the Central Bank and banks	\$ 461,797	\$ 607,230	\$ 147,086	\$ 763,474	\$ -	\$ 1,979,587
Securities sold under repurchase agreements	195,060	-	-	-	-	195,060
Payables	1,158,639	210,784	504,698	-	-	1,874,121
Deposits and remittances	3,677,660	3,461,016	2,351,328	678,880	-	10,168,884
Lease liabilities	1,554	2,936	6,513	12,476	-	23,479

(In Thousands of CNY)

December 31, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Deposits from the Central Bank and banks	\$ 300,420	\$ 702,717	\$ -	\$ -	\$ 202,033	\$ 1,205,170
Payables	497,790	202,429	528,600	-	-	1,228,819
Deposits and remittances	6,877,873	2,024,026	2,234,808	99,415	-	11,236,122
Lease liabilities	524	804	1,519	76	-	2,923

(In Thousands of CNY)

June 30, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Deposits from the Central Bank and banks	\$ 235,188	\$ 1,403,368	\$ -	\$ -	\$ -	\$ 1,638,556
Payables	317,786	201,829	509,998	-	-	1,029,613
Deposits and remittances	6,172,983	995,000	3,646,905	51,615	-	10,866,503
Lease liabilities	1,307	2,400	9,322	10,234	-	23,263

### 3) Maturity analysis of financial derivatives

#### a) Derivative liabilities settled on a net basis

Derivative liabilities of Bank SinoPac and Bank SinoPac (China) settled on a net basis include, but are not limited to:

Foreign exchange derivatives: Non-deliverable foreign exchange forwards, net cash flow settled foreign exchange options, etc.;

Interest rate derivatives: Forward rate agreements, interest rate swaps and interest rate futures contracts;

Other derivatives: Stock options and commodity futures.

Bank SinoPac and Bank SinoPac (China) use derivative financial liabilities at fair value through profit or loss mainly to accommodate customers' needs and manage their own exposure positions, and disclosed the derivative financial liabilities at fair value based on the shortest period that payment would be required.

#### Bank SinoPac

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 8,133,092	\$ -	\$ -	\$ -	\$ -	\$ 8,133,092

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 7,523,169	\$ -	\$ -	\$ -	\$ -	\$ 7,523,169

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial liabilities at fair value through profit or loss	\$ 7,529,421	\$ -	\$ -	\$ -	\$ -	\$ 7,529,421

## Bank SinoPac (China)

(In Thousands of CNY)

June 30, 2023	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial liabilities at fair value through profit or loss	\$ 21,403	\$ -	\$ -	\$ -	\$ -	\$ 21,403

(In Thousands of CNY)

December 31, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial liabilities at fair value through profit or loss	\$ 14,794	\$ -	\$ -	\$ -	\$ -	\$ 14,794

(In Thousands of CNY)

June 30, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial liabilities at fair value through profit or loss	\$ 17,429	\$ -	\$ -	\$ -	\$ -	\$ 17,429

### b) Derivatives settled on a gross basis

Gross settled derivatives of Bank SinoPac and Bank SinoPac (China) include:

Foreign exchange derivatives: Foreign exchange forwards, foreign exchange swaps, cross currency swaps and gross settled foreign exchange options.

Among which, foreign exchange forwards, foreign exchange swaps, and cross currency swaps are organized into the corresponding time periods based on the cash flow indicated on the contracts, and therefore the amount disclosed will not correspond to the relevant items in the consolidated balance sheet; the gross settled foreign exchange options, as a position reserved for the purpose of transaction, Bank SinoPac and Bank SinoPac (China) are able to adjust the position at any time, and therefore the cash inflow and outflow of such are expressed at their fair values, and they are placed in the most recent time period alongside the derivative liabilities settled on a net basis.

## Bank SinoPac

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 927,827,477	\$ 862,476,969	\$ 404,258,400	\$ 182,382,259	\$ 6,410,681	\$ 2,383,355,786
Cash outflow	926,922,727	861,135,055	403,340,880	181,283,626	6,123,809	2,378,806,097

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 696,859,064	\$ 578,720,103	\$ 195,520,578	\$ 129,143,577	\$ 5,999,633	\$ 1,606,242,955
Cash outflow	697,678,351	579,245,848	195,428,213	128,953,402	5,786,163	1,607,091,977

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 622,801,738	\$ 498,023,418	\$ 379,700,427	\$ 286,556,804	\$ 21,251,013	\$ 1,808,333,400
Cash outflow	622,138,171	496,877,583	378,942,921	287,565,302	21,041,097	1,806,565,074

## Bank SinoPac (China)

(In Thousands of CNY)

June 30, 2023	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 3,333,046	\$ 4,642,496	\$ 8,713,026	\$ 272,493	\$ -	\$ 16,961,061
Cash outflow	3,275,334	4,539,826	8,648,229	275,290	-	16,738,679

(In Thousands of CNY)

December 31, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 3,121,659	\$ 4,071,325	\$ 5,186,235	\$ 499,495	\$ -	\$ 12,878,714
Cash outflow	3,121,127	4,016,781	5,175,206	495,926	-	12,809,040

(In Thousands of CNY)

June 30, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Financial instruments at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	\$ 2,531,375	\$ 3,054,632	\$ 7,049,871	\$ 632,527	\$ -	\$ 13,268,405
Cash outflow	2,518,203	3,036,403	7,017,624	629,346	-	13,201,576

#### 4) Maturity analysis of off-balance sheet items

Maturity analysis of off-balance sheet items are summarized in the following tables. Financial guarantee contracts of Bank SinoPac and Bank SinoPac (China) that assume full amount are available or require to execute at the earliest time. The amounts are provided on a contract cash flow basis so some of the amounts will not match the amounts in the consolidated balance sheets.

### Bank SinoPac

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 281,732	\$ 5,690,649	\$ 5,388,129	\$ 8,054,243	\$ 29,509,714	\$ 48,924,467
Guarantees	7,380,211	5,438,061	5,221,620	5,292,546	10,757,986	34,090,424
Standby letter of credit	1,676,293	3,270,269	969,380	483,993	-	6,399,935

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 151,847	\$ 1,822,763	\$ 3,495,034	\$ 8,739,380	\$ 30,828,251	\$ 45,037,275
Guarantees	10,678,815	3,610,166	3,284,213	7,314,654	8,629,195	33,517,043
Standby letter of credit	2,240,878	2,121,931	1,378,641	1,986,715	-	7,728,165

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 4,002,080	\$ 1,862,291	\$ 1,364,628	\$ 6,289,086	\$ 31,650,873	\$ 45,168,958
Guarantees	9,163,089	7,808,256	2,704,123	5,611,971	10,413,107	35,700,546
Standby letter of credit	2,034,172	2,695,742	1,679,790	660,884	-	7,070,588

### Bank SinoPac (China)

(In Thousands of CNY)

June 30, 2023	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loans commitments	\$ -	\$ 3,774	\$ 86,404	\$ 978	\$ -	\$ 91,156
Guarantees	118,570	77,527	342,662	93,122	-	631,881
Standby letter of credit	73,247	25,519	-	-	-	98,766



(In Thousands of CNY)

December 31, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loans commitments	\$ -	\$ -	\$ -	\$ 6,885	\$ -	\$ 6,885
Guarantees	66,129	84,138	519,639	58,790	-	728,696
Standby letter of credit	18,418	38,419	-	-	-	56,837

(In Thousands of CNY)

June 30, 2022	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loans commitments	\$ 31,016	\$ 3,753	\$ 26,413	\$ 636	\$ -	\$ 61,818
Guarantees	25,994	132,823	525,281	96,539	-	780,637
Standby letter of credit	10,852	94,093	-	-	-	104,945

5) Disclosures prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of assets and liabilities of Bank SinoPac (New Taiwan dollars)

	June 30, 2023						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 2,126,869,723	\$ 209,364,202	\$ 239,713,779	\$ 367,513,817	\$ 175,836,191	\$ 154,520,409	\$ 979,921,325
Main capital outflow on maturity	2,501,656,105	113,909,600	193,632,724	461,519,352	347,993,703	495,142,555	889,458,171
Gap	(374,786,382)	95,454,602	46,081,055	(94,005,535)	(172,157,512)	(340,622,146)	90,463,154

	June 30, 2022						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 1,870,306,894	\$ 182,006,662	\$ 211,479,956	\$ 229,912,210	\$ 168,038,823	\$ 172,917,981	\$ 905,951,262
Main capital outflow on maturity	2,256,052,038	105,194,945	157,062,930	301,032,414	341,954,615	476,824,958	873,982,176
Gap	(385,745,144)	76,811,717	54,417,026	(71,120,204)	(173,915,792)	(303,906,977)	31,969,086

Note: The amounts shown in this table are Bank SinoPac's position denominated in NTD.

b) Maturity analysis of assets and liabilities of Bank SinoPac (U.S. dollars)

(In Thousands of U.S. Dollars)

	June 30, 2023					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 59,372,204	\$ 20,703,878	\$ 17,454,794	\$ 7,688,408	\$ 4,394,442	\$ 9,130,682
Main capital outflow on maturity	60,694,454	21,975,509	20,563,443	9,601,068	4,782,618	3,771,816
Gap	(1,322,250)	(1,271,631)	(3,108,649)	(1,912,660)	(388,176)	5,358,866

(In Thousands of U.S. Dollars)

	June 30, 2022					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 50,556,556	\$ 16,281,346	\$ 11,116,229	\$ 8,227,944	\$ 5,856,011	\$ 9,075,026
Main capital outflow on maturity	51,582,873	16,568,564	12,890,846	8,939,452	7,481,579	5,702,432
Gap	(1,026,317)	(287,218)	(1,774,617)	(711,508)	(1,625,568)	3,372,594

Note: The amounts shown in this table are Bank SinoPac's position denominated in USD.

e. Market risk

1) Definition of market risk

Market risk arises from market changes (such as those referring to interest rates, exchange rates, equity securities and commodity prices) which may cause the fluctuation of a financial instrument's fair value or future cash flow. Bank SinoPac's net revenue and investment portfolio value may fluctuate when risk factors above change.

The main market that risks Bank SinoPac should overcome pertain to interest rate, exchange rate and equity securities. Interest rate risks primarily refer to bonds and interest rate related derivative instruments such as fixed rate and floating rate interest rate swaps and bond options; the exchange rate risk refers to foreign currency investments Bank SinoPac holds such as exchange rate related derivative instruments and foreign currency bonds; equity securities risk includes listed stocks and equity related derivative financial instruments.

2) Management strategies and procedures

To follow the "Market Risk Management Rule" and other regulations, Bank SinoPac established standards for risk identification, measurement, supervision and reporting to set up appropriate risk management framework for every kind of market risk.

In accordance with the risk management limit approved by the board of directors, Bank SinoPac supervises every loss limit and position at risk such as interest rate, exchange rate, equity security, spot trading and forward contract, option, future, swap, and related sensitivity information derived from spot trading to confirm that market risk exposure is accepted to Bank SinoPac.

Bank SinoPac separates its transactions into hedge and non-hedge on the basis of trading purposes. For hedge transactions, Bank SinoPac should measure hedge relations, risk management goals and hedge strategies. Bank SinoPac should also perform hedge testing for hedging effectiveness.

3) Organization and framework

The board of directors is the top supervision and decision making level of Bank SinoPac; it determines every risk management procedure and limit on the basis of its operating strategy and the business environment.

Bank SinoPac also set up a risk management department headed by a general manager to establish risk managing principles, regulate risk managing policies, and plan and set up a risk management system.

Following the internal control and segregation of duties principles, Bank SinoPac had certain related functions with market risk exposures transformed into three independent departments: Trading, risk control and settlement departments, usually called front office, middle office and back office. Nevertheless, the risk management department remains in charge of market risk control, i.e., it is responsible for identifying, measuring, controlling and reporting market risk.

#### 4) Market risk control procedure

##### a) Identification and measurement

Risk measurement includes exposures changes in the market of interest rates, exchange rates, and equity securities, which affect spot trading and forward, option, futures, and swap transactions or related combined transactions derived from spot trading. Bank SinoPac set up appropriate market risk limits based on commodity category, characteristic and complexity. The limits are the nominal exposure limit, the risk factor sensitivity limit of options as measured by Delta/Vega/DV01 and the loss control limit. These limits are calculated by the risk control department through measurements (such as those of the Black & Scholes Model) provided by financial data and company information providers (e.g. Murex and Bloomberg) based on market prices.

##### b) Supervision and reporting

Bank SinoPac's market risk management department prepares risk management reports such as those on daily market valuations, value at risk and risk limits. If the risk is over the limit, the department should report this situation to the transaction department and appropriate managers in the risk management department. The department should also collect and organize bank market risk exposure information, risk value, risk limit rules, and information on situations in which limits are exceeded, analyze security investments, and submit regularly to the board of directors reports on the collected information and security investment analysis.

#### 5) Trading book risk management policies

##### a) Definitions

The trading book is an accounting book of the financial instruments and physical commodities held for trading or hedged by Bank SinoPac. Held-for-trading position refers to revenues earned from practical or impractical trading differences. Positions that should not be recorded in the trading book are recorded in the banking book.

##### b) Strategies

Bank SinoPac earns revenues from trading spreads or fixed arbitrage debt and equity instruments are held for short periods of time, purchased with the intention of profiting from short-term price changes through properly control short-term fluctuation of market risk factors (interest rate, exchange rate and stock price). It executes hedge transactions as needed.

##### c) Policies and procedures

Bank SinoPac carries out "Market Risk Management Policy" to control market risk.

Under the above policy, traders may autonomously operate and manage positions within the range of authorized limits and the approved trading strategy. The market risk management department supervises trading positions (including limit, liquidity, the ability to establish hedge positions and investment portfolio risk) based on market information and evaluates market information quality, availability, liquidity and scale which are calculated into the pricing model.

##### d) Assessment policies

Bank SinoPac assesses financial instruments once a day on the basis of information obtained from independent sources if market prices are acquirable. If Bank SinoPac assesses financial instruments using a pricing model, it should be careful in making mathematical calculations and should review the pricing model's assumptions and parameters regularly.

e) Measurements

- i. The risk valuation and calculation methods are described in Note 49, e, 12).
- ii. The calculation of the nominal exposure amount and the risk factor sensitivity value Delta/Vega/DV01 is done through the trading systems.
- iii. Bank SinoPac makes stress tests using a light scenario (change in interest rate  $\pm$  100 bp, change in securities  $\pm$  15% and change in exchange rate  $\pm$  3%) and serious scenario (change in interest rate  $\pm$  200 bp, change in securities  $\pm$  30% and change in exchange rate  $\pm$  6%) and reports the stress test results to the board of directors.

6) Trading book interest rate risk management

a) Definitions

Interest rate risk refers to a decrease in earnings and value of financial instruments due to adverse interest rate fluctuations. Major instruments with interest rate risk include securities and derivative instruments.

b) Procedures

Bank SinoPac has a trading limit and a stop-loss limit (which should be applied to trading instrument by the dealing room and dealers) based on management strategy and market conditions; limits have been approved by the board of directors.

c) Measurements

- i. The risk valuation assumptions and calculation methods are described in Note 49, e, 12).
- ii. DV01 is used daily to measure the impact of interest rate changes on investment portfolios.

7) Trading book exchange rate risk management

a) Definitions

Exchange rate risk refers to the incurrence of loss from the exchange of currencies in different timing. Bank SinoPac's major financial instruments exposed to exchange rate risk spot contract, forward contracts, and FX option.

b) Policies and procedures

To control the exchange rate risk, Bank SinoPac sets trading limit and stop-loss limit and requires the dealing room, dealers, etc., to observe these limits.

c) Measurements

- i. The risk valuation assumptions and calculation methods are described in Note 49, e, 12).
- ii. Exposure positions are measured daily for the impact of exchange rate changes on investment portfolio value.

## 8) Trading book equity risk management

### a) Definitions

Market risk of equity securities includes individual risk which arises from volatility of market price on individual equity securities and general market risk which arises from volatility of overall market price.

### b) Procedures

To control equity risk, Bank SinoPac sets investment position limits and stop-loss limits. The limits are approved by the board of directors. Within the limit of authority, Bank SinoPac sets investment position limits and stop-loss limits for each dealer.

### c) Measurements

- i. The risk valuation assumptions and calculation methods are described in Note 49, e, 12).
- ii. Exposure positions are measured daily to measure the impact of equity risk on investment portfolio value due from equity risk.

## 9) Banking book interest rate risk management

Banking book interest rate risk refers to the impact of the banking book due to adverse interest rate changes, and causes the current or potential risks to Bank SinoPac's economic value (the present value of future cash flows from assets, liabilities and off-balance sheet) and earnings.

Through managing the banking book interest rate risk, Bank SinoPac can measure and manage the risk to earnings and financial position caused by interest rate unfavorable fluctuations.

### a) Strategies

To reduce the negative effect of interest rate changes on net interest revenue and economic value, Bank SinoPac adjusts positions within certain limits for better performance. It reviews the interest rate sensitivity regularly to create maximum profit and manage interest rate risk.

### b) Risk measurement

Risk measurement refers to the banking book interest rate risk of assets, liabilities, and off-balance-sheet positions. Bank SinoPac periodically reports interest rate sensitivity positions and measures the impact of interest rate fluctuations on interest rate-sensitive assets and the impact of net interest revenue and economic value.

### c) Risk monitoring

The asset and liability management committee examines and monitors exposure to interest rate risk on the basis of the measurement provided by the risk management sector.

If the banking book risk exposure condition exceeds the limit or target value, the risk management sector should investigate how this condition arose and notify the executive division by petition accordingly. The executive division coordinates with relevant divisions to formulate the plan and submit to president for approval then submit the plan to the asset and liability management committee after implementation.

## 10) Banking book equity risk management

Banking book equity risk refers to the decrease in the value of the held equity due to unfavorable effects of certain situations. Bank SinoPac established control policies related to equity instruments to make the risk within controllable range.

### a) Strategies

Bank SinoPac has established comprehensive investment decision procedures, risk control measures, principles of disposal, and regular assessment of investment situation in order to raise the benefits of long-term fund management, reach the balance of profit and risk, and pursue the long-term stable investment performance.

### b) Risk measurement

Bank SinoPac has set up criteria for equity securities to be selected for investment, such as time horizons, investment upper limits and credit ratings to control the risks of equity securities.

### c) Risk monitoring

- i. Bank SinoPac holding an investment with specific amount of valuation loss should submit the description of the situation and the suggested plan for action, and continue the monitoring of the case.
- ii. Bank SinoPac regularly assesses the risk of the investment target, checks the extent of the concentration in industries and reports the overview of the investment portfolio to the committee on the management of assets and liabilities.

## 11) Impact of interest rate benchmark reform

The financial instruments of Bank SinoPac affected by interest rate benchmark reform include credit, bonds and derivatives financial assets. The type of interest rate benchmark linked to the financial instruments is mainly the London InterBank Offered Rate (LIBOR). LIBOR is a forward-looking interest rate benchmark that implies market expectations for future interest rate trend, and includes inter-bank credit discounts. The alternative reference rate of LIBOR (such as US Secured Overnight Finance Rate, SOFR) is a retrospective interest rate benchmark with actual transaction data and does not include credit discounts. Therefore, additional adjustments must be made when existing contracts are modified from LIBOR to alternative interest rate indicator to ensure that the interest rate before and after modification is economically equivalent.

Bank SinoPac has formulated a LIBOR conversion plan to deal with product business strategy adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to meet the reform of interest rate benchmark. As of June 30, 2023, Bank SinoPac has identified all information systems and internal processes that need to be updated and has finished the updating, and is confirming the scope of the impact, including compliance with “ISDA 2020 IBOR FALLBACKS PROTOCOL” which was announced on the ISDA website in January 2021. At present, the projects are implemented on time according to the schedule.

Interest rate benchmark reform mainly exposes Bank SinoPac to basic interest rate risk. If Bank SinoPac is unable to complete contract modification with the counterparty before the decommissioning of LIBOR, the financial instrument will cause significant uncertainty to the interest rate basis and that will trigger unexpected interest rate risk exposure. In addition, if the financial instrument for hedging purpose and the related financial instrument to be hedged are not converted to alternative interest rate benchmark at the same time, it may lead to the ineffective hedge.

As of June 30, 2023, the financial instruments of Bank SinoPac and its subsidiaries that have been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

Non-derivatives	Book Value	
	Financial Assets	Financial Liabilities
USD LIBOR	\$ 52,088,010	\$ -
EUR LIBOR	-	-
GBP LIBOR	-	-
JPY LIBOR	-	-
CHF LIBOR	-	-
Total	\$ 52,088,010	\$ -

Derivatives	Notional Amount
USD LIBOR	\$ 7,127,103
EUR LIBOR	-
GBP LIBOR	-
JPY LIBOR	-
CHF LIBOR	-
Total	\$ 7,127,103

## 12) Market risk measurement technique

### Value at Risk (VaR)

Bank SinoPac uses the Risk Manager system and stress testing to measure its investment portfolio risk and uses several hypotheses about market conditions to measure market risk and expected maximum loss of holding positions. Bank SinoPac's board of directors has set a VaR limit. The VaR is controlled daily by the market risk management sector and is a widely used risk measure of the risk of loss on a specific portfolio of financial assets.

VaR is the statistical estimate of the potential loss of holding positions due to unfavorable market conditions. For Bank SinoPac, VaR refers to a fall in value of its holding position in a day, with a 99% confidence level. Bank SinoPac uses VaR and the Monte Carlo simulation method to derive quantitative measures for the market risks of the holding positions under normal conditions. The calculated result is used to test and monitor the validity of parameters and hypotheses periodically. However, the use of the VaR cannot prevent loss caused by huge unfavorable changes in market conditions.

Bank SinoPac considers the expected maximum loss, target profit, and operating strategy in setting the VaR, which is proposed by the market risk management sector and approved by the board of directors.

Bank SinoPac's trading book VaR overview

	<b>For the Six Months Ended June 30, 2023</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	25,925	50,007	11,551
Interest rate risk	44,773	79,439	26,765
Equity risk	7,826	12,376	3,316
Total VaR	51,539	94,964	30,459

Note 1: Estimated VaR: Time frame = 1 day, confidence level = 99%, decay factor = 0.94.

Note 2: Historical data period: 2023.01.03-2023.06.30.

	<b>For the Six Months Ended June 30, 2022</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	20,854	33,786	8,748
Interest rate risk	62,326	186,224	30,050
Equity risk	2,849	6,180	602
Total VaR	64,967	188,654	33,149

Note 1: Estimated VaR: Time frame = 1 day, confidence level = 99%, decay factor = 0.94.

Note 2: Historical data period: 2022.01.03-2022.06.30.

Bank SinoPac (China)'s trading book VaR overview

**(In Thousands of CNY)**

	<b>For the Six Months Ended June 30, 2023</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	564	1,207	182
Interest rate risk	127	500	10
Equity risk	-	-	-
Total VaR	551	1,163	218

Note 1: Estimated VaR: Time frame = 1 day, confidence level = 99%, decay factor = 0.94.

Note 2: Historical data period: 2023.01.01-2023.06.30.

**(In Thousands of CNY)**

	<b>For the Six Months Ended June 30, 2022</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	2,865	5,507	1,283
Interest rate risk	166	585	12
Equity risk	-	-	-
Total VaR	527	1,258	306

Note 1: Estimated VaR: Time frame = 1 day, confidence level = 99%, decay factor = 0.94.

Note 2: Historical data period: 2022.01.01-2022.06.30.



13) Exchange rate risks

Exchange rate risks of holding net positions in foreign currencies are shown as below:

	<b>June 30, 2023</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Converted to NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,812,247	31.15265	\$ 523,746,047
CNY	19,353,325	4.28345	82,899,000
Nonmonetary items			
USD	418,132	31.15265	13,025,920
<u>Financial liabilities</u>			
Monetary items			
USD	22,592,484	31.15265	703,815,747
CNY	19,117,586	4.28345	81,889,224
	<b>December 31, 2022</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Converted to NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 18,559,758	30.72355	\$ 570,221,653
CNY	15,476,520	4.40954	68,244,334
Nonmonetary items			
USD	414,738	30.72355	12,742,224
<u>Financial liabilities</u>			
Monetary items			
USD	23,919,788	30.72355	734,900,803
CNY	15,316,877	4.40954	67,540,382

	<b>June 30, 2022</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Converted to NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,478,942	29.72900	\$ 519,631,467
CNY	17,426,841	4.44088	77,390,510
Nonmonetary items			
USD	428,211	29.72900	12,730,285
<u>Financial liabilities</u>			
Monetary items			
USD	20,284,638	29.72900	603,042,003
CNY	16,749,644	4.44088	74,383,159

14) Compliance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Interest rate sensitivity information (New Taiwan dollars)

**June 30, 2023**

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,284,635,692	\$ 39,231,855	\$ 111,624,648	\$ 121,719,731	\$ 1,557,211,926
Interest rate-sensitive liabilities	446,637,937	819,832,900	50,758,775	64,442,327	1,381,671,939
Interest rate-sensitive gap	837,997,755	(780,601,045)	60,865,873	57,277,404	175,539,987
Net worth					169,047,992
Ratio of interest rate-sensitive assets to liabilities (%)					112.70%
Ratio of interest rate-sensitive gap to net worth (%)					103.84%

**June 30, 2022**

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 1,132,271,978	\$ 23,057,427	\$ 64,922,872	\$ 114,130,104	\$ 1,334,382,381
Interest rate-sensitive liabilities	326,389,598	772,120,325	58,510,927	65,013,435	1,222,034,285
Interest rate-sensitive gap	805,882,380	(749,062,898)	6,411,945	49,116,669	112,348,096
Net worth					139,872,060
Ratio of interest rate-sensitive assets to liabilities (%)					109.19%
Ratio of interest rate-sensitive gap to net worth (%)					80.32%

Note 1: The above amounts include only New Taiwan dollars held by Bank SinoPac and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate-sensitive gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

b) Interest rate sensitivity information (U.S. dollars)

June 30, 2023

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 10,305,929	\$ 429,062	\$ 219,503	\$ 4,265,124	\$ 15,219,618
Interest rate-sensitive liabilities	11,427,682	6,733,965	1,152,668	719,781	20,034,096
Interest rate-sensitive gap	(1,121,753)	(6,304,903)	(933,165)	3,545,343	(4,814,478)
Net worth					(210,637)
Ratio of interest rate-sensitive assets to liabilities (%)					75.97%
Ratio of interest rate-sensitive gap to net worth (%)					2,285.68%

June 30, 2022

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 11,055,155	\$ 525,300	\$ 495,919	\$ 3,471,356	\$ 15,547,730
Interest rate-sensitive liabilities	7,443,974	8,993,968	943,986	228,864	17,610,792
Interest rate-sensitive gap	3,611,181	(8,468,668)	(448,067)	3,242,492	(2,063,062)
Net worth					(186,325)
Ratio of interest rate-sensitive assets to liabilities (%)					88.29%
Ratio of interest rate-sensitive gap to net worth (%)					1,107.24%

Note 1: The above amounts include only USD held by Bank SinoPac and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest-rate changes.

Note 3: Interest rate-sensitive gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in USD).

15) Transfers of financial assets

The transferred financial assets of Bank SinoPac and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under repurchase agreements. The transaction transfers the contractual rights to receive the cash flows of the financial assets but Bank SinoPac and its subsidiaries retains the liabilities to repurchase the transferred financial assets at fixed price in the future period. Bank SinoPac and its subsidiaries cannot use, sell, or pledge such transferred financial assets at fair value through other comprehensive income and investments in debt instruments at amortized cost within the validity period of the transaction. However, Bank SinoPac and its subsidiaries still bear the interest rate risk and credit risk thus, Bank SinoPac and its subsidiaries do not derecognize it. The analysis of financial assets and related liabilities that did not completely meet the derecognizing condition is shown in the following table:

Category of Financial Asset	June 30, 2023				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	\$ 7,390,084	\$ 7,055,833	\$ 7,390,084	\$ 7,055,833	\$ 334,251
Investments in debt instruments at amortized cost Transactions under repurchase agreements	3,170,017	2,995,071	3,137,716	2,995,071	142,645
Securities purchased under resell agreements Transactions under repurchase agreements	12,363,039	13,205,204	12,363,039	13,205,204	(842,165)

Category of Financial Asset	December 31, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	\$ 8,012,819	\$ 7,604,860	\$ 8,012,819	\$ 7,604,860	\$ 407,959
Investments in debt instruments at amortized cost Transactions under repurchase agreements	1,261,905	1,173,179	1,234,563	1,173,179	61,384
Securities purchased under resell agreements Transactions under repurchase agreements	17,884,383	19,532,939	17,884,383	19,532,939	(1,648,556)

Category of Financial Asset	June 30, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Financial assets at fair value through other comprehensive income Transactions under repurchase agreements	\$ 17,490,983	\$ 16,998,716	\$ 17,490,983	\$ 16,998,716	\$ 492,267
Investments in debt instruments at amortized cost Transactions under repurchase agreements	409,532	390,247	410,180	390,247	19,933
Securities purchased under resell agreements Transactions under repurchase agreements	25,033,925	26,420,274	25,033,925	26,420,274	(1,386,349)

#### 16) Offsetting of financial assets and financial liabilities

Bank SinoPac and its subsidiaries did not hold financial instruments covered by Section 42 of the IAS 32 “Financial Instruments: Presentation” endorsed by the Financial Supervisory Commission; thus, it made an offset of financial assets and liabilities and reported the net amount in the balance sheet.

Bank SinoPac and its subsidiaries engages in transactions on the following financial assets and liabilities that are not subject to balance sheet offsetting based on IAS 32 but are under master netting arrangements or similar agreements. These agreements allow both Bank SinoPac and its subsidiaries and its counterparties to opt for the net settlement of financial assets and financial liabilities. If one party defaults, the other one may choose net settlement.

The netting information of financial assets and financial liabilities is set out below:

#### June 30, 2023

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 36,892,945	\$ -	\$ 36,892,945	\$ 19,253,221	\$ 2,280,000	\$ 15,359,724
Securities purchased under resell agreements	<u>52,458,865</u>	<u>-</u>	<u>52,458,865</u>	<u>52,457,373</u>	<u>-</u>	<u>1,492</u>
	<u>\$ 89,351,810</u>	<u>\$ -</u>	<u>\$ 89,351,810</u>	<u>\$ 71,710,594</u>	<u>\$ 2,280,000</u>	<u>\$ 15,361,216</u>

  

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 33,702,704	\$ -	\$ 33,702,704	\$ 19,253,221	\$ 3,472,103	\$ 10,977,380
Securities sold under repurchase agreements	<u>24,091,381</u>	<u>-</u>	<u>24,091,381</u>	<u>24,025,268</u>	<u>60,698</u>	<u>5,415</u>
	<u>\$ 57,794,085</u>	<u>\$ -</u>	<u>\$ 57,794,085</u>	<u>\$ 43,278,489</u>	<u>\$ 3,532,801</u>	<u>\$ 10,982,795</u>

Note: Including netting settlement agreements and non-cash financial collaterals.

December 31, 2022

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 27,766,328	\$ -	\$ 27,766,328	\$ 16,356,878	\$ 1,139,620	\$ 10,269,830
Securities purchased under resell agreements	<u>60,264,108</u>	<u>-</u>	<u>60,264,108</u>	<u>60,260,606</u>	<u>-</u>	<u>3,502</u>
	<u>\$ 88,030,436</u>	<u>\$ -</u>	<u>\$ 88,030,436</u>	<u>\$ 76,617,484</u>	<u>\$ 1,139,620</u>	<u>\$ 10,273,332</u>

  

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 28,889,250	\$ -	\$ 28,889,250	\$ 16,356,878	\$ 6,073,295	\$ 6,459,077
Securities sold under repurchase agreements	<u>28,310,978</u>	<u>-</u>	<u>28,310,978</u>	<u>28,152,607</u>	<u>128,849</u>	<u>29,522</u>
	<u>\$ 57,200,228</u>	<u>\$ -</u>	<u>\$ 57,200,228</u>	<u>\$ 44,509,485</u>	<u>\$ 6,202,144</u>	<u>\$ 6,488,599</u>

Note: Including netting settlement agreements and non-cash financial collaterals.

June 30, 2022

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 29,642,945	\$ -	\$ 29,642,945	\$ 10,411,545	\$ 1,052,771	\$ 18,178,629
Securities purchased under resell agreements	<u>57,317,363</u>	<u>-</u>	<u>57,317,363</u>	<u>57,315,517</u>	<u>-</u>	<u>1,846</u>
	<u>\$ 86,960,308</u>	<u>\$ -</u>	<u>\$ 86,960,308</u>	<u>\$ 67,727,062</u>	<u>\$ 1,052,771</u>	<u>\$ 18,180,475</u>

  

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collaterals Pledged	
Derivative instruments	\$ 27,817,908	\$ -	\$ 27,817,908	\$ 10,411,545	\$ 6,627,804	\$ 10,778,559
Securities sold under repurchase agreements	<u>43,809,237</u>	<u>-</u>	<u>43,809,237</u>	<u>43,798,378</u>	<u>10,859</u>	<u>-</u>
	<u>\$ 71,627,145</u>	<u>\$ -</u>	<u>\$ 71,627,145</u>	<u>\$ 54,209,923</u>	<u>\$ 6,638,663</u>	<u>\$ 10,778,559</u>

Note: Including netting settlement agreements and non-cash financial collaterals.

## **SinoPac Securities Corporation and Its Subsidiaries**

### a. Risk management organization

SinoPac Securities Corporation (SinoPac Securities) has a risk management committee under the chairman who is the committee convener. The committee is in charge of deliberating risk management policies, regulations and overall risk limitation. It helps the board of directors fully supervise the risk management and related operations. Further, it set up a risk management division that is guided by the manager and is responsible for planning, managing, assessing and executing daily risk management procedures. The committee deliberates each policy, principle and regulation, which are presented to the board of directors for final approval and executed by the risk management division. The risk management division reviews the results and performance of the risk management committee.

### b. Goal and policy of risk management

SinoPac Securities and its subsidiaries' objectives and policies of risk management are based on the concept of capital allocation to define the overall total exposure limit. Under this concept and risk management principles, SinoPac Securities and its subsidiaries pursue steady growth within a certain level of risk.

#### 1) Market risk

Market risk refers to the possible loss due to the change in market interest rates, equity instruments, foreign exchange rates and market value change in derivatives which resulted from trading commodity, such as forwards, options, futures, swaps and other composition transactions.

SinoPac Securities and its subsidiaries apply the concept of risk capital allocation in use to set the overall operating limit and market risk limit of SinoPac Securities and its subsidiaries. Through the monitoring of limits, loss advisories and statistical measures to keep an eye on and control market risk in time. Moreover, for the efficient management of market risk, a regular assessment should be presented to the managerial level and board of directors.

SinoPac Securities and its subsidiaries use value-at-risk (VaR), a statistical measure to estimate and manage market risk. Through a regular stress test, sensitivity test and feedback test, SinoPac Securities will be able to verify the validity of the risk management system. SinoPac Securities and its subsidiaries use a risk managing tool, risk manager, designed by an internationally renowned institution, MSCI. The system provides more solid, precise quantitative indices and other tools for a more effective risk evaluation.

#### a) Value-at-risk (VaR)

VaR is a statistical measure that estimates potential losses and is defined as the predicted worst-scenario case due to changes in risk factors under normal circumstances over a specified period and at a specific level of statistical confidence. The VaR is calculated at a 99% confidence level for a one-day holding period, using changes in historical rates and prices.

SinoPac Securities and its subsidiaries' VaR values were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Equities	\$ 44,763	\$ 52,195	\$ 91,559
Interest rate risk	\$ 65,804	\$ 92,445	\$ 188,314
Overall market risk value	\$ 57,415	\$ 127,893	\$ 132,490
Percentage of net value	0.18%	0.43%	0.45%

**For the Three Months Ended June 30**

	2023			2022		
	Average	Minimum	Maximum	Average	Minimum	Maximum
Equities	\$ 43,854	\$ 30,542	\$ 58,116	\$ 151,402	\$ 57,719	\$ 223,239
Interest rate risk	81,642	58,190	103,712	224,844	165,716	285,736

**For the Six Months Ended June 30**

	2023			2022		
	Average	Minimum	Maximum	Average	Minimum	Maximum
Equities	\$ 37,712	\$ 18,736	\$ 58,116	\$ 142,234	\$ 57,719	\$ 265,238
Interest rate risk	74,182	42,596	103,712	195,994	73,656	285,736

Foreign exchange rate risk is mainly due to the purchase of foreign currency-denominated assets. SinoPac Securities and its subsidiaries use certain agreed-upon proximal and distal exchanging points on currency swap contracts to manage foreign exchange risk, so the risk is rather low.

The table below shows the foreign currency-denominated monetary assets and monetary liabilities as of the balance sheet date:

**(Unit: Foreign Currencies/New Taiwan Dollars in Thousands)**

	June 30, 2023		
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,115,079	31.150	\$ 65,884,861
NTD	841,139	1.000	841,139
HKD	448,797	3.974	1,783,555
CNY	1,542,290	4.278	6,598,237
EUR	108,521	33.804	3,668,390
AUD	40,307	20.632	831,615
JPY	29,975,822	0.215	6,445,618
ZAR	105,417	1.650	173,900
GBP	2,825	39.361	111,207

(Continued)



	<b>June 30, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>NTD</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 2,016,030	31.150	\$ 62,801,021
NTD	335,606	1.000	335,606
HKD	440,239	3.974	1,749,505
CNY	828,223	4.278	3,547,650
EUR	97,591	33.804	3,298,964
AUD	33,041	20.632	681,711
JPY	29,774,924	0.215	6,401,764
			(Concluded)

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,653,019	30.721	\$ 50,784,103
NTD	752,789	1.000	752,789
HKD	638,238	3.938	2,513,423
CNY	1,555,618	4.406	6,859,568
EUR	103,576	32.725	3,389,547
AUD	40,489	20.839	844,019
JPY	25,361,842	0.232	5,893,589
ZAR	81,112	1.880	152,520
GBP	2,954	37.059	109,469

<u>Financial liabilities</u>			
Monetary items			
USD	1,513,334	30.721	46,490,891
NTD	247,258	1.000	247,258
HKD	625,338	3.938	2,462,580
CNY	826,644	4.406	3,642,302
EUR	100,977	32.725	3,304,487
AUD	19,629	20.839	409,048
JPY	24,950,513	0.232	5,798,036

	<b>June 30, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,689,787	29.728	\$ 50,233,809
NTD	774,097	1.000	774,097
HKD	514,669	3.788	1,949,600
CNY	1,366,213	4.441	6,067,194
EUR	161,159	31.049	5,003,829
AUD	132,447	20.478	2,717,083
JPY	15,128,225	0.218	3,300,871
ZAR	117,067	1.831	214,376
GBP	27,639	36.136	998,768

Financial liabilities

Monetary items			
USD	1,523,701	29.728	45,296,304
NTD	270,447	1.000	270,447
HKD	505,374	3.788	1,914,386
CNY	655,087	4.441	2,909,161
EUR	159,469	31.049	4,951,355
AUD	99,548	20.478	2,038,544
JPY	14,684,619	0.218	3,204,089
GBP	17,560	36.136	634,563

The table below shows the VaR for derivatives owned by SinoPac Securities and its subsidiaries:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Futures and options	\$ 415,249	\$ 150,851	\$ 141,146
Warrants	34,886	40,489	12,131
Interest rate swap contracts	6,374	53,593	20,696
Currency contracts	2,573	1,431	7,818
Asset swap option contracts	55,133	63,635	129,223
Equity-linked note	447	742	1,933
Credit-linked note	11,714	11,800	6,873
Principal-guaranteed note	1,443	1,362	147
Issuance of ETNs	-	-	89

b) Sensitivity analysis

Aside from using VaR, SinoPac Securities and its subsidiaries use several different sensitivity interest index (e.g., DVP and DV01) and Greeks (e.g., Delta, Gamma, and Vega) for risk assessment.

c) Impact of interest rate benchmark reform

The financial instrument of SinoPac Securities and its subsidiaries affected by interest rate benchmark reform include derivative and non-derivative financial assets and liabilities. The type of interest rate benchmark linked to it is mainly the London InterBank Offered Rate (LIBOR). LIBOR is a forward-looking interest rate benchmark that implies market expectations for future interest rate trend, and includes inter-bank credit discounts. The alternative reference rate of LIBOR is a retrospective interest rate benchmark with actual transaction data and does not include credit discounts. Therefore, additional adjustments must be made when existed contracts are modified from linking LIBOR to alternative interest rate indicator to ensure that the interest rate is economically equivalent between before and after modification.

SinoPac Securities and its subsidiaries have formulated a LIBOR conversion plan to deal with product business strategy adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to meet the reform of interest rate benchmark. As of June 30, 2023, SinoPac Securities and its subsidiaries have identified all information systems and internal processes that need to be updated, including complying with “ISDA 2020 IBOR FALLBACKS PROTOCOL” which was announced on the ISDA website in January 2021. And SinoPac Securities and its subsidiaries have started discussions with financial instrument counterparties on how to amend the affected contracts. At present, the projects are implemented on time according to the schedule.

Interest rate benchmark reform mainly expose the basic interest rate risk to SinoPac Securities and its subsidiaries. If SinoPac Securities and its subsidiaries unable to complete the contracts modification with the counterparty before the decommission of LIBOR, the financial instrument will cause significant uncertainty to the interest rate basis and then that will trigger unexpected interest rate risk exposure.

As of June 30, 2023, the financial instruments of SinoPac Securities and its subsidiaries that have been affected by interest rate benchmark reform and have not yet been converted to alternative interest rate benchmark are summarized as follows:

		<b>Book Value</b>	
		<b>Financial Assets</b>	<b>Financial Liabilities</b>
<b>Non-derivatives</b>			
USD LIBOR		<u>\$ 2,914,899</u>	<u>\$ -</u>
		<b>Book Value</b>	
	<b>Notional Amount</b>	<b>Financial Assets</b>	<b>Financial Liabilities</b>
<b>Derivatives</b>			
USD LIBOR	<u>\$ 18,186,917</u>	<u>\$ 56,475</u>	<u>\$ 69,657</u>

2) Credit risk

Credit risk is the risk of financial loss resulting from an issuer, a contract recipient or a borrower’s change in credit ratings or failure to meet obligations.

SinoPac Securities and its subsidiaries use risk-based asset allocation to set its caps for total credit risk exposure. Through risk diversification, it monitors and manages the credit limits by single client, single entity, and single corporation. Through the internal rating system, SinoPac Securities and its subsidiaries give out an exposure limit corresponding to its trading object and review regularly. It also sets trading and exposure limits by type of product and department. At the same time the credit rating of the trading object and counterparty should be above the acceptable level set by SinoPac Securities and its subsidiaries. Besides managing by product, SinoPac Securities and its subsidiaries should also consider the risk involved when of different departments handle the same financial instruments as well as the types of commodities being transacted.

SinoPac Securities and its subsidiaries have set a credit risk limit monitoring panel to keep track of trading opponents and prepare credit risk limit usage statistics table daily and regularly prepare credit risk reports for the managerial level and board of directors' review.

The maximum credit risk exposures to financial loss arises principally from the financial assets recognized in the consolidated balance sheets. Except those listed below, the credit risk amounts of financial assets held by SinoPac Securities and its subsidiaries approximated their carrying values.

	<b>June 30, 2023</b>	
	<b>Carrying Value</b>	<b>Max. Credit Exposure Amount</b>
Interest rate swap contracts	\$ 4,004,326	\$ 3,002,066
Asset swap option contracts	<u>935,290</u>	<u>1,179,328</u>
	<u>\$ 4,939,616</u>	<u>\$ 4,181,394</u>
	<b>December 31, 2022</b>	
	<b>Carrying Value</b>	<b>Max. Credit Exposure Amount</b>
Interest rate swap contracts	\$ 3,929,411	\$ 3,018,312
Asset swap option contracts	<u>453,594</u>	<u>645,950</u>
	<u>\$ 4,383,005</u>	<u>\$ 3,664,262</u>
	<b>June 30, 2022</b>	
	<b>Carrying Value</b>	<b>Max. Credit Exposure Amount</b>
Interest rate swap contracts	\$ 3,625,297	\$ 3,173,126
Asset swap option contracts	<u>824,370</u>	<u>1,048,404</u>
	<u>\$ 4,449,667</u>	<u>\$ 4,221,530</u>

SinoPac Securities and its subsidiaries' credit risk of major financial assets are as follows:

a) Cash and cash equivalents

Cash and cash equivalents are mainly bank deposits and short-term notes whose counterparties are financial institutions with good credit. SinoPac Securities and its subsidiaries not only comply with the Regulations Governing Securities Firms when use its funds but also set transaction limits for short-term notes based on counterparties credit ratings.

b) Accounts receivable

Receivables are accounts receivable, payments on behalf of others, temporary payments, and default-settlement receivables, arising from various types of business operations and transactions. SinoPac Securities and its subsidiaries' receivables are covered by a large number of customers, scattered in different industries and geographical areas. SinoPac Securities and its subsidiaries have the provision policy for assets impaired, and for a receivable overdue for more than 6 months, except for which have been paid in accordance with the agreement, its debt recovery should be conducted one by one, and be recognized as appropriate expected credit losses.

c) Debt instruments and derivative instruments trading

Of the overall transactions of SinoPac Securities and its subsidiaries as of June 30, 2023, were 56% in the financial service sector and 18% in the electronic industry. In addition, the transaction amounts for trading objects with credit ratings of TWA+ and above has a market share of 86%.

The investment targets of SinoPac Securities and its subsidiaries' debt instruments at fair value through other comprehensive income are limited to the domestic and foreign currency bonds approved by the authorities, and should have a rating of at least BBB+ from the latest external credit rating agency or a minimum of H3 from the internal financial holding department. The risk management department includes the investment positions in the control and management of the credit risk limits on a daily basis to ensure the debt security of the investment positions in the debt instruments measured at FVTOCI.

d) Brokerage business, financing business and the related credit business

SinoPac Securities and its subsidiaries use the financing concentration system and the Merton's probability default (PD) model to monitor individual stock that has a higher default risk, and analyze any abnormal conditions to control the default risk. The controls of the financing business and the brokerage related credit business (including securities business money lending, securities lending, money lending - any use, etc.) are as follows:

- i. Concentration control: In addition to risk grading individual stock and setting the number of individual stock financing (accommodation) and credit limit of individual stock in the whole company, credit limits for the counterparties and related accounts are also set.
- ii. High-risk stock control: Regularly review the list of high-risk stock and dynamically adjust the number of high-risk stock financing, financing purchase quota and individual credit limits.

e) Security borrowing collateral price and security borrowing margin

Security borrowing margin deposits refer to the transaction margin deposits placed with the TWSE and creditworthy domestic and foreign financial institutions; hence, the loss from credit risk is very low. Security borrowing collateral price refers to the transaction deposits placed by creditworthy securities firms for hedging transactions involving warrants and margin trading.

f) Guarantee deposits paid

Guarantee deposits paid mainly serves as the operating guarantee deposits and clearing and settlement fund. The operating guarantee deposits are the statutory deposit deposited with financial institution designated by the local authorities. The clearing and settlement funds are the statutory deposit with domestic and foreign stock and futures exchange. The risk for both operating guarantee deposits and clearing and settlement fund are rather low.

g) Restricted assets

Restricted assets are mainly the bank deposits used as collateral for loans obtained by SinoPac Securities and its subsidiaries. The financial institutions holding these restricted assets all have good credit rating.

3) Liquidity risk

Liquidity risk refers to the risk that assets cannot be realized or sufficient capital cannot be obtained, so that the due obligations cannot be fulfilled (called “capital liquidity risk”), and due to insufficient market depth or disorder, the risk of significant changes of the market price when dealing with or offsetting the position held (called “market liquidity risk”).

SinoPac Securities and its subsidiaries have multiple sources of funding besides their own equity fund. They can also get the funding through borrowing from banks or, issuing commercial papers and corporate bonds. For any emergencies, financial responsibility department should report to the general manager and the chairman immediately and general manager immediately hold a immediately meeting to discuss the emergency plan for cash flow gap. If there will be any material extensions, general manager should submit a project report to the risk management committee.

For ensuring capital needs for business development of the subsidiary of SinoPac Securities, mid-term and long-term capital was fulfilled with credit lines from financial institutions and will be approved by authorized person on demand.

Each trading authority of SinoPac Securities and its subsidiaries shall set market liquidity risk control indicators in various business management rules, and the risk management unit shall perform control in accordance with each business management rule. The risk management unit should regularly review the overall position of SinoPac Securities and its subsidiaries and review their liquidity. When there is an abnormal liquidity or an early warning, the general manager and related business units will be notified, and the business unit will propose an explanation or a response plan, and the risk management unit will continue to track the follow-up improvement.

As of June 30, 2023, December 31, 2022 and June 30, 2022, the unused credit lines of SinoPac Securities and its subsidiaries were \$67,580,418, \$90,151,809 and \$73,464,160, respectively.

The table below shows the analysis of the remaining contractual maturities for financial liabilities as of June 30, 2023, December 31, 2022 and June 30, 2022:

June 30, 2023	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 386,108	\$ -	\$ -	\$ -	\$ 386,108
Commercial paper payable	24,350,000	2,300,000	-	-	26,650,000
Current financial liabilities at fair value through profit or loss	24,672,442	1,341,238	5,616,358	-	31,630,038
Liabilities for bonds with attached repurchase agreements	44,605,868	103,128	-	-	44,708,996
Securities financing refundable deposits	1,758,639	-	-	-	1,758,639
Deposits payable for securities financing	1,964,634	-	-	-	1,964,634
Securities lending refundable deposits	9,113,334	-	-	-	9,113,334
Futures traders' equity	35,375,757	-	-	-	35,375,757
Equity for each customer in the account	797,089	-	-	-	797,089
Notes and accounts payable	24,574,619	-	-	-	24,574,619
Other payables	2,169,561	-	-	-	2,169,561
Bonds payable	72,342	64,213	2,287,349	3,155,996	5,579,900
Long-term borrowings	939,184	-	-	-	939,184
Lease liabilities	67,605	202,562	456,190	43,272	769,629
	<u>\$ 170,847,182</u>	<u>\$ 4,011,141</u>	<u>\$ 8,359,897</u>	<u>\$ 3,199,268</u>	<u>\$ 186,417,488</u>

December 31, 2022	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 309,456	\$ -	\$ -	\$ -	\$ 309,456
Commercial paper payable	900,000	-	-	-	900,000
Current financial liabilities at fair value through profit or loss	22,568,176	889,816	5,356,889	-	28,814,881
Liabilities for bonds with attached repurchase agreements	31,330,766	369,073	-	-	31,699,839
Securities financing refundable deposits	4,172,275	-	-	-	4,172,275
Deposits payable for securities financing	3,973,588	-	-	-	3,973,588
Securities lending refundable deposits	10,452,320	-	-	-	10,452,320
Futures traders' equity	33,036,135	-	-	-	33,036,135
Equity for each customer in the account	525,327	-	-	-	525,327
Notes and accounts payable	15,621,550	-	-	-	15,621,550
Other payables	1,797,525	-	-	-	1,797,525
Bonds payable	66,583	64,525	2,295,306	3,190,686	5,617,100
Long-term borrowings	923,878	-	-	-	923,878
Lease liabilities	61,985	178,386	398,808	26,879	666,058
	<u>\$ 125,739,564</u>	<u>\$ 1,501,800</u>	<u>\$ 8,051,003</u>	<u>\$ 3,217,565</u>	<u>\$ 138,509,932</u>

June 30, 2022	Payment Period				
	Current Period	First 3 to 12 Months	1 Year to 5 Years	Over 5 Years	Total
Current borrowings	\$ 1,097,891	\$ -	\$ -	\$ -	\$ 1,097,891
Commercial paper payable	22,200,000	-	-	-	22,200,000
Current financial liabilities at fair value through profit or loss	15,217,469	8,888,060	5,299,272	473,098	29,877,899
Liabilities for bonds with attached repurchase agreements	24,452,802	1,928,694	-	-	26,381,496
Securities financing refundable deposits	2,049,515	-	-	-	2,049,515
Deposits payable for securities financing	2,275,683	-	-	-	2,275,683
Securities lending refundable deposits	11,190,244	-	-	-	11,190,244
Futures traders' equity	35,434,832	-	-	-	35,434,832
Equity for each customer in the account	645,638	-	-	-	645,638
Notes and accounts payable	32,522,199	-	-	-	32,522,199
Other payables	1,621,044	-	-	-	1,621,044
Other current financial liabilities	20,034	-	-	-	20,034
Long-term liabilities - current portion	9,461	448,487	-	-	457,948
Bonds payable	15,979	27,823	2,110,488	1,081,710	3,236,000
Long-term borrowings	893,145	-	-	-	893,145
Lease liabilities	62,356	174,904	444,328	19,362	700,950
	<u>\$ 149,708,292</u>	<u>\$ 11,467,968</u>	<u>\$ 7,854,088</u>	<u>\$ 1,574,170</u>	<u>\$ 170,604,518</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, none of the SinoPac Securities and its subsidiaries' lease contracts had remaining lease terms exceeding 10 years.

The analysis of the remaining contractual maturities of financial liabilities is based on the earliest due date and prepared on the basis of undiscounted cash flows.

c. Transfers of financial assets

The transferred financial assets of SinoPac Securities and its subsidiaries that do not qualify for derecognition in the daily operation are mainly bonds with attached repurchase agreements. The transaction transfers the contractual rights to receive the cash flows of the financial assets but SinoPac Securities and its subsidiaries retain the liabilities to repurchase the transferred financial assets at fixed price in the future period. SinoPac Securities and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, SinoPac Securities and its subsidiaries still bear the interest rate risk and credit risk; thus, SinoPac Securities and its subsidiaries do not derecognize it. Analysis of financial assets and related liabilities not completely meet derecognizing condition is shown in following table:

Category of Financial Asset	June 30, 2023				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
<u>Transactions with repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 15,349,173	\$ 14,456,317	\$ 15,349,173	\$ 14,456,317	\$ 892,856
Financial assets at fair value through other comprehensive income	12,692,756	12,024,756	12,692,756	12,024,756	668,000
Bond investments under resale agreements	16,810,638	18,030,687	16,810,638	18,030,687	(1,220,049)



Category of Financial Asset	December 31, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
<u>Transactions with repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 12,432,080	\$ 11,823,997	\$ 12,432,080	\$ 11,823,997	\$ 608,083
Financial assets at fair value through other comprehensive income	12,346,136	12,231,559	12,346,136	12,231,559	114,577
Bond investments under resale agreements	7,138,654	7,556,781	7,138,654	7,556,781	(418,127)

Category of Financial Asset	June 30, 2022				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
<u>Transactions with repurchase agreements</u>					
Financial assets at fair value through profit or loss	\$ 8,924,311	\$ 8,342,910	\$ 8,924,311	\$ 8,342,910	\$ 581,401
Financial assets at fair value through other comprehensive income	12,533,681	12,384,797	12,533,681	12,384,797	148,884
Bond investments under resale agreements	4,718,606	5,580,949	4,718,606	5,580,949	(862,343)

d. Offsetting of financial assets and financial liabilities

SinoPac Securities and its subsidiaries have partial of receivables from securities sale and payables from securities purchase which meeting offsetting condition, and then offset them on the balance sheet.

SinoPac Securities and its subsidiaries engage in transactions with net settlement contracts or similar agreements with counterparties, when net settlement of financial assets and financial liabilities by the choice of both parties. If not, the settlement will be based on the total amount. And if one party defaulted, the other one may choose to net settlement.

The offsetting information of financial assets and financial liabilities were as follows:

June 30, 2023

Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements						
Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities		Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Financial Instruments	Cash Received as Collateral	
Derivative assets - OTC	\$ 4,977,407	\$ -	\$ 4,977,407	\$ 3,363,360	\$ -	\$ 1,614,047
Bond investments under resale agreements	16,983,775	-	16,983,775	16,983,775	-	-
Accounts receivable for sale of securities	<u>6,695,832</u>	<u>4,505,412</u>	<u>2,190,420</u>	-	-	<u>2,190,420</u>
	<u>\$ 28,657,014</u>	<u>\$ 4,505,412</u>	<u>\$ 24,151,602</u>	<u>\$ 20,347,135</u>	<u>\$ -</u>	<u>\$ 3,804,467</u>

**Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements**

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets		Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 5,561,709	\$ -	\$ 5,561,709	\$ 3,363,360	\$ -	\$ 2,198,349
Liabilities for bonds with attached repurchase agreements	44,511,760	-	44,511,760	42,082,341	-	2,429,419
Accounts payable for securities purchased	<u>6,202,215</u>	<u>4,505,412</u>	<u>1,696,803</u>	<u>-</u>	<u>-</u>	<u>1,696,803</u>
	<u>\$ 56,275,684</u>	<u>\$ 4,505,412</u>	<u>\$ 51,770,272</u>	<u>\$ 45,445,701</u>	<u>\$ -</u>	<u>\$ 6,324,571</u>

December 31, 2022

**Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements**

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities		Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Financial Instruments	Cash Received as Collateral	
Derivative assets - OTC	\$ 4,385,357	\$ -	\$ 4,385,357	\$ 3,473,117	\$ -	\$ 912,240
Bond investments under resale agreements	7,609,811	-	7,609,811	7,609,811	-	-
Accounts receivable for sale of securities	<u>3,166,854</u>	<u>2,458,962</u>	<u>707,892</u>	<u>-</u>	<u>-</u>	<u>707,892</u>
	<u>\$ 15,162,022</u>	<u>\$ 2,458,962</u>	<u>\$ 12,703,060</u>	<u>\$ 11,082,928</u>	<u>\$ -</u>	<u>\$ 1,620,132</u>

**Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements**

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets		Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Financial Instruments	Cash Collateral Pledged	
Derivative liabilities - OTC	\$ 4,730,422	\$ -	\$ 4,730,422	\$ 3,473,117	\$ -	\$ 1,257,305
Liabilities for bonds with attached repurchase agreements	31,612,337	-	31,612,337	29,203,511	-	2,408,826
Accounts payable for securities purchased	<u>2,699,311</u>	<u>2,458,962</u>	<u>240,349</u>	<u>-</u>	<u>-</u>	<u>240,349</u>
	<u>\$ 39,042,070</u>	<u>\$ 2,458,962</u>	<u>\$ 36,583,108</u>	<u>\$ 32,676,628</u>	<u>\$ -</u>	<u>\$ 3,906,480</u>

June 30, 2022

<b>Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements</b>						
<b>Financial Assets</b>	<b>Recognized Financial Assets - Gross Amount</b>	<b>Netted Financial Liabilities</b>	<b>Recognized Financial Assets - Net Amount</b>	<b>Related Amount Not Netted on the Balance Sheet</b>		<b>Net Amount</b>
		<b>Recognized on the Balance Sheet - Gross Amount</b>		<b>Financial Instruments</b>	<b>Cash Received as Collateral</b>	
Derivative assets - OTC	\$ 4,488,848	\$ -	\$ 4,488,848	\$ 2,922,190	\$ -	\$ 1,566,658
Bond investments under resale agreements	7,900,974	-	7,900,974	7,900,974	-	-
Accounts receivable for sale of securities	<u>15,860,860</u>	<u>3,814,731</u>	<u>12,046,129</u>	<u>-</u>	<u>-</u>	<u>12,046,129</u>
	<u>\$ 28,250,682</u>	<u>\$ 3,814,731</u>	<u>\$ 24,435,951</u>	<u>\$ 10,823,164</u>	<u>\$ -</u>	<u>\$ 13,612,787</u>

<b>Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements</b>						
<b>Financial Liabilities</b>	<b>Recognized Financial Liabilities - Gross Amount</b>	<b>Netted Financial Assets</b>	<b>Recognized Financial Liabilities - Net Amount</b>	<b>Related Amount Not Netted on the Balance Sheet</b>		<b>Net Amount</b>
		<b>Recognized on the Balance Sheet - Gross Amount</b>		<b>Financial Instruments</b>	<b>Cash Collateral Pledged</b>	
Derivative liabilities - OTC	\$ 4,857,696	\$ -	\$ 4,857,696	\$ 2,922,190	\$ -	\$ 1,935,506
Liabilities for bonds with attached repurchase agreements	26,308,656	-	26,308,656	24,048,384	-	2,260,272
Accounts payable for securities purchased	<u>13,534,496</u>	<u>3,814,731</u>	<u>9,719,765</u>	<u>-</u>	<u>-</u>	<u>9,719,765</u>
	<u>\$ 44,700,848</u>	<u>\$ 3,814,731</u>	<u>\$ 40,886,117</u>	<u>\$ 26,970,574</u>	<u>\$ -</u>	<u>\$ 13,915,543</u>

## 50. CAPITAL MANAGEMENT

### SinoPac Financial Holdings

#### a. Overview

The Group's capital management goals are as follows:

As a basic target, the Group's eligible capital should be sufficient to meet their operating needs and should be higher than the required minimum capital adequacy ratio. Eligible capital and legal capital are calculated under regulations pronounced by the authorities.

The Group's should also have adequate capital to bear its risks, should measure capital demand on the basis of risk combinations and risk characteristics, and should optimize resource and capital allocation through risk management.

#### b. Capital management procedure

The Group's capital adequacy ratio should meet the regulations set by the authorities. Also, the Group's should maintain capital adequacy ratio by considering the business scale, major operating strategy, risk conditions, eligible capital structure, future capital increase plan, etc. The Group's reports to the authorities regularly. Overseas subsidiaries' capital management is in accordance with local regulations.

The Group's capital maintenance is in accordance with the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies", "Regulations Governing the Capital Adequacy and Capital Category of Banks", "Regulations Governing Securities Firms" etc., and is managed by the Group's risk management and financing divisions.

c. Capital adequacy ratio

Under the Financial Holding Company Act and related regulations, a financial holding company should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. Thus, if a financial holding company's consolidated CAR falls below 100%, the authorities may prohibit it from declaring cash dividends or distributing other properties. Under certain conditions, the authorities may impose other penalties on the Company. The Group's capital adequacy ratio information for June 30, 2023, December 31, 2022 and June 30, 2022 are shown as follow:

1) Consolidated capital adequacy ratio

**June 30, 2023**

(In Thousands of New Taiwan Dollars, %)

<b>Item</b>	<b>Percentage of Ownership</b>	<b>Group's Net Eligible Capital</b>	<b>Group's Statutory Capital Requirement</b>
<b>Entities</b>			
SPH	100%	\$ 173,040,427	\$ 200,152,018
Bank SinoPac	100%	213,949,555	145,965,989
SinoPac Securities	100%	22,845,907	9,996,981
SinoPac Leasing	100%	4,512,698	1,508,045
SinoPac Venture Capital	100%	2,922,015	1,457,594
SinoPac Securities Investment Trust	100%	1,619,420	878,813
Deduction		(212,421,968)	(198,045,287)
Subtotal		206,468,054 (A)	161,914,153 (B)
Consolidated CARs of SPH (C)=(A)÷(B)			127.52% (C)

**December 31, 2022**

(In Thousands of New Taiwan Dollars, %)

<b>Item</b>	<b>Percentage of Ownership</b>	<b>Group's Net Eligible Capital</b>	<b>Group's Statutory Capital Requirement</b>
<b>Entities</b>			
SPH	100%	\$ 154,025,385	\$ 176,106,000
Bank SinoPac	100%	193,856,991	141,968,613
SinoPac Securities	100%	22,095,786	8,541,770
SinoPac Leasing	100%	4,692,767	1,469,223
SinoPac Venture Capital	100%	2,676,652	1,335,706
SinoPac Securities Investment Trust	100%	1,718,840	923,278
Deduction		(189,013,015)	(173,951,962)
Subtotal		190,053,406 (A)	156,392,628 (B)
Consolidated CARs of SPH (C)=(A)÷(B)			121.52% (C)

June 30, 2022

(In Thousands of New Taiwan Dollars, %)

Item	Percentage of Ownership	Group's Net Eligible Capital	Group's Statutory Capital Requirement
SPH	100%	\$ 148,232,292	\$ 170,022,129
Bank SinoPac	100%	188,028,911	130,320,175
SinoPac Securities	100%	19,813,090	9,792,381
SinoPac Leasing	100%	4,503,807	1,441,609
SinoPac Venture Capital	100%	2,741,898	1,369,184
SinoPac Securities Investment Trust	100%	1,638,950	870,278
Deduction		(183,133,941)	(167,842,356)
Subtotal		181,825,007 (A)	145,973,400 (B)
Consolidated CARs of SPH (C)=(A)÷(B)			124.56% (C)

2) Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

Item	June 30, 2023	December 31, 2022	June 30, 2022
Common stock	\$ 121,337,646	\$ 113,837,646	\$ 112,710,541
Capital Instruments that comply with the Tier 1 capital requirement	-	-	-
Other preferred stock and subordinated bank debentures	60,000	60,000	60,000
Capital collected in advance	2,426,753	-	1,127,105
Capital surplus	6,087,799	2,187,219	2,187,218
Legal reserve	23,751,851	22,112,855	22,112,855
Special reserve	14,684,030	483,818	483,818
Retained earnings	14,128,651	29,555,849	21,904,229
Equity adjustment	(9,423,943)	(14,200,212)	(12,344,082)
Deduction: Deferred assets	(12,360)	(11,790)	(9,392)
Total	173,040,427	154,025,385	148,232,292

**Bank SinoPac**

a. Overview

Bank SinoPac and its subsidiaries' capital management goals are as follows:

As a basic target, Bank SinoPac and its subsidiaries' eligible capital should be sufficient to meet their operation need, and higher than minimum requirements of the capital adequacy ratio. Eligible capital and legal capital are calculated under the regulations announced by the authority.

Bank SinoPac and its subsidiaries should have adequacy capital to bear the risks, measure capital demand according to risk combination and risk characteristics, fulfill the optimization of resource and capital allocation by risk management.

b. Capital management procedure

Bank SinoPac and its subsidiaries' capital adequacy ratio should meet regulations announced by the authority. Also, Bank SinoPac and its subsidiaries should maintain capital adequacy ratio by considering Bank SinoPac and its subsidiaries' business scale, major operating strategy, risk condition, eligible capital structure, and future capital increase plan, etc. Bank SinoPac and its subsidiaries reported to the authority regularly. Overseas subsidiaries' capital management is in accordance with local regulations.

Bank SinoPac and its subsidiaries' capital maintenance is in accordance with "Regulations Governing the Capital Adequacy and Capital Category of Banks", etc., and is managed by Bank SinoPac and its subsidiaries' risk management and financing divisions.

c. Statement of capital adequacy

Analysis Items		Year	June 30, 2023	
			Standalone	Consolidation
Eligible capital	Common stock equity		\$ 151,048,093	\$ 153,955,264
	Other Tier 1 capital		25,500,000	25,500,000
	Tier 2 capital		37,401,462	37,694,432
	Eligible capital		213,949,555	217,149,696
Risk-weighted assets	Credit risk	Standardized approach	1,275,214,056	1,321,884,428
		Internal rating - based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	78,079,609	80,281,805
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	36,858,615	39,410,632
		Internal model approach	-	-
	Total risk-weighted assets		1,390,152,280	1,441,576,865
	Capital adequacy ratio			15.39%
Common stock equity risk - based capital ratio			10.87%	10.68%
Tier 1 risk - based capital ratio			12.70%	12.45%
Leverage ratio			6.97%	6.89%

Analysis Items		Year	December 31, 2022	
			Standalone	Consolidation
Eligible capital	Common stock equity		\$ 131,763,470	\$ 131,649,588
	Other Tier 1 capital		25,500,000	25,500,000
	Tier 2 capital		36,593,521	37,257,388
	Eligible capital		193,856,991	194,406,976
Risk-weighted assets	Credit risk	Standardized approach	1,233,811,625	1,286,920,928
		Internal rating - based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	78,079,609	80,281,805
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	40,190,797	41,473,770
		Internal model approach	-	-
Total risk-weighted assets		1,352,082,031	1,408,676,503	
Capital adequacy ratio		14.34%	13.80%	
Common stock equity risk - based capital ratio		9.75%	9.35%	
Tier 1 risk - based capital ratio		11.63%	11.16%	
Leverage ratio		6.32%	6.14%	

Analysis Items		Year	June 30, 2022	
			Standalone	Consolidation
Eligible capital	Common stock equity		\$ 126,244,061	\$ 126,131,891
	Other Tier 1 capital		25,500,000	25,500,000
	Tier 2 capital		36,284,850	36,861,660
	Eligible capital		188,028,911	188,493,551
Risk-weighted assets	Credit risk	Standardized approach	1,146,792,902	1,192,937,664
		Internal rating - based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	50,726,187	52,454,161
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	43,625,433	44,808,296
		Internal model approach	-	-
Total risk-weighted assets		1,241,144,522	1,290,200,121	
Capital adequacy ratio		15.15%	14.61%	
Common stock equity risk - based capital ratio		10.17%	9.78%	
Tier 1 risk - based capital ratio		12.23%	11.75%	
Leverage ratio		6.66%	6.62%	

Note 1: These tables were filled according to “Regulations Governing the Capital Adequacy Ratio of Banks” and related calculation tables.

Note 2: Bank SinoPac shall disclose the capital adequacy ratio for the current and previous period in annual financial reports. For semiannual financial report, Bank SinoPac shall disclose the capital adequacy ratio for the current period, previous period, and previous year-end.

Note 3: The formula is as follows:

- 1) Eligible capital = Common stock equity + Other Tier 1 capital + Tier 2 capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) x 12.5.
- 3) Ratio of capital adequacy = Eligible capital ÷ Total risk-weighted assets.
- 4) Common stock equity risk-based capital ratio = Common stock equity ÷ Total risk-weighted assets.
- 5) Tier 1 risk - based capital ratio = (Common stock equity + Other Tier 1 capital) ÷ Total risk-weighted assets.
- 6) Leverage ratio = Tier 1 capital ÷ Total exposure risk.

Note 4: In accordance with Financial Supervisory Commission Guideline No. 09900146911, gains from the sale of idle assets are not to be included in Bank SinoPac's capital adequacy ratio calculation until disposed outside the Group.

### **SinoPac Securities**

As part of coping with its business scale requirements, key operational plans, risk conditions, eligible capital structure and future capital projects, SinoPac Securities complies with the Regulations Governing Securities Firms on the calculation of a capital adequacy ratio and sets up management procedure. Thus, for maintaining stable operations, SinoPac Securities' capital adequacy ratio, in principle, is at least 250% for its capital adequacy management objectives.

SinoPac Securities' capital adequacy management procedures are as follows:

- a. The risk management division should calculate, monitor and analyze its capital adequacy ratio regular monthly basis, and be approval by the general manager and chairman of the Board.
- b. The risk management division simulates the capital adequacy ratio based on SinoPac Securities' business plan, policy direction, investment strategy, important event, and provide to the relevant units.
- c. If SinoPac Securities' capital adequacy ratio seems to be falling below the target, the risk management division should put forward to the management echelon in order to adopt the response manner as the follows, and execute after the board's approve.
  - 1) Issuance of financial bonds that can be included in eligible capital.
  - 2) Capital increase.
  - 3) Adjustment of business strategies.



As of June 30, 2023, December 31, 2022 and June 30, 2022, SinoPac Securities' capital adequacy ratio were as follows:

Items	June 30, 2023	December 31, 2022	June 30, 2022
Net eligible capital			
Tier 1 Capital	\$ 30,536,302	\$ 29,447,705	\$ 28,824,000
Tier 2 Capital	3,351,063	3,072,188	1,225,627
Tier 3 Capital	-	-	-
Deductible assets	<u>(11,041,458)</u>	<u>(10,424,107)</u>	<u>(10,236,537)</u>
	<u>\$ 22,845,907</u>	<u>\$ 22,095,786</u>	<u>\$ 19,813,090</u>
Equivalent operating risk			
Market risk equivalent	\$ 4,059,754	\$ 3,454,287	\$ 4,031,800
Credit risk equivalent	956,519	661,245	917,473
Operating risk equivalent	<u>1,648,381</u>	<u>1,578,981</u>	<u>1,578,981</u>
	<u>\$ 6,664,654</u>	<u>\$ 5,694,513</u>	<u>\$ 6,528,254</u>
Capital adequacy ratio	343%	388%	303%

Note 1: Capital adequacy ratio = Net eligible capital ÷ Equivalent operating risk.

Note 2: Net eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital - Deductible assets.

Note 3: Equivalent operating risk = Market risk equivalent + Credit risk equivalent + Operating risk equivalent.

## 51. CROSS-SELLING INFORMATION

For the six months ended June 30, 2023 and 2022, Bank SinoPac charged SinoPac Securities for \$3,762 and \$3,853, respectively, as opening accounts.

The bonuses Bank SinoPac paid to SinoPac Securities were \$2,691 and \$2,703 for the six months ended June 30, 2023 and 2022 as part of the cross-selling agreement.

The bonus payments for the six months ended June 30, 2023 and 2022 made by Bank SinoPac from SinoPac Leasing were \$49 and \$31 as part of the cross-selling agreement.

The bonuses Bank SinoPac paid to SinoPac Leasing was \$11 for the six months ended June 30, 2022 as part of the cross-selling agreement.

For other transactions within the Group, please refer to Note 45 and Table 12.

## 52. BUSINESS SEGMENT FINANCIAL INFORMATION

For the Six Months Ended June 30, 2023

(In Thousands of New Taiwan Dollars)

Item \ Business Segment	Banking	Security	Others	Consolidated
Net interest revenue	\$ 11,679,070	\$ 550,286	\$ 246,092	\$ 12,475,448
Net revenues other than interest	8,515,454	5,049,874	527,576	14,092,904
Net revenues	20,194,524	5,600,160	773,668	26,568,352
Bad debts expense, commitment and reversal of guarantee liability (provision)	(759,906)	(3,672)	(146,916)	(910,494)
Operating expenses	(9,428,324)	(3,889,605)	(618,445)	(13,936,374)
Profit (loss) from continuing operations before tax	10,006,294	1,706,883	8,307	11,721,484
Income tax (expense) benefit	(1,683,044)	(8,500)	69,564	(1,621,980)
Net income (loss)	8,323,250	1,698,383	77,871	10,099,504

For the Six Months Ended June 30, 2022

(In Thousands of New Taiwan Dollars)

Item \ Business Segment	Banking	Security	Others	Consolidated
Net interest revenue	\$ 11,686,397	\$ 637,474	\$ 243,971	\$ 12,567,842
Net revenues other than interest	6,946,781	4,288,908	304,260	11,539,949
Net revenues	18,633,178	4,926,382	548,231	24,107,791
Bad debts expense, commitment and reversal of guarantee liability (provision)	(1,272,820)	309	5,512	(1,266,999)
Operating expenses	(8,555,544)	(3,697,413)	(573,202)	(12,826,159)
Profit (loss) from continuing operations before tax	8,804,814	1,229,278	(19,459)	10,014,633
Income tax (expense) benefit	(1,293,921)	(326,524)	(166,361)	(1,786,806)
Net income (loss)	7,510,893	902,754	(185,820)	8,227,827

## 53. PROFITABILITY

### SinoPac Holdings and Its Subsidiaries

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.44	0.42
	After income tax	0.38	0.35
Return on net worth	Before income tax	7.17	6.44
	After income tax	6.18	5.29
Profit margin		38.01	34.13

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth

Note 3: Profit margin = Income after income tax ÷ Net revenues

Note 4: Income before (after) tax represents income for the six months ended June 30, 2023 and 2022.

## SinoPac Holdings

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	5.26	4.66
	After income tax	5.32	4.61
Return on net worth	Before income tax	6.10	5.35
	After income tax	6.18	5.29
Profit margin		98.68	96.34

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth

Note 3: Profit margin = Income after income tax ÷ Net revenues

Note 4: Income before (after) tax represents income for the six months ended June 30, 2023 and 2022.

## Bank SinoPac

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	0.42	0.41
	After income tax	0.35	0.36
Return on net worth	Before income tax	6.65	6.35
	After income tax	5.56	5.45
Profit margin		42.03	41.25

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth

Note 3: Profit margin = Income after income tax ÷ Net revenues

Note 4: Income before (after) tax represents income for the six months ended June 30, 2023 and 2022.

## SinoPac Securities

(%)

Items		June 30, 2023	June 30, 2022
Return on total assets	Before income tax	1.14	0.78
	After income tax	1.18	0.60
Return on net worth	Before income tax	5.44	3.73
	After income tax	5.66	2.88
Profit margin		30.47	18.99

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets

Note 2: Return on net worth = Income before (after) income tax ÷ Average net worth

Note 3: Profit margin = Income after income tax ÷ Net revenues

Note 4: Income before (after) tax represents income for the six months ended June 30, 2023 and 2022.

#### 54. ADDITIONAL DISCLOSURES

a. Significant transactions and b. following is the additional information required for the Company and investees:

- 1) Financing provided: Table 1 (under certain regulations, Bank SinoPac and Bank SinoPac (China) are exempt from making related disclosure requirements)
- 2) Endorsement/guarantee provided: Table 2 (under certain regulations, Bank SinoPac and Bank SinoPac (China) are exempt from making related disclosure requirements)
- 3) Marketable securities held: Table 3 (Bank SinoPac, Bank SinoPac (China), SinoPac Securities and SinoPac Securities (Asia) are excluded from related disclosure requirements under the Criteria Governing the Preparation of Financial Reports by Public Banks and the Criteria Governing the Preparation of Financial Reports by Securities Firms)
- 4) Acquired and disposed of investment, at costs or prices of at least NT\$300 million or 10% of the issued capital: Table 4
- 5) Marketable securities acquired and disposed of investment, at costs or prices of at least NT\$300 million or 10% of the issued capital: Table 4
- 6) Acquisition of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: None
- 7) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: None
- 8) Allowance for service fees to related parties of at least NT\$5 million: None
- 9) Securitization product offered by a subsidiary and under government approval in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act, and related information: None
- 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the issued capital: Table 5
- 11) Sale of non-performing loans: None
- 12) The related information and proportionate share in investees: Table 6
- 13) Derivative financial transactions: Note 8
- 14) Other material transactions which will affect the decisions of financial report users: Tables 7 to 18
  - a) The book value of the maximum credit risk exposure of the financial assets: Table 7
  - b) Allowance for discounts and loans: Table 8
  - c) Allowance for accounts receivables: Table 9

- d) Change in allowance for debt instrument at fair value through other comprehensive income: Table 10
  - e) Change in allowance for debt instrument at amortized cost: Table 11
  - f) Related party transactions: Table 12
  - g) Balance sheets of SPH: Table 13
  - h) Comprehensive income statements of SPH: Table 14
  - i) Statement of changes in equity of SPH: Table 15
  - j) Statements of cash flows of SPH: Table 16
  - k) Statement of balance sheet and comprehensive income of SPH's subsidiaries: Table 17
  - l) Public announcements prescribed in financial holding company ACT Article 46: Table 18
  - m) Other significant transactions which may affect the decisions of users of financial reports: None
- c. Information related to investment in Mainland China: Table 19
  - d. Information on major shareholders: None

## 55. SEGMENT INFORMATION

The main business of the Company is the investment in and management of its subsidiaries. On the basis of the chief decision maker's resource allocation and department performance review, the Group has divided, business segments by type of services and products provided. The accounting standards and policies mentioned in Note 4 apply to of the business segments under IFRS 8 "Operating Segments". The Group operating segments for the six months ended June 30, 2023 and 2022 are without change. The Group reports the following:

Banking - comprise Bank SinoPac and its subsidiaries; provides commercial banking, money lending and investment, insurance agent, insurance brokerage services.

Securities - comprise SinoPac Securities and its subsidiaries; provides securities dealing, future brokerage, securities dealing and future consulting, investment consulting and asset management services.

Other business segments - comprises SinoPac Leasing and its subsidiaries, SinoPac Securities Investment Trust, and SinoPac Venture Capital and other investment were not identified to disclose as on individual segment.

The Group' segment revenue, operating results and segment assets are shown in the following table.

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Six Months Ended June 30, 2023					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 11,637,270	\$ 572,955	\$ 347,253	\$ 12,557,478	\$ (82,030)	\$ 12,475,448
	Interest income	34,260,021	1,607,738	543,559	36,411,318	(25,332)	36,385,986
	Interest expenses	(22,622,751)	(1,034,783)	(196,306)	(23,853,840)	(56,698)	(23,910,538)
	Service fee and commissions income, net	3,849,726	3,474,424	108,878	7,433,028	(6,523)	7,426,505
	Others	4,700,376	1,606,006	483,137	6,789,519	(123,120)	6,666,399
	Total net revenue	20,187,372	5,653,385	939,268	26,780,025	(211,673)	26,568,352
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(759,906)	(3,672)	(146,916)	(910,494)	-	(910,494)
	Operating expenses	(9,462,959)	(3,916,660)	(402,701)	(13,782,320)	(154,054)	(13,936,374)
	Depreciation and amortization expense	(832,479)	(272,502)	(107,415)	(1,212,396)	50,258	(1,162,138)
	Profit (loss) from continuing operations before tax	9,964,507	1,733,053	389,651	12,087,211	(365,727)	11,721,484
	Income tax (expense) benefit	(1,683,044)	(8,500)	(54,091)	(1,745,635)	123,655	(1,621,980)
	Net income (loss)	8,281,463	1,724,553	335,560	10,341,576	(242,072)	10,099,504
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 1,069,802	\$ 1,069,802	\$ -	\$ 1,069,802
	Total assets	2,460,258,801	218,884,220	24,834,918	2,703,977,939	(9,702,537)	2,694,275,402

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Six Months Ended June 30, 2022					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest revenue	\$ 11,665,952	\$ 641,830	\$ 297,340	\$ 12,605,122	\$ (37,280)	\$ 12,567,842
	Interest income	16,932,115	837,755	402,699	18,172,569	(6,329)	18,166,240
	Interest expenses	(5,266,163)	(195,925)	(105,359)	(5,567,447)	(30,951)	(5,598,398)
	Service fee and commissions income, net	4,804,623	3,523,455	86,097	8,414,175	(1,035)	8,413,140
	Others	2,186,795	776,474	284,168	3,247,437	(120,628)	3,126,809
	Total net revenue	18,657,370	4,941,759	667,605	24,266,734	(158,943)	24,107,791
	Bad debts expense, commitment and reversal of guarantee liability (provision)	(1,272,820)	309	5,512	(1,266,999)	-	(1,266,999)
	Operating expenses	(8,590,391)	(3,723,538)	(400,606)	(12,714,535)	(111,624)	(12,826,159)
	Depreciation and amortization expense	(789,070)	(265,655)	(128,841)	(1,183,566)	50,922	(1,132,644)
	Profit (loss) from continuing operations before tax	8,794,159	1,218,530	272,511	10,285,200	(270,567)	10,014,633
	Income tax (expense) benefit	(1,293,921)	(326,524)	(67,982)	(1,688,427)	(98,379)	(1,786,806)
	Net income (loss)	7,500,238	892,006	204,529	8,596,773	(368,946)	8,227,827
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using equity method	\$ -	\$ -	\$ 923,378	\$ 923,378	\$ -	\$ 923,378
	Total assets	2,170,233,735	201,437,676	26,156,922	2,397,828,333	(11,452,701)	2,386,375,632

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

FINANCING PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counterparty	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Financing Type	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
													Item	Value		
1	SinoPac Leasing	I-HWA Industrial Co., Ltd.	Other receivable	No	\$ 53,829	\$ 48,228	\$ 48,228	2.00-15.90	Short-term financing	\$ -	Operating use	\$ 93	-	\$ -	\$ 1,353,809 (Note 2)	\$ 1,805,079 (Note 2)
		Hsiang-Ming Fishery Co., Ltd.	Other receivable	No	233,333	194,167	144,167	2.00-15.90	Short-term financing	-	Operating use	2,502	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
		ET New Media Holding Co., Ltd.	Other receivable	No	102,174	42,178	42,178	2.00-15.90	Short-term financing	-	Operating use	79	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
		Fengxin Development and Investment Co., Ltd	Other receivable	No	41,984	29,726	29,726	2.00-15.90	Short-term financing	-	Operating use	650	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
		Xinyi Construction Co., Ltd.	Other receivable	No	75,200	65,600	65,600	2.00-15.90	Short-term financing	-	Operating use	1,431	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
		TCHING YE FISHERY CO., Ltd.	Other receivable	No	64,500	59,250	59,250	2.00-15.90	Short-term financing	-	Operating use	1,339	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
		Yuanli Engineering Co., Ltd.	Other receivable	No	107,000	80,250	80,250	2.00-15.90	Short-term financing	-	Operating use	1,707	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
		HOME-CHAIN FOODS, Ltd.	Other receivable	No	70,000	70,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
		Liwei Wind Solar Energy Co., Ltd.	Other receivable	No	60,000	45,000	45,000	2.00-15.90	Short-term financing	-	Operating use	90	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
		Taiwan Star Telecom Corporation Limited	Other receivable	No	200,000	200,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
		First Flight Frozen Food Co., Ltd.	Other receivable	No	70,000	70,000	-	2.00-15.90	Short-term financing	-	Operating use	-	-	-	1,353,809 (Note 2)	1,805,079 (Note 2)
2	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Other receivable	Yes	2,768,175 (Note 3)	1,869,159 (Note 3)	934,580 (Note 3)	6.39171	Short-term financing	-	Operating use	-	-	-	3,603,471 (Note 3)	3,603,471 (Note 3)

Note 1: The table is based on regulations from TWSE that Ending Balance refers to the amount lent to individuals, and the amount actually drawn refers to the actual amount lent within the previously mentioned amount.

Note 2: The financial limit for each borrowing company and the financing company's financing amount limits are 30% and 40% of the audited net worth \$4,512,698 of SinoPac Leasing as of June 30, 2023, respectively. The financial limit to each subsidiary of SinoPac Leasing is 40% of its reviewed net worth.

Note 3: In August and September 2022, the board of directors of SinoPac Securities (Cayman) processed the credit line of US\$30,000 thousand and US\$30,000 thousand, respectively. The maximum balance and the ending balance were based on the credit line of US\$90,000 thousand (NT\$2,768,175), and US\$60,000 thousands (NT\$1,869,159), respectively. The credit line for individual and total financing amount calculated based on the net worth of SinoPac Securities (Cayman) as of June 30, 2023 was equal to US\$115,671 thousand (NT\$3,603,471). As of June 30, 2023, the actual balance of US\$30,000 thousand (NT\$934,580) had been eliminated in consolidated report.

Note 4: Foreign currency amounts (except maximum balance for the period) translated to NTD at spot exchange rate on balance sheet date.



## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Counterparty		Limits on Individual Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Endorsement/Guarantee Amount Collateralized by Properties	Ratio of Accumulated Amount of Endorsement/Guarantee to Net Asset Value of the Latest Financial Statement (%)	Maximum Endorsement/Guarantee Amounts Allowable	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Nature of Relationship										
1	SinoPac Leasing	SinoPac International Leasing Corp.	Subsidiary	\$ 36,101,584	\$ 4,352,016	\$ 4,352,016	\$ 1,526,202	\$ -	96.44	\$ 36,101,584 (Note 1)	Y	N	Y
		SinoPac Capital International (HK)	Subsidiary	36,101,584	12,792,836	12,523,365	2,261,225	-	277.51	36,101,584 (Note 1)	Y	N	N
2	SinoPac Venture Capital	SinoPac Leasing	Affiliate	1,461,007	407,174	407,174	-	-	13.93	2,922,015 (Note 2)	N	N	N

Note 1: The limit on individual endorsement or guarantee amounts is up to 200% of the net worth of SinoPac Leasing. The maximum amount of endorsement or guarantee is 800% of the net worth of SinoPac Leasing. But the amount of endorsement or guarantee is 800% of the worth of the subsidiaries of SinoPac Leasing, which held by more than 50%. The audited net worth of SinoPac Leasing as of June 30, 2023 was \$4,512,698.

Note 2: Endorsement or guarantee cannot exceed the net worth of SinoPac Venture Capital. The limit on individual endorsement or guarantee cannot exceed one-half of the net worth of SinoPac Venture Capital. The audited net worth as of June 30, 2023 was \$2,922,015.

Note 3: Foreign-currency amounts were translated to New Taiwan dollars at the spot exchange rates on the balance sheet date.

Note 4: Guarantee given by parent on behalf of subsidiaries, by subsidiaries on behalf of parent and on behalf of companies in Mainland China filled in Y.

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

## MARKETABLE SECURITIES HELD

JUNE 30, 2023

(In Thousands of New Taiwan Dollars or Shares)

Holding Company	Type and Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SPH	<u>Stock</u> Taiwan Depository And Clearing Corporation	-	Financial assets at fair value through other comprehensive income	485	\$ 31,142	0.08	\$ 31,142	
SinoPac Futures	<u>Stock</u> Taiwan Futures Exchange (TAIFEX)	Affiliate of SinoPac Securities' director	Financial assets at fair value through other comprehensive income	1,194	74,767	0.25	74,767	
	GME Group Inc.	-	Financial assets at fair value through other comprehensive income	20	115,399	0.01	115,399	
	United Microelectronics Corporation	-	Financial assets at fair value through other comprehensive income	503	24,395	-	24,395	
	Hon Hai Precision Industry Co., Ltd.	-	Financial assets at fair value through other comprehensive income	240	27,120	-	27,120	
	Synnex Technology International Corporation	-	Financial assets at fair value through other comprehensive income	405	23,490	0.02	23,490	
	Asustek Computer Incorporation	-	Financial assets at fair value through other comprehensive income	61	19,184	0.01	19,184	
	GIGA-BYTE Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	80	19,480	0.01	19,480	
	Micro-Star International Co., Ltd.	-	Financial assets at fair value through other comprehensive income	92	16,238	0.01	16,238	
	Everlight Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income	199	10,288	0.04	10,288	
	Mediatek Inc.	-	Financial assets at fair value through other comprehensive income	35	24,080	-	24,080	
	Huaku Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	161	14,522	0.06	14,522	
	Evergreen Marine Corporation (Taiwan) Ltd.	-	Financial assets at fair value through other comprehensive income	223	20,850	0.01	20,850	
	TXC Corporation	-	Financial assets at fair value through other comprehensive income	152	14,258	0.05	14,258	
	Tripod technology Corporation	-	Financial assets at fair value through other comprehensive income	154	19,019	0.03	19,019	
	Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income	41	13,161	0.05	13,161	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Arcadyan Technology Corporation	-	Financial assets at fair value through other comprehensive income	116	\$ 14,268	0.05	\$ 14,268	
	BizLink Holding Inc.	-	Financial assets at fair value through other comprehensive income	25	8,050	-	8,050	
	Wpg holdings limited	-	Financial assets at fair value through other comprehensive income	468	25,600	0.03	25,600	
	Continental Holdings Corporation	-	Financial assets at fair value through other comprehensive income	485	13,968	0.64	13,968	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income	190	20,995	0.09	20,995	
	Far Eastone Telecommunications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	229	17,999	0.01	17,999	
	Primax Electronics Ltd.	-	Financial assets at fair value through other comprehensive income	202	13,292	0.04	13,292	
	Simplo Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	48	15,768	0.03	15,768	
	Powertech Technology Inc.	-	Financial assets at fair value through other comprehensive income	90	9,450	0.01	9,450	
	FuSheng Precision Co., Ltd.	-	Financial assets at fair value through other comprehensive income	57	12,597	0.04	12,597	
	Sitronix Technology Corp.	-	Financial assets at fair value through other comprehensive income	12	2,814	0.01	2,814	
	Nan Ya PCB Corporation	-	Financial assets at fair value through other comprehensive income	53	13,992	0.01	13,992	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income	387	16,293	0.05	16,293	
	<u>Fund</u>							
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund	-	Financial assets at fair value through profit or loss	2,007	20,429	-	20,429	
	Yuanta Global Leaders Balanced Fund-TWD(A)	-	Financial assets at fair value through profit or loss	977	11,103	-	11,103	
	Yuanta 2-10 Year Investment Grade Corporate Bond Fund	-	Financial assets at fair value through profit or loss	2,000	20,084	-	20,084	
	Fubon Taiwan-U.S. Twinstar Multi-Asset Fund-TWD(A)	-	Financial assets at fair value through profit or loss	1,965	22,279	-	22,279	
	Fubon US Treasury Inflation-Linked Bond Index Fund (A)	-	Financial assets at fair value through profit or loss	1,945	19,959	-	19,959	
	Cathay 3-Year Maturity Global Market Investment Grade Bond Fund A	-	Financial assets at fair value through profit or loss	500	5,021	-	5,021	
	Cathay 15+ Year Technology Bond Select ETF	-	Financial assets at fair value through profit or loss	250	8,228	-	8,228	
	Cathay FTSE Emerging Markets ETF	-	Financial assets at fair value through profit or loss	500	9,985	-	9,985	
	Cathay Korea/Taiwan IT Premier ETF	-	Financial assets at fair value through profit or loss	300	8,847	-	8,847	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
SinoPac Venture Capital	<u>Stock</u>							
	Taigen Biopharmaceuticals Holdings Limited	Related party	Financial assets at fair value through profit or loss	20,992	\$ 374,710	2.93	\$ 374,710	
	TBI Motion Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,222	48,941	1.29	48,941	
	Kuang Hong Arts Management Incorporation	-	Financial assets at fair value through profit or loss	470	28,315	1.57	28,315	
	MOSA Industrial Corporation	-	Financial assets at fair value through profit or loss	258	7,964	0.13	7,964	
	3S Silicon Tech, Inc.	-	Financial assets at fair value through profit or loss	1,427	22,033	6.07	22,033	
	Centera Photonics Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,342	20,850	3.43	20,850	
	M2 Communication Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	99	320	0.79	320	
	Protectlife International Biomedical Inc.	Affiliate of SinoPac Venture Capital's manager	Financial assets at fair value through profit or loss	600	6,000	4.02	6,000	
	Andros Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	1,271	49,226	3.66	49,226	
	Knowledge Freeway Co., Ltd.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	572	13,739	11.44	13,739	
	J-metrics Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200	9,600	4.30	9,600	
	Taisys Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	380	4,319	1.66	4,319	
	DA HO Marketing Co., Ltd.	-	Financial assets at fair value through profit or loss	1,050	17,924	12.20	17,924	
	New Micropore, Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,000	-	10.00	-	
	Toyo Automation Co., Ltd.	-	Financial assets at fair value through profit or loss	895	89,493	3.24	89,493	
	Global Investment Holdings	-	Financial assets at fair value through profit or loss	261	2,257	2.50	2,257	
	Boston Life Science Venture Co.	-	Financial assets at fair value through profit or loss	3,690	811	5.00	811	
	Taiwan Incubator Small & Medium Enterprises Development Corp.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	3,417	29,630	4.84	29,630	
	Taiwania Capital Buffalo II Bioventures, LP	-	Financial assets at fair value through profit or loss	-	89,214	-	89,214	
Asia Metal Industries, Inc.	-	Financial assets at fair value through profit or loss	716	46,182	2.98	46,182		
Hantop Intelligence Technology Corporation	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	1,250	25,000	9.10	25,000		
Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	4,000	120,000	6.07	120,000		

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Evergreen Steel Corporation	-	Financial assets at fair value through profit or loss	1,200	\$ 80,400	0.29	\$ 80,400	
	Active Technology Engineering Inc.	Affiliate of SinoPac Venture Capital's manager	Financial assets at fair value through profit or loss	1,637	34,602	9.99	34,602	
	Lian Hong Art CO., Ltd.	-	Financial assets at fair value through profit or loss	122	3,530	0.34	3,530	
	Infinity Communication Tech. Inc. (Preferred stock A)	Affiliate of Bank SinoPac's directors and supervisors	Financial assets at fair value through profit or loss	2,000	27,100	2.64	27,100	
	Morrison Opto-Electronics Ltd.	-	Financial assets at fair value through profit or loss	682	54,563	2.98	54,563	
	Biogend Therapeutics Co., Ltd.	-	Financial assets at fair value through profit or loss	688	32,818	0.56	32,818	
	Hui-Min Environment Tech Corp.	-	Financial assets at fair value through profit or loss	1,000	41,690	2.84	41,690	
	Obigen Pharma, Inc.	-	Financial assets at fair value through profit or loss	1,000	32,000	0.94	32,000	
	Taiwania Capital Buffalo III Bioventures, LP	-	Financial assets at fair value through profit or loss	-	45,616	-	45,616	
	GE Technology Inc.	-	Financial assets at fair value through profit or loss	436	19,905	2.18	19,905	
	High Entropy Materials, Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	2,500	20,025	5.25	20,025	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	1,083	121,296	0.29	121,296	
	Mega Union Technology Inc.	-	Financial assets at fair value through profit or loss	759	80,454	1.25	80,454	
	Medeon Biodesign Inc.	Related party	Financial assets at fair value through profit or loss	437	25,632	0.50	25,632	
	Phoenix Pioneer Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	3,051	58,549	1.03	58,549	
	PharmaEssentia Corp.	-	Financial assets at fair value through profit or loss	403	118,652	0.12	118,652	
	Airoha Technology Corp.	-	Financial assets at fair value through profit or loss	60	33,915	0.04	33,915	
	Asia Best Healthcare Co., Ltd.	-	Financial assets at fair value through profit or loss	11	72,979	1.60	72,979	
	CGK International Co., Ltd.	-	Financial assets at fair value through profit or loss	1,800	22,770	4.12	22,770	
	MiCareo Inc.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through profit or loss	6,033	-	14.49	-	
	Transound Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,800	22,500	4.58	22,500	
	Apollo Medical Optics Inc.	-	Financial assets at fair value through profit or loss	1,667	16,833	3.48	16,833	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Telexpress Corp.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through other comprehensive income	542	\$ 6,429	3.39	\$ 6,429	
	Taiwan Creative Industry Development Co., Ltd.	Affiliate of SinoPac Venture Capital's general manager	Financial assets at fair value through other comprehensive income	1,700	28,781	8.50	28,781	
	Lian An Services Co., Ltd.	Affiliate of Bank SinoPac's manager	Financial assets at fair value through other comprehensive income	125	1,892	5.00	1,892	
	Ecrowd Media Inc.	Affiliate of SPH board of director	Financial assets at fair value through other comprehensive income	1,863	44,559	9.19	44,559	
	Mei Ta Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income	212	126,728	0.49	126,728	
	Sheng Ho Energy Co., Ltd.	Related party	Financial assets at fair value through other comprehensive income	9,990	113,486	9.99	113,486	
	NP Taiwan, Inc.	-	Financial assets at fair value through other comprehensive income	207	44,919	5.88	44,919	
	Brightman Optoelectronics (Cayman) Co., Ltd.	-	Financial assets at fair value through other comprehensive income	855	7,067	11.69	7,067	
	Neutron Innovation (BVI) Limited	-	Financial assets at fair value through other comprehensive income	1,569	53,220	6.02	53,220	
	Mozido C-1	-	Financial assets at fair value through other comprehensive income	60	455	0.01	455	
	Mozido C-2	-	Financial assets at fair value through other comprehensive income	259	1,973	0.05	1,973	
SinoPac Securities Investment Trust	<u>Fund</u> SinoPac TAIEX ETF	Fund under SinoPac Securities Investment Trust Corporation's management	Financial assets at fair value through profit or loss	8	697	-	697	
	SinoPac Emerging Markets Corporate Bond Fund-Accumulation	Fund under SinoPac Securities Investment Trust Corporation's management	Financial assets at fair value through profit or loss	859	8,054	-	8,054	
SinoPac Securities Venture Capital	<u>Stock</u> Greenfiltec Ltd.	-	Financial assets at fair value through profit or loss	187	16,181	0.88	16,181	
	SunWay Biotech Co., Ltd.	-	Financial assets at fair value through profit or loss	440	20,838	1.31	20,838	
	Bioptic Inc.	-	Financial assets at fair value through profit or loss	58	3,372	0.24	3,372	
	Great Giant Fibre Garment Co., Ltd.	-	Financial assets at fair value through profit or loss	601	52,947	1.00	52,947	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	460	51,520	0.12	51,520	
	Hui-Min Environment Tech Corp.	-	Financial assets at fair value through profit or loss	1,500	62,535	4.27	62,535	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note	
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value		
SinoPac Capital (Asia)	Green Shepherd Corporation	-	Financial assets at fair value through profit or loss	392	\$ 8,648	2.77	\$ 8,648		
	Tantti Laboratory Inc.	-	Financial assets at fair value through profit or loss	300	7,791	0.86	7,791		
	Chenfeng Optronics Co., Ltd.	-	Financial assets at fair value through profit or loss	1,500	48,360	1.60	48,360		
	Cheng Mei Instrument Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	800	35,192	2.16	35,192		
	Taiwan Web Service Corporation	-	Financial assets at fair value through profit or loss	5,000	50,000	7.46	50,000		
	Horizon Fixture Group Co., Ltd.	-	Financial assets at fair value through profit or loss	550	28,501	1.13	28,501		
	Techzone Technology Materials Co., Ltd.	-	Financial assets at fair value through profit or loss	1,400	77,000	1.63	77,000		
	<u>Bond</u>								
	SOCGEN 3.5 07/09/26 EMTN	-	Financial assets at fair value through profit or loss	10,000	41,390	-	41,390		
	QNB FINANCE LTD 2.8% 24FEB2028	-	Financial assets at fair value through profit or loss	30	121	-	121		
	EXPORT-IMPORT BANK KOREA 2.8% 03MAR2024	-	Financial assets at fair value through profit or loss	2,000	8,569	-	8,569		
	VOLKSWAGEN INTL FIN NV 3.4% 08DEC2023	-	Financial assets at fair value through profit or loss	4,000	17,156	-	17,156		
	QNB FINANCE LTD 3.5% 22APR2024	-	Financial assets at fair value through profit or loss	4,450	19,087	-	19,087		
	HKCG FINANCE LTD 3% 30OCT2023	-	Financial assets at fair value through profit or loss	5,000	21,420	-	21,420		
	EXPORT-IMPORT BANK KOREA 2.85% 25MAR2024	-	Financial assets at fair value through profit or loss	5,000	21,406	-	21,406		
	COFCO 4.625 11/12/23	-	Financial assets at fair value through profit or loss	400	12,400	-	12,400		
	BCHINA 5 11/13/24 REGS	-	Financial assets at fair value through profit or loss	800	24,538	-	24,538		
	SOCGEN 4.25 04/14/25 REGS	-	Financial assets at fair value through profit or loss	200	5,947	-	5,947		
	SAIL 2004-10 M1	-	Financial assets at fair value through profit or loss	5,000	20,520	-	20,520		
	KSA 3.25 10/26/26 REGS	-	Financial assets at fair value through profit or loss	10	295	-	295		
BOCAVI F 05/21/25 GMTN	-	Financial assets at fair value through profit or loss	500	15,508	-	15,508			
POHANG 4 08/01/23 REGS	-	Financial assets at fair value through profit or loss	500	15,552	-	15,552			

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	WB 3.5 07/05/24	-	Financial assets at fair value through profit or loss	2,000	\$ 60,494	-	\$ 60,494	
	ABIBB 4.7 02/01/36 REGS	-	Financial assets at fair value through profit or loss	150	4,508	-	4,508	
	CSSSHI 2.5 02/13/25	-	Financial assets at fair value through profit or loss	2,000	58,868	-	58,868	
	MAYMK F 08/16/24 EMTN	-	Financial assets at fair value through profit or loss	3,000	93,500	-	93,500	
	CHLEAS 3.75 10/22/23 EMTN	-	Financial assets at fair value through profit or loss	300	9,097	-	9,097	
	SINO TRENDY INVST 2.95% 30OCT2025	-	Financial assets at fair value through profit or loss	300	8,633	-	8,633	
	SAUDI ARABIAN OIL CO 1.625% 24NOV2025	-	Financial assets at fair value through profit or loss	600	17,069	-	17,069	
	MIZUHO FIN GRP CAYMAN 3 4.6% 27MAR2024	-	Financial assets at fair value through profit or loss	400	12,267	-	12,267	
	SK BATTERY AMERICA INC 1.625% 26JAN2024	-	Financial assets at fair value through profit or loss	200	6,043	-	6,043	
	LEVC FINANCE LTD 1.375% 25MAR2024	-	Financial assets at fair value through profit or loss	200	6,018	-	6,018	
	TALENT YIELD INTNTNL 2% 06MAY2026	-	Financial assets at fair value through profit or loss	1,000	28,178	-	28,178	
	ZHEJIANG EXPRESSWAY CO 1.638% 14JUL2026	-	Financial assets at fair value through profit or loss	1,000	27,608	-	27,608	
	KOREA INV & SECS CO LTD 1.375% 19JUL2024	-	Financial assets at fair value through profit or loss	1,000	29,483	-	29,483	
	ANHUI TRANSPORTATION HK 1.618% 26AUG2026	-	Financial assets at fair value through profit or loss	1,400	38,417	-	38,417	
	BOC AVIATION LTD 4% 25JAN2024	-	Financial assets at fair value through profit or loss	200	6,155	-	6,155	
	ZHENGZHOU METRO GROUP 1.915% 15NOV2024	-	Financial assets at fair value through profit or loss	3,700	108,831	-	108,831	
	NATIONAL AUSTRALIA BANK 0.700003% 12JAN2027	-	Financial assets at fair value through profit or loss	500	15,414	-	15,414	
	NATIONAL AUSTRALIA BANK 0.430003% 12JAN2025	-	Financial assets at fair value through profit or loss	500	15,508	-	15,508	
	QIB SUKUK LTD 3.982% 26MAR2024	-	Financial assets at fair value through profit or loss	500	15,359	-	15,359	
	MORGAN STANLEY 0.67433% 24JAN2025	-	Financial assets at fair value through profit or loss	1,000	31,032	-	31,032	
	MALAYAN BANKING BHD 2.30186% 10AUG2023	-	Financial assets at fair value through profit or loss	2,000	62,326	-	62,326	
	CREDIT SUISSE AG LONDON 7.73% 15JUN2028	-	Financial assets at fair value through profit or loss	7,000	11,547	-	11,547	

(Continued)



Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	SUNNY OPTICAL TECH 5.95% 17JUL2026	-	Financial assets at fair value through profit or loss	1,000	\$ 31,064	-	\$ 31,064	
	SK HYNIX INC 6.25% 17JAN2026	-	Financial assets at fair value through profit or loss	500	15,498	-	15,498	
	TAIHU PEARL ORIENTAL CO 3.15% 30JUL2023	-	Financial assets at fair value through profit or loss	1,000	31,026	-	31,026	
	MERCEDES-BENZ FIN NA 4.95% 30MAR2025	-	Financial assets at fair value through profit or loss	1,000	30,858	-	30,858	
	JPMORGAN CHASE & CO 4.323% 26APR2028	-	Financial assets at fair value through profit or loss	1,000	29,898	-	29,898	
	RBS 6 12/19/23	-	Financial assets at fair value through profit or loss	72	2,237	-	2,237	
	FORCAY 3.375 04/22/25	-	Financial assets at fair value through profit or loss	200	5,962	-	5,962	
	STANLN 4.3 02/19/27 REGS	-	Financial assets at fair value through profit or loss	150	4,391	-	4,391	
	MITSUBISHI UFJ FINANCIAL GROUP, INC. (MUFJ) 5.719% 20FEB2026	-	Financial assets at fair value through profit or loss	500	15,462	-	15,462	
	MS 4.1 09/25/23 EMTN	-	Financial assets at fair value through profit or loss	25,805	110,723	-	110,723	
	MASQUH 4 08/06/25 EMTN	-	Financial assets at fair value through profit or loss	4,000	17,275	-	17,275	
	SIHCINTERNATIONALCAPITAL 4.35% 26SEP2023	-	Financial assets at fair value through profit or loss	200	6,201	-	6,201	
	VOLKSWAGEN GROUP AMERICA 3.95% 06JUN2025	-	Financial assets at fair value through profit or loss	780	23,503	-	23,503	
	STANLN 5.2 01/26/24 REGS	-	Financial assets at fair value through profit or loss	1,800	55,521	-	55,521	
	NATIXIS/SINGAPORE 0% 16NOV2023	-	Financial assets at fair value through profit or loss	2,000	60,778	-	60,778	
	ELECTRICITE DE FRANCE SA 5.7% 23MAY2028	-	Financial assets at fair value through profit or loss	1,000	31,010	-	31,010	
	BLACKROCK INC 4.75% 25MAY2033	-	Financial assets at fair value through profit or loss	1,000	30,309	-	30,309	
	NIPLIF V5.1 10/16/44 REGS	-	Financial assets at fair value through profit or loss	1,100	33,415	-	33,415	
	C 3.3 05/22/24 GMTN	-	Financial assets at fair value through profit or loss	49,650	212,690	-	212,690	
	EMIRATES NBD BANK PJSC 3.76% 24NOV2027	-	Financial assets at fair value through profit or loss	12,100	51,115	-	51,115	
	XIAOMI BEST TIME INTL 2.875% 14JUL2031	-	Financial assets at fair value through profit or loss	1,000	23,357	-	23,357	
	EMIRATES NBD BANK PJSC 3.6% 09NOV2031	-	Financial assets at fair value through profit or loss	300	5,231	-	5,231	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	ADCBUH F 06/20/24 EMTN	-	Financial assets at fair value through other comprehensive income	5,000	\$ 156,137	-	\$ 156,137	
	QIBKQD F 02/07/25 EMTN	-	Financial assets at fair value through other comprehensive income	6,000	188,118	-	188,118	
	TAISEM 1 09/28/27	-	Financial assets at fair value through other comprehensive income	3,000	78,872	-	78,872	
	SINOPE 1.45 01/08/26	-	Financial assets at fair value through other comprehensive income	4,000	112,879	-	112,879	
	HYNMTR 1.3 01/08/26	-	Financial assets at fair value through other comprehensive income	1,000	27,800	-	27,800	
	HYNMTR 1.8 01/08/28	-	Financial assets at fair value through other comprehensive income	1,000	26,160	-	26,160	
	QNBK 1 3/8 01/26/26	-	Financial assets at fair value through other comprehensive income	3,000	84,564	-	84,564	
	CNOOC 4 1/2 10/03/23	-	Financial assets at fair value through other comprehensive income	4,000	124,121	-	124,121	
	FORCAY 3 3/8 04/22/25	-	Financial assets at fair value through other comprehensive income	6,720	200,325	-	200,325	
	BOCAVI 1 5/8 04/29/24	-	Financial assets at fair value through other comprehensive income	5,000	150,093	-	150,093	
	SANUK 1.673 06/14/27	-	Financial assets at fair value through other comprehensive income	2,000	53,585	-	53,585	
	SMBCAC 2.3 06/15/28	-	Financial assets at fair value through other comprehensive income	3,000	79,429	-	79,429	
	HPQ 1.45 06/17/26	-	Financial assets at fair value through other comprehensive income	1,000	27,843	-	27,843	
	ARAMCO 1.602 06/17/26	-	Financial assets at fair value through other comprehensive income	2,000	56,330	-	56,330	
	HYNMTR 2 06/15/28	-	Financial assets at fair value through other comprehensive income	500	13,011	-	13,011	
	HYNMTR 1 1/2 06/15/26	-	Financial assets at fair value through other comprehensive income	500	13,716	-	13,716	
	NOMURA 1.653 07/14/26	-	Financial assets at fair value through other comprehensive income	3,000	81,861	-	81,861	
	MIZUHO 1.554 07/09/27	-	Financial assets at fair value through other comprehensive income	1,000	27,344	-	27,344	
	CJIANT 1 3/8 08/25/24	-	Financial assets at fair value through other comprehensive income	5,000	147,572	-	147,572	
	CMINLE 1 1/4 09/16/24	-	Financial assets at fair value through other comprehensive income	5,000	146,988	-	146,988	
	ICBCIL 1 5/8 11/02/24	-	Financial assets at fair value through other comprehensive income	4,000	117,685	-	117,685	
	FUBBAN 4.08 01/09/25	-	Financial assets at fair value through other comprehensive income	25,000	107,086	-	107,086	
	NOMURA 3.25 09/15/25 EMTN	-	Financial assets at fair value through other comprehensive income	10,000	42,834	-	42,834	

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares/Units/ Face Amount	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	<u>Stock</u>							
	CLP Holdings Limited	-	Financial assets at fair value through other comprehensive income	204	\$ 49,282	0.01	\$ 49,282	
	Power Assets Holdings Ltd	-	Financial assets at fair value through other comprehensive income	270	43,993	0.01	43,993	
	PCCW Solutions Limited	-	Financial assets at fair value through other comprehensive income	1,747	28,205	0.02	28,205	
	Uni-President China Holdings Ltd	-	Financial assets at fair value through other comprehensive income	786	20,629	0.02	20,629	
	China Construction Bank Corporation	-	Financial assets at fair value through other comprehensive income	2,458	49,556	-	49,556	
	Lenovo Group Limited	-	Financial assets at fair value through other comprehensive income	1,568	50,942	0.01	50,942	
	CK Infrastructure Holdings Limited	-	Financial assets at fair value through other comprehensive income	252	41,537	0.01	41,537	
	China Resources Cement Holdings Limited	-	Financial assets at fair value through other comprehensive income	1,988	25,535	0.03	25,535	
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through other comprehensive income	2,706	44,979	-	44,979	
	BOC Hong Kong (Holdings) Limited	-	Financial assets at fair value through other comprehensive income	456	43,429	-	43,429	
	Bank of Communications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,996	41,194	0.01	41,194	
	Far East Horizon Limited	-	Financial assets at fair value through other comprehensive income	959	23,644	0.02	23,644	
	Bank of China Limited	-	Financial assets at fair value through other comprehensive income	3,234	40,381	-	40,381	
	China Galaxy Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,025	33,651	0.05	33,651	
	<u>Fund</u>							
	CSOP Bitcoin Futures ETF	-	Financial assets at fair value through profit or loss	500	26,862	-	26,862	
	CSOP Ether Futures ETF	-	Financial assets at fair value through profit or loss	500	22,865	-	22,865	
	SAMSUNG NYSE FANG+ ETF	-	Financial assets at fair value through profit or loss	200	17,847	-	17,847	
	Samsung Bitcoin Futures Active ETF	-	Financial assets at fair value through profit or loss	1,000	52,053	-	52,053	

Note: Foreign-currency amounts were translated to New Taiwan dollars at the exchange rates on the balance sheet date.

(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

ACQUIRED AND DISPOSED OF INVESTMENT AT COST OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL  
(MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF, AT COST OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL)  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars or Shares, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Account	Counterparty (Note)	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units	Amount	Units	Amount	Units	Amount	Carrying Value	Gain (Loss) on Disposal	Units	Amount (Note)
SPH	Bank SinoPac	Investments accounted for using the equity method	Bank SinoPac	Subsidiary	9,032,584	\$ 135,206,116	666,667	\$ 10,000,000	-	\$ -	\$ -	\$ -	9,699,251	\$ 145,206,116

Note: Subscribe to invest in business cash capital increase, excluding investment gains or losses, capital surplus, exchange differences on translation of foreign operations, change in the fair value attributable to changes in the credit risk of financial liabilities at FVTPL and valuation on financial instruments at FVTOCI for the six months ended June 30, 2023.

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL

JUNE 30, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
SPH	Bank SinoPac	Subsidiary	\$ 2,895,729 (Note 1)	-	\$ -	-	\$ -	\$ -
Bank SinoPac	SPH	Parent company of Bank SinoPac	1,055,452 (Note 1)	-	-	-	-	-
SinoPac Securities	SPH	Parent company of SinoPac Securities	300,306 (Note 1)	-	-	-	-	-
SinoPac Securities	SinoPac Futures	Subsidiary of SinoPac Securities	328,475 (Note 1)	-	-	-	328,475	-
SinoPac Leasing	SPH	Parent company of SPL	306,666 (Note 1)	-	-	-	-	-
SinoPac Securities (Cayman)	SinoPac Securities (Asia)	Subsidiary of SinoPac Securities (Cayman)	934,580 (Note 2)	-	-	-	-	-

Note 1: The balance mainly included dividends receivable for earnings, linked-tax system receivable (booked as current income tax assets) and other related parties' receivables, which had been eliminated in the consolidated financial statements.

Note 2: The balance mainly included other receivable on financial lending, which had been eliminated in the consolidated financial statements.

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

INFORMATION ON INVESTED ENTERPRISES  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Gains	Consolidated Investment				Note
						Shares	Imitated Shares	Total		
								Shares	Percentage of Ownership (%)	
<u>Financial</u>										
Bank SinoPac	Taiwan	Commercial bank, trust and foreign exchange services	100.00	\$ 157,620,573	\$ 8,286,204	9,699,251	-	9,699,251	100.00	Subsidiary
SinoPac Securities Corporation	Taiwan	Brokerage, dealing and underwriting of securities	100.00	31,317,475	1,724,227	1,621,224	-	1,621,224	100.00	Subsidiary
SinoPac Leasing Corporation	Taiwan	Leasing, installment sales and financing service	100.00	4,565,659	47,572	468,104	-	468,104	100.00	Subsidiary
SinoPac Venture Capital Corporation	Taiwan	Venture capital investment	100.00	2,922,023	213,812	250,000	-	250,000	100.00	Subsidiary
SinoPac Securities Investment Trust Co., Ltd	Taiwan	Securities investment trust, discretionary investment and investment consulting service	100.00	1,619,556	79,175	142,000	-	142,000	100.00	Subsidiary
Taiwan Depository and Clearing Corporation	Taiwan	Computerized book-entry operation for securities	0.08	31,142	-	5,373	-	5,373	0.92	

Note: The shares held mentioned above are expressed in thousands of shares.

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

TOTAL BOOK VALUE OF MAXIMUM CREDIT RISK EXPOSURES FINANCIAL ASSETS

JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022

(In Thousands of New Taiwan Dollars)

June 30, 2023	Principle				Allowance				The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL			
Discounts and loans										
Corporate banking	\$ 761,632,792	\$ 631,483	\$ 3,346,172	\$ 765,610,447	\$ 2,674,196	\$ 293,209	\$ 593,624	\$ 5,745,342	\$ 9,306,371	
Consumer banking	654,119,623	4,147,767	1,087,451	659,354,841	107,290	170,998	202,838	8,379,567	8,860,693	
Receivables										
Credit card receivable	20,890,773	270,217	643,198	21,804,188	3,194	4,508	23,707	122,057	153,466	
Net accounts receivable - factoring (Note 1)	8,495,961	-	-	8,495,961	10,368	-	-	152,491	162,859	
Other receivable (Note 2)	85,058,927	221,424	464,598	85,744,949	103,077	14,745	427,615	162,566	708,003	
Debt instrument at fair value through other comprehensive income	300,796,678	-	-	300,796,678	38,243	-	-	-	38,243	
Investments in debt instruments at amortized cost	273,868,625	-	-	273,868,625	25,488	-	-	-	25,488	

(Continued)

December 31, 2022	Principle				Allowance				
	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	\$ 710,467,792	\$ 428,306	\$ 3,448,701	\$ 714,344,799	\$ 2,319,075	\$ 98,856	\$ 533,360	\$ 6,145,229	\$ 9,096,520
Consumer banking	627,429,256	3,789,809	1,128,948	632,348,013	137,496	188,342	190,131	7,999,996	8,515,965
Receivables									
Credit card receivable	19,955,115	251,091	671,864	20,878,070	4,145	5,890	23,401	133,083	166,519
Net accounts receivable - factoring (Note 1)	13,006,257	-	-	13,006,257	15,807	-	-	201,182	216,989
Other receivable (Note 2)	54,918,959	138,270	510,415	55,567,644	85,194	10,119	406,560	59,686	561,559
Debt instrument at fair value through other comprehensive income	310,561,883	-	-	310,561,883	51,230	-	-	-	51,230
Investments in debt instruments at amortized cost	225,476,925	-	-	225,476,925	16,774	-	-	-	16,774

June 30, 2022	Principle				Allowance				
	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12-months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans									
Corporate banking	\$ 638,109,200	\$ 534,515	\$ 4,262,530	\$ 642,906,245	\$ 1,666,384	\$ 302,948	\$ 762,822	\$ 5,815,946	\$ 8,548,100
Consumer banking	615,010,392	4,250,119	1,119,877	620,380,388	109,443	168,584	176,351	7,867,668	8,322,046
Receivables									
Credit card receivable	17,596,495	219,608	707,240	18,523,343	3,336	4,487	23,126	155,742	186,691
Net accounts receivable - factoring (Note 1)	11,281,274	-	-	11,281,274	8,496	-	-	187,043	195,539
Other receivable (Note 2)	78,163,935	522,154	430,317	79,116,406	79,746	4,052	367,835	110,091	561,724
Debt instrument at fair value through other comprehensive income	313,583,808	-	-	313,583,808	54,548	-	-	-	54,548
Investments in debt instruments at amortized cost	198,191,222	-	-	198,191,222	15,316	-	-	-	15,316

Note 1: Accounts receivable - factoring and accounts payable - factoring are offset and presented net.

Note 2: Other receivables included non-performing receivables transferred from other than loans, long-term lease receivables and installment which are classified as other financial assets.

(Concluded)



## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

CHANGE IN ALLOWANCE FOR DISCOUNTS AND LOANS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

For the Six Months Ended June 30, 2023	12-months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 2,456,571	\$ 287,198	\$ 723,491	\$ 3,467,260	\$ 14,145,225	\$ 17,612,485
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(7,920)	508,999	(14,736)	486,343	-	486,343
From conversion to credit-impaired financial assets	(86,064)	(166,098)	388,472	136,310	-	136,310
To 12-month ECL	2,006	(94,521)	(32,497)	(125,012)	-	(125,012)
Derecognizing financial assets during the current period	(1,647,632)	(50,984)	(34,088)	(1,732,704)	-	(1,732,704)
Purchased or originated new financial assets	1,978,801	5,675	22,915	2,007,391	-	2,007,391
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	(14,450)	(14,450)
Write-off	-	-	(327,981)	(327,981)	(25,235)	(353,216)
Change in model/risk parameters	84,195	(26,081)	(1,389)	56,725	-	56,725
Effect of exchange rate changes and others	1,529	19	72,275	73,823	19,369	93,192
Balance, June 30	<u>\$ 2,781,486</u>	<u>\$ 464,207</u>	<u>\$ 796,462</u>	<u>\$ 4,042,155</u>	<u>\$ 14,124,909</u>	<u>\$ 18,167,064</u>

(Continued)

For the Six Months Ended June 30, 2022	12-months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 1,760,919	\$ 562,742	\$ 1,028,123	\$ 3,351,784	\$ 12,206,055	\$ 15,557,839
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(7,860)	467,879	(23,284)	436,735	-	436,735
From conversion to credit-impaired financial assets	(783)	(293,895)	215,595	(79,083)	-	(79,083)
To 12-month ECL	2,581	(140,577)	(5,880)	(143,876)	-	(143,876)
Derecognizing financial assets during the current period	(1,315,003)	(123,729)	(216,982)	(1,655,714)	-	(1,655,714)
Purchased or originated new financial assets	1,310,204	6,077	64,623	1,380,904	-	1,380,904
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	1,559,559	1,559,559
Write-off	-	-	(428,126)	(428,126)	(198,879)	(627,005)
Change in model/risk parameters	(25,211)	(5,642)	(25,028)	(55,881)	-	(55,881)
Effect of exchange rate changes and others	50,980	(1,323)	330,132	379,789	116,879	496,668
Balance, June 30	<u>\$ 1,775,827</u>	<u>\$ 471,532</u>	<u>\$ 939,173</u>	<u>\$ 3,186,532</u>	<u>\$ 13,683,614</u>	<u>\$ 16,870,146</u>

(Concluded)

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

CHANGES IN ALLOWANCE FOR RECEIVABLES  
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

For the Six Months Ended June 30, 2023	12-months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 105,146	\$ 16,009	\$ 429,961	\$ 551,116	\$ 393,951	\$ 945,067
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(655)	10,920	(3,493)	6,772	-	6,772
From conversion to credit-impaired financial assets	(145)	(14,795)	68,684	53,744	-	53,744
To 12-month ECL	1,022	(2,556)	(291)	(1,825)	-	(1,825)
Derecognizing financial assets during the current period	(46,250)	(8,587)	(19,776)	(74,613)	-	(74,613)
Purchased or originated new financial assets	59,213	11,765	34,412	105,390	-	105,390
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	92,767	92,767
Write-off	-	(226)	(53,960)	(54,186)	(50,999)	(105,185)
Change in model/risk parameters	(3,521)	4,928	(794)	613	-	613
Effect of exchange rate changes and others	1,829	1,795	(3,421)	203	1,395	1,598
Balance, June 30	<u>\$ 116,639</u>	<u>\$ 19,253</u>	<u>\$ 451,322</u>	<u>\$ 587,214</u>	<u>\$ 437,114</u>	<u>\$ 1,024,328</u>

Note: The amounts of receivable include other financial assets' non-performing loans transferred from loans, long-term lease receivables and installments.

(Continued)

For the Six Months Ended June 30, 2022	12-months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Impairment in Accordance With IFRS 9	The Adjustments Under Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Balance, January 1	\$ 101,087	\$ 19,770	\$ 437,031	\$ 557,888	\$ 478,159	\$ 1,036,047
Changes due to financial instruments that have been identified at the beginning of the period:						
To lifetime ECL	(302)	15,425	(7,707)	7,416	-	7,416
From conversion to credit-impaired financial assets	(9)	(11,911)	36,470	24,550	-	24,550
To 12-month ECL	205	(2,005)	(51)	(1,851)	-	(1,851)
Derecognizing financial assets during the current period	(50,313)	(10,404)	(30,946)	(91,663)	-	(91,663)
Purchased or originated new financial assets	36,018	3	10,499	46,520	-	46,520
The adjustments under regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans	-	-	-	-	(1,039)	(1,039)
Write-off	(1)	(168)	(73,550)	(73,719)	(38,693)	(112,412)
Change in model/risk parameters	2,494	(2,933)	(1,690)	(2,129)	-	(2,129)
Effect of exchange rate changes and others	2,399	762	20,905	24,066	14,449	38,515
Balance, June 30	<u>\$ 91,578</u>	<u>\$ 8,539</u>	<u>\$ 390,961</u>	<u>\$ 491,078</u>	<u>\$ 452,876</u>	<u>\$ 943,954</u>

Note: The amounts of receivable include other financial assets' non-performing loans transferred from loans, long-term lease receivables and installments.

(Concluded)

**TABLE 10****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME****FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

For the Six Months Ended June 30, 2023	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 51,230	\$ -	\$ -	\$ 51,230
Purchased new debt instrument	1,307	-	-	1,307
Derecognized	(4,561)	-	-	(4,561)
Change in model/risk parameters	(9,834)	-	-	(9,834)
Effect of exchange rate changes and others	101	-	-	101
Balance June 30	<u>\$ 38,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,243</u>

For the Six Months Ended June 30, 2022	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 52,619	\$ -	\$ -	\$ 52,619
Purchased new debt instrument	12,834	-	-	12,834
Derecognized	(7,235)	-	-	(7,235)
Change in model/risk parameters	(3,816)	-	-	(3,816)
Effect of exchange rate changes and others	146	-	-	146
Balance June 30	<u>\$ 54,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,548</u>

**TABLE 11****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****CHANGE IN ALLOWANCE FOR DEBT INSTRUMENT AT AMORTIZED COST  
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

For the Six Months Ended June 30, 2023	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 16,774	\$ -	\$ -	\$ 16,774
Purchased new debt instrument	9,013	-	-	9,013
Derecognized	(939)	-	-	(939)
Change in model/risk parameters	(1,257)	-	-	(1,257)
Effect of exchange rate changes and others	<u>1,897</u>	<u>-</u>	<u>-</u>	<u>1,897</u>
Balance June 30	<u>\$ 25,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,488</u>

For the Six Months Ended June 30, 2022	Credit Rating			Total
	12-months ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Balance January 1	\$ 13,314	\$ -	\$ -	\$ 13,314
Purchased new debt instrument	2,772	-	-	2,772
Derecognized	(40)	-	-	(40)
Change in model/risk parameters	(1,048)	-	-	(1,048)
Effect of exchange rate changes and others	<u>318</u>	<u>-</u>	<u>-</u>	<u>318</u>
Balance June 30	<u>\$ 15,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,316</u>

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

RELATED-PARTY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Consolidated Net Revenue/Assets (Note 3)
0	SinoPac Financial Holdings	Bank SinoPac	a	Cash and cash equivalents, net	\$ 619,681	Note 4	0.02
		Bank SinoPac	a	Receivables, net	1,435,025	Note 4	0.05
		Bank SinoPac	a	Current income tax assets	1,460,616	Note 4	0.05
		Bank SinoPac	a	Payables	432	Note 4	-
		Bank SinoPac	a	Current income tax liabilities	1,055,020	Note 4	0.04
		SinoPac Securities	a	Current income tax assets	70,807	Note 4	-
		SinoPac Securities	a	Current income tax liabilities	293,100	Note 4	0.01
		SinoPac Securities	a	Other liabilities	251	Note 4	-
		SinoPac Leasing	a	Current income tax assets	2,689	Note 4	-
		SinoPac Leasing	a	Investments accounted for using equity method	47,463	Note 4	-
		SinoPac Leasing	a	Right-of-use assets, net	570,764	Note 4	0.02
		SinoPac Leasing	a	Current income tax liabilities	306,666	Note 4	0.01
		SinoPac Leasing	a	Lease liabilities	623,280	Note 4	0.02
		SinoPac Leasing	a	Interest expenses	14,825	Note 4	0.06
		SinoPac Leasing	a	Depreciation and amortization expense	23,169	Note 4	0.09
		1	Bank SinoPac	SinoPac Financial Holdings	b	Receivables, net	432
SinoPac Financial Holdings	b			Current income tax assets	1,055,020	Note 4	0.04
SinoPac Financial Holdings	b			Payables	1,435,025	Note 4	0.05
SinoPac Financial Holdings	b			Current income tax liabilities	1,460,616	Note 4	0.05
SinoPac Financial Holdings	b			Deposits and remittances	619,681	Note 4	0.02
Bank SinoPac (China) Ltd.	c-1			Due from the Central Bank and call loans to other banks, net	619,027	Note 4	0.02
Bank SinoPac (China) Ltd.	c-1			Receivables, net	100,224	Note 4	-
SinoPac Insurance Brokers Ltd.	c-1			Deposits and remittances	106,399	Note 4	-
SinoPac Securities	c-1			Deposits and remittances	3,866,228	Note 4	0.14
SinoPac Securities	c-1			Net other revenue other than interest income	15,689	Note 4	0.06
SinoPac Securities Investment Service	c-1			Deposits and remittances	116,330	Note 4	-
SinoPac Securities Venture Capital	c-1			Deposits and remittances	256,534	Note 4	0.01
SinoPac Leasing	c-1			Investments accounted for using equity method	37,661	Note 4	-
SinoPac Leasing	c-1			Right-of-use assets, net	530,395	Note 4	0.02
SinoPac Leasing	c-1			Deposits and remittances	163,884	Note 4	0.01
SinoPac Leasing	c-1			Lease liabilities	572,958	Note 4	0.02
SinoPac Leasing	c-1	Interest expenses	13,627	Note 4	0.05		
SinoPac Leasing	c-1	Depreciation and amortization expense	21,518	Note 4	0.08		

(Continued)

Number (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Consolidated Net Revenue/Assets (Note 3)
2	Bank SinoPac (China) Ltd.	Bank SinoPac Bank SinoPac	c-2 c-2	Deposits from the central bank and banks Payables	\$ 619,027 100,224	Note 4 Note 4	0.02 -
3	SinoPac Insurance Brokers Ltd.	Bank SinoPac Bank SinoPac	c-2 c-2	Cash and cash equivalents, net Other financial assets, net	42,774 63,625	Note 4 Note 4	- -
4	SinoPac Securities	SinoPac Financial Holdings SinoPac Financial Holdings SinoPac Financial Holdings Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac Bank SinoPac SinoPac Futures SinoPac Futures	b b b c-2 c-2 c-2 c-2 c-2 c-2 c-2 c-2 c-2 c-1 c-1	Current income tax assets Deferred income tax assets Current income tax liabilities Cash and cash equivalents, net Investments accounted for using equity method Other financial assets, net Right-of-use assets, net Lease liabilities Interest expenses Net other revenue other than interest income Depreciation and amortization expense Receivables, net Other financial assets, net	281,102 12,249 70,807 2,660,668 1,121 1,205,560 36,352 37,168 213 148 15,319 328,475 583,697	Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4 Note 4	0.01 - - 0.10 - 0.04 - - - - - 0.06 0.01 0.02
5	SinoPac Futures	SinoPac Securities SinoPac Securities SinoPac Securities (Asia) SinoPac Securities (Asia)	c-2 c-2 c-1 c-1	Payables Other financial liabilities Other financial assets, net Other financial liabilities	328,475 583,697 2,537,807 141,945	Note 4 Note 4 Note 4 Note 4	0.01 0.02 0.09 0.01
6	SinoPac Securities Investment Service	Bank SinoPac Bank SinoPac	c-2 c-2	Cash and cash equivalents, net Other financial assets, net	51,330 65,000	Note 4 Note 4	- -
7	SinoPac Securities (Cayman)	SinoPac Securities (Asia)	c-1	Receivables, net	934,580	Note 4	0.03
8	SinoPac Securities Venture Capital	Bank SinoPac	c-2	Cash and cash equivalents, net	256,534	Note 4	0.01
9	SinoPac Securities (Asia)	SinoPac Futures SinoPac Futures SinoPac Securities (Cayman)	c-2 c-2 c-2	Other financial assets, net Other financial liabilities Long-term borrowings	141,945 2,537,807 934,580	Note 4 Note 4 Note 4	0.01 0.09 0.03
10	SinoPac Leasing	SinoPac Financial Holdings SinoPac Financial Holdings SinoPac Financial Holdings Bank SinoPac Bank SinoPac	b b b c-2 c-2	Current income tax assets Current income tax liabilities Net other revenue other than interest income Cash and cash equivalents, net Net other revenue other than interest income	306,666 2,689 32,941 163,884 30,243	Note 4 Note 4 Note 4 Note 4 Note 4	0.01 - 0.12 0.01 0.11

(Continued)



Note 1: The parent company and subsidiaries are identified as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered in sequence from 1.

Note 2: Flow of transactions with related parties is as follows:

- a. From parent company to subsidiary.
- b. From subsidiary to parent company.
- c-1. Subsidiary A to subsidiary B.
- c-2. Subsidiary B to subsidiary A.

On the above transaction between parent company and subsidiaries, category a and c-1 of the related - party will post on the iXBRL based on the Taiwan Stock Exchange under letter No. 1030005380.

Note 3: In the computation of percentage of net income, if the amount is the ending balance of assets or liabilities, the accounts percentage will be the balance dividing the consolidated assets; if the amount is income or expense, the accounts percentage will be the amount dividing by the consolidated net revenues in the same year.

Note 4: On the transactions between the Company and related parties, the terms were similar to those for unrelated parties.

(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

## BALANCE SHEETS

JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023	December 31, 2022	June 30, 2022	LIABILITIES AND EQUITY	June 30, 2023	December 31, 2022	June 30, 2022
CASH AND CASH EQUIVALENTS	\$ 619,683	\$ 52,710	\$ 95,299	COMMERCIAL PAPERS ISSUED, NET	\$ 7,522,597	\$ 9,412,734	\$ 149,920
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	31,142	33,822	41,975	PAYABLES	7,575,199	198,834	9,261,161
RECEIVABLES, NET	1,435,525	1,435,123	1,435,183	CURRENT INCOME TAX LIABILITIES	3,486,047	2,845,516	2,755,391
CURRENT INCOME TAX ASSETS	1,570,650	1,060,291	1,026,244	CORPORATE BONDS PAYABLE	9,993,469	9,992,124	9,990,764
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET	198,045,286	173,951,963	167,842,356	PREFERRED STOCK LIABILITIES	18,437	18,437	18,437
PROPERTY AND EQUIPMENT, NET	24,423	23,227	23,190	PROVISIONS	62,976	60,169	48,231
RIGHT-OF-USE ASSETS, NET	586,416	614,054	641,554	LEASE LIABILITIES	639,172	661,836	683,509
INTANGIBLE ASSETS, NET	4,975	4,229	2,320	OTHER LIABILITIES	<u>22,465</u>	<u>22,404</u>	<u>22,405</u>
DEFERRED INCOME TAX ASSETS	12,360	11,790	9,393	Total liabilities	<u>29,320,362</u>	<u>23,212,054</u>	<u>22,929,818</u>
OTHER ASSETS, NET	<u>24,251</u>	<u>43,582</u>	<u>35,551</u>	EQUITY			
				Capital stock			
				Common stock	121,337,646	113,837,646	112,710,541
				Stock dividend to be distributed	<u>2,426,753</u>	<u>-</u>	<u>1,127,105</u>
				Total capital stock	<u>123,764,399</u>	<u>113,837,646</u>	<u>113,837,646</u>
				Capital surplus	<u>6,129,361</u>	<u>2,228,781</u>	<u>2,228,781</u>
				Retained earnings			
				Legal reserve	23,751,851	22,112,855	22,112,855
				Special reserve	14,684,030	483,818	483,818
				Unappropriated earnings	<u>14,128,651</u>	<u>29,555,849</u>	<u>21,904,229</u>
				Total retained earnings	<u>52,564,532</u>	<u>52,152,522</u>	<u>44,500,902</u>
				Other equity	<u>(9,423,943)</u>	<u>(14,200,212)</u>	<u>(12,344,082)</u>
				Total equity	<u>173,034,349</u>	<u>154,018,737</u>	<u>148,223,247</u>
TOTAL	<u>\$ 202,354,711</u>	<u>\$ 177,230,791</u>	<u>\$ 171,153,065</u>	TOTAL	<u>\$ 202,354,711</u>	<u>\$ 177,230,791</u>	<u>\$ 171,153,065</u>

**TABLE 14****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
REVENUES				
Share of profit of subsidiaries and associates for using equity method	\$ 5,459,665	\$ 3,995,681	\$ 10,350,990	\$ 8,609,019
Others	35,721	27,152	37,819	27,264
EXPENSES AND LOSSES				
Operating expenses	(146,904)	(115,879)	(258,932)	(214,412)
Others	<u>(90,945)</u>	<u>(59,483)</u>	<u>(154,029)</u>	<u>(95,666)</u>
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	5,257,537	3,847,471	9,975,848	8,326,205
INCOME TAX BENEFIT (EXPENSE)	<u>93,410</u>	<u>(28,604)</u>	<u>123,656</u>	<u>(98,378)</u>
NET INCOME	5,350,947	3,818,867	10,099,504	8,227,827
OTHER COMPREHENSIVE INCOME	<u>1,202,526</u>	<u>(9,924,201)</u>	<u>4,795,787</u>	<u>(13,791,606)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,553,473</u>	<u>\$ (6,105,334)</u>	<u>\$ 14,895,291</u>	<u>\$ (5,563,779)</u>
BASIC EARNINGS PER SHARE	<u>\$0.43</u>	<u>\$0.33</u>	<u>\$0.84</u>	<u>\$0.71</u>
DILUTED EARNINGS PER SHARE	<u>\$0.43</u>	<u>\$0.33</u>	<u>\$0.84</u>	<u>\$0.71</u>

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Capital Stock			Capital Surplus	Retained Earnings				Other Equity			Total	Total Equity
	Common Stock	Stock Dividends to Be Distributed	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translating of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Changes in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability		
BALANCE AT JANUARY 1, 2022	\$ 112,710,541	\$ -	\$ 112,710,541	\$ 2,228,764	\$ 20,389,695	\$ 483,818	\$ 25,033,001	\$ 45,906,514	\$ (1,891,151)	\$ 3,935,066	\$ (85,882)	\$ 1,958,033	\$ 162,803,852
Appropriation and distribution of retained earnings generated in 2021													
Legal reserve	-	-	-	-	1,723,160	-	(1,723,160)	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	-	-	(9,016,843)	(9,016,843)	-	-	-	-	(9,016,843)
Stock dividends - common stock	-	1,127,105	1,127,105	-	-	-	(1,127,105)	(1,127,105)	-	-	-	-	-
Other changes in capital surplus													
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	17	-	-	-	-	-	-	-	-	17
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	8,227,827	8,227,827	-	-	-	-	8,227,827
Other comprehensive income for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	557,174	(14,382,236)	33,456	(13,791,606)	(13,791,606)
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	8,227,827	8,227,827	557,174	(14,382,236)	33,456	(13,791,606)	(5,563,779)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	510,509	510,509	-	(510,509)	-	(510,509)	-
BALANCE AT JUNE 30, 2022	\$ 112,710,541	\$ 1,127,105	\$ 113,837,646	\$ 2,228,781	\$ 22,112,855	\$ 483,818	\$ 21,904,229	\$ 44,500,902	\$ (1,333,977)	\$ (10,957,679)	\$ (52,426)	\$ (12,344,082)	\$ 148,223,247
BALANCE AT JANUARY 1, 2023	\$ 113,837,646	\$ -	\$ 113,837,646	\$ 2,228,781	\$ 22,112,855	\$ 483,818	\$ 29,555,849	\$ 52,152,522	\$ (1,190,869)	\$ (12,962,698)	\$ (46,645)	\$ (14,200,212)	\$ 154,018,737
Appropriation and distribution of retained earnings generated in 2022													
Legal reserve	-	-	-	-	1,638,996	-	(1,638,996)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	14,200,212	(14,200,212)	-	-	-	-	-	-
Cash dividends - common stock	-	-	-	-	-	-	(7,280,259)	(7,280,259)	-	-	-	-	(7,280,259)
Stock dividends - common stock	-	2,426,753	2,426,753	-	-	-	(2,426,753)	(2,426,753)	-	-	-	-	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	10,099,504	10,099,504	-	-	-	-	10,099,504
Other comprehensive income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	-	(243,171)	5,039,456	(498)	4,795,787	4,795,787
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	10,099,504	10,099,504	(243,171)	5,039,456	(498)	4,795,787	14,895,291
Issuance of common stocks for cash	7,500,000	-	7,500,000	3,750,000	-	-	-	-	-	-	-	-	11,250,000
Share-based payments	-	-	-	150,580	-	-	-	-	-	-	-	-	150,580
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	19,518	19,518	-	(19,518)	-	(19,518)	-
BALANCE AT JUNE 30, 2023	\$ 121,337,646	\$ 2,426,753	\$ 123,764,399	\$ 6,129,361	\$ 23,751,851	\$ 14,684,030	\$ 14,128,651	\$ 52,564,532	\$ (1,434,040)	\$ (7,942,760)	\$ (47,143)	\$ (9,423,943)	\$ 173,034,349

**TABLE 16****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$ 9,975,848	\$ 8,326,205
Adjustments for:		
Depreciation expense	31,939	31,830
Amortization expense	637	395
Interest expense	114,773	68,587
Interest income	(3,692)	(264)
Net change in other provisions	2	2
Share-based payments	424	-
Share of profit of subsidiaries for using equity method	(10,350,990)	(8,609,019)
Changes in operating assets and liabilities		
Increase in receivables	(320)	-
Decrease in other assets	19,544	2,833
Increase in payables	101,564	51,496
Increase (decrease) in provisions for employee benefits	2,805	(1,425)
Increase in other liabilities	61	-
Interest received	3,397	16
Dividend received	1,206,289	9,016,843
Interest paid	(118,885)	(72,814)
Income tax refunded	<u>253,258</u>	<u>10,732</u>
Net cash generated from operating activities	<u>1,236,654</u>	<u>8,825,417</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(4,259)	(5,993)
Acquisition of investments accounted for using equity method	(10,000,000)	-
Acquisition of intangible assets	<u>(1,383)</u>	<u>(768)</u>
Net cash used in investing activities	<u>(10,005,642)</u>	<u>(6,761)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in commercial papers issued	(1,890,137)	(8,755,336)
Issuance of common stock for cash	11,250,000	-
Payments of lease liabilities	<u>(23,902)</u>	<u>(22,784)</u>
Net cash generated from(used in)financing activities	<u>9,335,961</u>	<u>(8,778,120)</u>

(Continued)

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 566,973	\$ 40,536
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>52,710</u>	<u>54,763</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 619,683</u>	<u>\$ 95,299</u>

(Concluded)

**Bank SinoPac**  
**Balance Sheets**  
**June 30, 2023 and 2022**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>June 30</b>		<b>Liabilities</b>	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>		<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 27,369,134	\$ 43,550,636	Deposits from the Central Bank and banks	\$ 74,654,755	\$ 80,010,003
Due from the Central Bank and call loans to banks	218,359,101	158,846,585	Financial liabilities at fair value through profit or loss	35,057,185	29,232,941
Financial assets at fair value through profit or loss	70,040,424	56,720,023	Securities sold under repurchase agreements	23,256,108	43,809,237
Financial assets at fair value through other comprehensive income	296,392,041	306,511,142	Payables	18,568,275	19,733,908
Investments in debt instruments at amortized cost	273,843,137	198,175,906	Current income tax liabilities	1,723,100	1,187,514
Securities purchased under resell agreements	52,458,865	57,317,363	Deposits and remittances	1,971,259,546	1,716,543,826
Receivables, net	55,725,895	47,733,151	Bank debentures	56,251,467	57,548,630
Current income tax assets	1,438,623	1,187,767	Other financial liabilities	41,744,628	20,281,331
Discounts and loans, net	1,360,647,102	1,198,480,071	Provisions	2,451,593	2,901,921
Investments accounted for using equity method	10,010,043	10,054,302	Lease liabilities	2,590,425	2,735,281
Other financial assets, net	5,040,926	4,392,000	Deferred income tax liabilities	1,050,982	1,002,193
Property and equipment, net	9,432,304	9,488,371	Other liabilities	3,965,547	2,007,217
Right-of-use assets, net	2,517,961	2,692,477	<b>Total liabilities</b>	<b><u>2,232,573,611</u></b>	<b><u>1,976,994,002</u></b>
Investment property, net	1,028,675	1,043,878	<b>Equity</b>		
Intangible assets, net	1,748,246	1,543,267	Capital stock	96,992,508	90,325,841
Deferred income tax assets	1,316,907	1,352,853	Capital surplus	15,581,418	12,147,640
Other assets, net	<u>5,474,544</u>	<u>10,152,794</u>	Retained earnings	57,246,342	41,731,761
			Other equity	(9,549,951)	(11,956,658)
			<b>Total equity</b>	<b><u>160,270,317</u></b>	<b><u>132,248,584</u></b>
<b>Total assets</b>	<b><u>\$ 2,392,843,928</u></b>	<b><u>\$ 2,109,242,586</u></b>	<b>Total liabilities and equity</b>	<b><u>\$ 2,392,843,928</u></b>	<b><u>\$ 2,109,242,586</u></b>

(Continued)

**Bank SinoPac**

**Statements of Comprehensive Income  
For the Six Months Ended June 30, 2023 and 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Interest income	\$ 33,097,979	\$ 15,907,368
Interest expenses	<u>(21,532,574)</u>	<u>(4,868,493)</u>
Net interest revenue	11,565,405	11,038,875
Net revenues other than interest	<u>8,137,773</u>	<u>7,144,768</u>
Net revenue	19,703,178	18,183,643
Bad debts expense, commitment and guarantee liability provision	(754,561)	(1,238,805)
Operating expenses	<u>(9,036,950)</u>	<u>(8,197,523)</u>
Profit from continuing operations before tax	9,911,667	8,747,315
Income tax expense	<u>(1,630,204)</u>	<u>(1,247,077)</u>
Net income	8,281,463	7,500,238
Other comprehensive income	<u>4,027,809</u>	<u>(13,230,991)</u>
 Total comprehensive income	 <u>\$ 12,309,272</u>	 <u>\$ (5,730,753)</u>
 Basic earnings per share	 <u>\$0.88</u>	 <u>\$0.83</u>

(Concluded)



**TABLE 17-2****SinoPac Securities****Balance Sheets  
June 30, 2023 and 2022****(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 80,866,005	\$ 81,929,107
Current financial assets at fair value through profit or loss	58,347,056	40,223,489
Current financial assets at fair value through other comprehensive income	10,309,092	10,593,831
Non-current financial assets at fair value through profit or loss	139,106	138,322
Non-current financial assets at fair value through other comprehensive income	5,649,203	5,193,203
Investments accounted for using equity method	8,428,551	7,809,272
Property and equipment, net	1,999,640	2,029,130
Right-of-use assets, net	566,169	444,684
Investment property, net	275,710	278,432
Intangible assets	367,195	396,765
Deferred income tax assets	430,113	524,142
Other non-current assets	<u>1,482,270</u>	<u>1,236,655</u>
Total assets	<u>\$ 168,860,110</u>	<u>\$ 150,797,032</u>
<b>Liabilities</b>		
Current liabilities	\$ 131,379,422	\$ 117,267,391
Current lease liabilities	172,409	148,107
Bonds payable	5,000,000	3,000,000
Deferred income tax liabilities	174,432	277,042
Non-current lease liabilities	395,798	298,946
Other non-current liabilities	<u>421,606</u>	<u>480,153</u>
Total liabilities	<u>137,543,667</u>	<u>121,471,639</u>
<b>Equity</b>		
Capital stock	16,212,238	16,212,238
Capital surplus	522,986	476,766
Retained earnings	14,150,566	12,634,554
Other equity	<u>430,653</u>	<u>1,835</u>
Total equity	<u>31,316,443</u>	<u>29,325,393</u>
Total liabilities and equity	<u>\$ 168,860,110</u>	<u>\$ 150,797,032</u>

(Continued)

**SinoPac Securities**

**Statements of Comprehensive Income  
For the Six Months Ended June 30, 2023 and 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ 5,659,886	\$ 4,698,407
Commission fees	(247,278)	(262,354)
Employee benefits expense	(2,299,031)	(2,136,010)
Share of profit of subsidiaries for using equity method	464,750	147,146
Other operating expenditure	(1,068,254)	(338,770)
Other operating expense	(992,366)	(1,025,685)
Other gains and losses	<u>139,013</u>	<u>73,125</u>
Profit from continuing operations before tax	1,656,720	1,155,859
Income tax benefit (expense)	<u>67,833</u>	<u>(263,853)</u>
Net income	1,724,553	892,006
Other comprehensive income	<u>770,907</u>	<u>(774,068)</u>
 Total comprehensive income	 <u>\$ 2,495,460</u>	 <u>\$ 117,938</u>
 Basic earnings per share	 <u>\$1.06</u>	 <u>\$0.55</u>

(Concluded)

**TABLE 17-3****SinoPac Venture Capital Corporation****Balance Sheets  
June 30, 2023 and 2022  
(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 351,938	\$ 241,020
Financial assets at fair value through profit or loss	1,972,357	1,972,108
Financial assets at fair value through other comprehensive income	429,509	361,592
Investments accounted for using equity method	93,952	98,357
Property and equipment, net	360	1,947
Right-of-use assets, net	1,190	2,702
Deferred income tax assets	100,910	94,497
Other non-current assets	<u>412</u>	<u>407</u>
Total assets	<u>\$ 2,950,628</u>	<u>\$ 2,772,630</u>
 <b>Liabilities</b>		
Payables	\$ 11,685	\$ 14,741
Current income tax liabilities	4,526	-
Deferred income tax liabilities	9,380	11,754
Provisions	1,819	1,485
Lease liabilities	<u>1,203</u>	<u>2,752</u>
Total liabilities	<u>28,613</u>	<u>30,732</u>
 <b>Equity</b>		
Capital stock	2,500,000	2,500,000
Capital surplus	2,105	1,902
Retained earnings	562,231	439,387
Other equity	<u>(142,321)</u>	<u>(199,391)</u>
Total equity	<u>2,922,015</u>	<u>2,741,898</u>
Total liabilities and equity	<u>\$ 2,950,628</u>	<u>\$ 2,772,630</u>

(Continued)

**SinoPac Venture Capital Corporation**

**Statements of Comprehensive Income  
For the Six Months Ended June 30, 2023 and 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 232,407	\$ (12,269)
Operating expenses	<u>(16,076)</u>	<u>(16,066)</u>
Operating income (loss)	216,331	(28,335)
Nonoperating income and expenses	<u>1,444</u>	<u>8,597</u>
Profit (loss) from continuing operations before tax	217,775	(19,738)
Income tax (expense) benefit	<u>(3,941)</u>	<u>8,799</u>
Net income (loss)	213,834	(10,939)
Other comprehensive income	<u>31,326</u>	<u>(1,424)</u>
 Total comprehensive income	 <u>\$ 245,160</u>	 <u>\$ (12,363)</u>
 Basic earnings per share	 <u>\$0.86</u>	 <u>\$(0.04)</u>

(Concluded)

**TABLE 17-4****SinoPac Securities Investment Trust Co., Ltd.**

**Balance Sheets**  
**June 30, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 638,070	\$ 687,941
Financial assets at fair value through profit or loss	8,751	92,550
Investments accounted for using equity method	975,850	825,021
Property and equipment, net	1,546	3,932
Right-of-use assets, net	8,375	15,969
Intangible assets	-	149
Deferred income tax assets	12,495	7,176
Other non-current assets	133,400	128,966
Total assets	\$ 1,778,487	\$ 1,761,704
<b>Liabilities</b>		
Current liabilities	\$ 30,390	\$ 25,072
Lease liabilities	8,519	16,220
Deferred income tax liabilities	115,780	77,690
Other non-current liabilities	4,378	3,772
Total liabilities	159,067	122,754
<b>Equity</b>		
Capital stock	1,420,000	1,420,000
Capital surplus	1,963	844
Retained earnings	243,922	236,817
Other equity	(46,465)	(18,711)
Total equity	1,619,420	1,638,950
Total liabilities and equity	\$ 1,778,487	\$ 1,761,704

(Continued)

**SinoPac Securities Investment Trust Co., Ltd.**

**Statements of Comprehensive Income  
For the Six Months Ended June 30, 2023 and 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 131,667	\$ 102,055
Operating expenses	<u>(127,961)</u>	<u>(109,013)</u>
Operating income (loss)	3,706	(6,958)
Share of profit of associates for using equity method	89,816	118,627
Nonoperating income and expenses, net	<u>5,444</u>	<u>539</u>
Profit from continuing operations before tax	98,966	112,208
Income tax expense	<u>(19,739)</u>	<u>(22,665)</u>
Net income	79,227	89,543
Other comprehensive income	<u>(22,971)</u>	<u>11,939</u>
 Total comprehensive income	 <u>\$ 56,256</u>	 <u>\$ 101,482</u>
 Basic earnings per share	 <u>\$0.56</u>	 <u>\$0.63</u>

(Concluded)

**TABLE 17-5**

**SinoPac Leasing Corporation**  
**Balance Sheets**  
**June 30, 2023 and 2022**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 2,781,098	\$ 2,251,104
Investments accounted for using equity method	5,474,704	5,191,612
Property and equipment, net	263,805	358,082
Right-of-use assets, net	31,220	43,280
Investment property, net	5,698,661	5,762,572
Intangible assets	2,122	2,541
Deferred income tax assets	103,933	101,588
Other non-current assets	<u>1,031,572</u>	<u>775,256</u>
Total assets	<u>\$ 15,387,115</u>	<u>\$ 14,486,035</u>
 <b>Liabilities</b>		
Current liabilities	\$ 10,002,252	\$ 7,604,190
Lease liabilities - current	27,460	26,895
Current income tax liabilities	11,307	18,505
Long-term borrowings	-	1,499,408
Lease liabilities - non-current	374,778	401,809
Deferred income tax liabilities	144,770	90,936
Other non-current liabilities	<u>313,850</u>	<u>340,485</u>
Total liabilities	<u>10,874,417</u>	<u>9,982,228</u>
 <b>Equity</b>		
Capital stock	4,681,044	4,681,044
Capital surplus	3,668	1,498
Retained earnings	99,798	159,210
Other equity	<u>(271,812)</u>	<u>(337,945)</u>
Total equity	<u>4,512,698</u>	<u>4,503,807</u>
Total liabilities and equity	<u>\$ 15,387,115</u>	<u>\$ 14,486,035</u>

(Continued)

**SinoPac Leasing Corporation**

**Statements of Comprehensive Income**  
**For the Six Months Ended June 30, 2023 and 2022**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 242,008	\$ 244,588
Operating costs	(174,633)	(160,063)
Provision of bad debts expenses	(19,360)	(19,703)
Operating expenses	<u>(103,122)</u>	<u>(106,294)</u>
Operating loss	(55,107)	(41,472)
Nonoperating income and expenses	<u>108,118</u>	<u>192,421</u>
Profit for continuing operations before tax	53,011	150,949
Income tax expense	<u>(10,513)</u>	<u>(25,024)</u>
Net income	42,498	125,925
Other comprehensive (loss) income	<u>(8,603)</u>	<u>206,026</u>
Total comprehensive income	<u>\$ 33,895</u>	<u>\$ 331,951</u>
Basic earnings per share	<u>\$0.09</u>	<u>\$0.27</u>

(Concluded)



**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES**

**PUBLIC ANNOUNCEMENTS PRESCRIBED IN ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT**

**JUNE 30, 2023 and 2022**

Credit extensions, guarantees or other transactions made by the Company and its subsidiaries with the same person, the same related person or the same affiliate as of June 30, 2023 and 2022 are summarized as follows:

Name	June 30, 2023	
	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% to Financial Holding Company's Net Worth
1. With the same person:		
Central Bank of the Republic of China (Taiwan)	\$ 228,595,092	132.11
National Treasury Administration, Ministry of Finance	38,921,160	22.49
FANNIE MAE	27,814,049	16.07
FREDDIE MAC	26,947,973	15.57
International Bills Finance Corporation	15,503,717	8.96
Taiwan Power Company	14,917,009	8.62
China Bills Finance Corporation	14,836,022	8.57
China Development Bank	11,704,585	6.76
Union Bank of Taiwan Co., Ltd.	10,267,676	5.93
MEGA BILLS FINANCE CO., LTD.	9,037,889	5.22
Agricultural Bank of Taiwan	8,491,450	4.91
BPCE	8,488,014	4.91
COMMONWEALTH BANK OF AUSTRALIA	8,134,000	4.70
Taiwan Cooperative Financial Holding Co., Ltd.	8,047,784	4.65
Taiwan Semiconductor Manufacturing Co., Ltd.	7,807,758	4.51
Cathay Financial Holdings Co., Ltd.	7,547,341	4.36
First Abu Dhabi Bank	7,351,703	4.25
National Australia Bank Limited.	6,846,367	3.96
Westpac Banking Corporation	6,834,623	3.95
MACQUARIE GROUP LTD	6,247,762	3.61
HUA NAN FINANCIAL HOLDINGS CO., LTD.	6,030,406	3.49
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	6,030,366	3.49
Export-Import Bank of Korea	5,869,986	3.39
REPUBLIC OF JAPAN	5,775,594	3.34
GINNIE MAE	5,327,086	3.08
Macquarie Bank Ltd	5,307,524	3.07
Synnex Technology International Corporation	5,282,785	3.05
Wistron Corporation	5,074,126	2.93
Australia and New Zealand Banking Group Limited	4,987,967	2.88
Emirates NBD Bank PJSC	4,790,749	2.77

(Continued)

**June 30, 2023**

Name	Aggregate Amount of Credit Extensions, Guarantees or Other Transactions	% to Financial Holding Company's Net Worth
BARCLAYS BANK PLC	\$ 4,681,314	2.71
Goldman Sachs Group Inc.	4,607,461	2.66
HONG KONG	4,604,514	2.66
Yuanta Securities Investment Trust Co., Ltd.	4,579,078	2.65
USA	4,509,286	2.61
Mega Financial Holding Company Ltd.	4,487,910	2.59
PAO SHIN GARDEN TOOLS CO., LTD.	4,487,000	2.59
DAH CHUNG BILLS FINANCE CORP.	4,159,265	2.40
ABU DHABI COMMERCIAL BANK P.J.S.C.	4,134,618	2.39
Standard Chartered Bank	4,117,854	2.38
King's Town Bank Co., Ltd.	4,094,076	2.37
First Financial Holding Co., Ltd.	4,044,696	2.34
MALAYAN BANKING BHD	3,892,169	2.25
HOTAI FINANCE CO., LTD.	3,823,562	2.21
YUAN LIH CONSTRUCTIONS CO., LTD.	3,803,000	2.20
Fubon Financial Holdings Co., Ltd.	3,788,521	2.19
Chailease Finance Co., Ltd.	3,528,704	2.04
The Hong Kong Mortgage Corporation Limited	3,510,862	2.03
AUO Corporation	3,481,499	2.01
King's Town Construction Co., LTD.	3,324,750	1.92
CHINA METAL PRODUCTS CO., LTD.	3,227,638	1.87
Korea Development Bank	3,159,075	1.83
CK HUTCHISON INTERNATIONAL 17 II LTD	3,157,288	1.82
Catcher Technology Co., LTD.	3,145,522	1.82
WELLS FARGO & COMPANY	3,142,252	1.82
KEB HANA BANK	3,023,349	1.75
2. With the same related person:		
XX Tsai	7,712,765	4.46
XX Tsai	7,203,573	4.16
XX Chung	6,075,773	3.51
XX Cheng	5,086,433	2.94
XX Chen	3,979,719	2.30
XX Wang	3,655,610	2.11
XX Tsai	3,117,556	1.80
3. With the same affiliate:		
IBF Financial Holdings Group	17,652,355	10.20
Far Eastern Group	16,337,496	9.44
Cathay Financial Holdings Group	16,105,490	9.31
Chailease Group	15,396,920	8.90
O-Bank Group	14,849,005	8.58

(Continued)

<b>June 30, 2023</b>		
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
Mega Holdings Group	\$ 14,156,153	8.18
China Development Bank Group	12,861,579	7.43
Fubon Group	12,807,358	7.40
Macquarie Group	11,595,414	6.70
Hon Hai Group	11,439,655	6.61
King's Town Group	11,404,122	6.59
Kinpo Group	10,738,794	6.21
Union Group	10,467,676	6.05
TSMC Group	10,282,216	5.94
AU Optronics Group	9,794,779	5.66
Phoenix Property Group	9,365,876	5.41
Taiwan Cooperative Financial Holding Group	9,178,726	5.30
Taishin Financial Holding Group	9,140,883	5.28
BPCE Group	8,880,669	5.13
Yulon Motor Group	7,550,928	4.36
Yuanta Financial Holding Group	7,124,738	4.12
Hua Nan Financial Holdings Group	7,219,259	4.17
Formosa Plastics Group	7,049,563	4.07
Wistron Group	6,686,357	3.86
MiTAC-SYNNEX Group	6,638,901	3.84
Charoen Pokphand Group	6,563,447	3.79
BPEA FUND VII&VIII Group	6,306,715	3.64
Hiyes International Group	6,237,650	3.60
SanDi Group	6,130,233	3.54
Hotai Motor Group	6,057,402	3.50
CMP Group	5,963,978	3.45
Standard Chartered Group	5,494,115	3.18
ANZ Group	5,472,598	3.16
Baolu Construction Group	5,457,000	3.15
Ruentex Financial Group	5,188,776	3.00
First Financial Holding Group	5,140,635	2.97
Barclay Group	5,046,829	2.92
Chengyou Group	4,499,262	2.60
CTBC Financial Holding Group	4,380,407	2.53
CITIC Fund III & IV Group	4,337,431	2.51
LUXSHARE-ICT Group	4,307,849	2.49
Highwealth Group	4,271,163	2.47
TA YA ELECTRIC WIRE & CABLE Group	4,187,662	2.42
HD Renewable Energy Group	4,108,453	2.37
China Development Financial Holding Group	4,073,093	2.35
Walsin Lihwa Group	4,048,078	2.34
UNI-PRESIDENT Group	3,987,176	2.30
CTCI Group	3,976,876	2.30
HSBC Group	3,945,233	2.28

(Continued)

<b>June 30, 2023</b>		
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
Gaw Capital Partners Group	\$ 3,873,738	2.24
ASE Group	3,737,592	2.16
Wells Fargo & Company Group	3,725,170	2.15
PTT Group	3,667,227	2.12
BNP Group	3,580,387	2.07
Banco Santander SA Group	3,466,542	2.00
WPG Holdings Group	3,440,504	1.99
Wisdom Marine Group	3,414,609	1.97
Grand River D. Group	3,385,148	1.96
J&V Energy Group	3,257,307	1.88
Crédit Agricole CIB Group	3,256,429	1.88
Shin Kong Group	3,223,676	1.86
MORGAN STANLEY Group	3,212,880	1.86
BCP Group	3,203,463	1.85
SoftBank Group	3,196,856	1.85
CHING JIA CONSTRUCTION Group	3,195,000	1.85
BANK OF PANHSIN Group	3,170,394	1.83
Yong Jing Group	3,151,244	1.82
Jihsunlease Group	3,092,431	1.79
LCY Chemical Group	3,038,526	1.76
FOXLINK Group	3,030,078	1.75
Chenya Energy Group	3,017,354	1.74
Leadsun Group	3,008,834	1.74
Citigroup Inc.,	3,000,698	1.73

<b>June 30, 2022</b>		
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
1. With the same person:		
Central Bank of the Republic of China (Taiwan)	\$ 217,771,496	146.92
National Treasury Administration, Ministry of Finance	20,998,030	14.17
FANNIE MAE	20,382,210	13.75
FREDDIE MAC	19,104,583	12.89
Agricultural Bank of Taiwan	17,078,211	11.52
International Bills Finance Corporation	15,643,051	10.55
Cathay Financial Holdings Co., Ltd.	10,626,195	7.17
China Development Bank	8,781,971	5.92

(Continued)

<b>June 30, 2022</b>		
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
BPCE	\$ 7,628,223	5.15
First Abu Dhabi Bank	6,847,824	4.62
COMMONWEALTH BANK OF AUSTRALIA	6,692,863	4.52
HUA NAN FINANCIAL HOLDINGS CO., LTD.	6,317,199	4.26
BANK OF PANHSIN CO., LTD.	6,291,688	4.24
Westpac Banking Corporation	6,147,809	4.15
MACQUARIE GROUP LTD	6,144,887	4.15
Export-Import Bank of Korea	6,114,920	4.13
National Australia Bank Limited.	5,975,304	4.03
USA	5,704,986	3.85
Emirates NBD Bank PJSC	5,373,414	3.63
Taiwan Power Company	5,318,185	3.59
Macquarie Bank Ltd	5,140,314	3.47
Fubon Life Insurance Co., Ltd.	5,024,414	3.39
REPUBLIC OF JAPAN	5,021,926	3.39
Shin Kong Bank Co., Ltd.	4,799,638	3.24
Korea Development Bank	4,797,791	3.24
China Development Financial Holding Corporation	4,763,280	3.21
Union Bank of Taiwan Co., Ltd.	4,651,467	3.14
Taiwan Semiconductor Manufacturing Co., Ltd.	4,514,559	3.05
MALAYAN BANKING BHD	4,447,897	3.00
The Hong Kong Mortgage Corporation Limited	4,404,965	2.97
Australia and New Zealand Banking Group Limited	4,224,443	2.85
LEO CAPITAL LIMITED	4,162,060	2.81
ABU DHABI COMMERCIAL BANK P.J.S.C.	4,056,060	2.74
BARCLAYS BANK PLC	3,939,279	2.66
BANK OF NOVA SCOTIA	3,630,737	2.45
DAH CHUNG BILLS FINANCE CORP.	3,547,969	2.39
Synnex Technology International Corporation	3,540,392	2.39
ADVANCED SEMICONDUCTOR ENGINEERING, INC.	3,537,751	2.39
HONG KONG	3,497,879	2.36
Taiwan Cooperative Financial Holding Co., Ltd.	3,494,908	2.36
WELLS FARGO & COMPANY	3,343,234	2.26
KGI Bank Co., Ltd.	3,335,637	2.25
Goldman Sachs Group Inc.	3,158,212	2.13
China Bills Finance Corporation	3,058,155	2.06
Kingtown & Construction Co., Ltd.	3,040,447	2.05
Catcher Technology Co., LTD.	3,035,136	2.05
YUAN LIH CONSTRUCTIONS CO., LTD.	3,005,000	2.03

(Continued)

<b>June 30, 2022</b>		
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
2. With the same related person:		
XX Tsai	\$ 6,993,409	4.72
XX Tsai	5,335,756	3.60
XX Chung	4,458,909	3.01
XX Chen	3,817,208	2.58
XX Chen	3,461,559	2.34
3. With the same affiliate:		
IBF Financial Holdings Group	18,269,861	12.33
Cathay Financial Holdings Group	18,236,605	12.30
Chailease Group	12,278,433	8.28
Macquarie Group	11,285,202	7.61
Fubon Group	11,030,288	7.44
Kinpo Group	10,791,379	7.28
Hon Hai Group	10,119,579	6.83
China Development Bank Group	9,896,454	6.68
King's Town Group	9,233,331	6.23
ASE Group	9,114,784	6.15
China Development Financial Holding Group	8,706,934	5.87
Shin Kong Group	8,639,659	5.83
BPCE Group	8,086,338	5.46
Hua Nan Financial Holdings Group	7,071,198	4.77
Far Eastern Group	7,026,344	4.74
Bank Of Panshin Group	6,923,683	4.67
Charoen Pokphand Group	6,855,094	4.62
Commonwealth Bank Group	6,704,760	4.52
Taiwan Cooperative Financial Holding Group	6,322,925	4.27
Phoenix Property Group	6,315,558	4.26
MiTAC-SYNNEX Group	6,018,564	4.06
NAB Group	6,004,902	4.05
Formosa Plastics Group	5,876,096	3.96
TSMC Group	5,874,449	3.96
Ruentex Financial Group	5,529,578	3.73
CMP Group	5,312,462	3.58
Hiyes International Group	5,295,272	3.57
Union Group	4,801,467	3.24
ANZ Group	4,764,314	3.21
CTCI Group	4,676,170	3.15
O-Bank Group	4,282,988	2.89
Wells Fargo & Company Group	4,201,543	2.83
North-Star Group	4,085,541	2.76
Highwealth Group	4,048,339	2.73

(Continued)

<b>June 30, 2022</b>		
<b>Name</b>	<b>Aggregate Amount of Credit Extensions, Guarantees or Other Transactions</b>	<b>% to Financial Holding Company's Net Worth</b>
AU Optronics Group	\$ 3,988,238	2.69
Yuanta Financial Holding Group	3,910,635	2.64
Baolu Construction Group	3,888,000	2.62
CITIC Fund III & IV Group	3,841,046	2.59
HSBC Group	3,773,981	2.55
CTBC Financial Holding Group	3,767,942	2.54
Standard Chartered Group	3,751,257	2.53
Wisdom Marine Group	3,744,398	2.53
KHL Capital Group	3,707,063	2.50
RGE Group	3,606,937	2.43
BPEA Fund VII&VIII Group	3,589,927	2.42
Evergreen Group	3,508,438	2.37
Yulon Motor Group	3,450,871	2.33
Yong Jing Group	3,434,391	2.32
Grand River D. Group	3,396,905	2.29
TA YA ELECTRIC WIRE & CABLE Group	3,309,079	2.23
Taishin Financial Holding Group	3,290,273	2.22
LCY Chemical Group	3,204,434	2.16
Banco Santander SA Group	3,171,381	2.14
Goldman Sachs Group	3,158,513	2.13
Central Trading & Development Group	3,144,597	2.12
Morgan Stanley Group	3,053,219	2.06
Yuan Lih Constructions Group	3,005,521	2.03

(Concluded)

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investment (Note 1)	Percentage of Ownership (%)	Equity in the Earnings (Losses) (Note 1)	Carrying Value (Note 1)	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Golden Trust SinoPac Fund Management Co., Ltd.	Fund raising and sale, asset management business approved by CSRC	\$ 856,690	Investment in Mainland China directly	\$ 419,778	\$ -	\$ -	\$ 419,778	\$ 183,297	49.00	\$ 89,816	\$ 975,850	\$ -
Telexpress (Shanghai) Co., Ltd.	Management consultant	44,029	Investment in Mainland China companies through an existing company established in a third region	14,920	-	-	14,920	(1,052)	34.21	-	14,920	-
Yangzhou Brightman International Co., Ltd.	Panel thinning	609,051	Investment in Mainland China companies through an existing company established in a third region	72,608	-	-	72,608	-	11.69	-	72,608	-
Zhong Shan Dong Yi Technology Co., Ltd.	Cover glass	249,221	Investment in Mainland China companies through an existing company established in a third region	12,461	-	-	12,461	(16,289)	4.12	-	12,461	-
Dong Ming Technology Co., Ltd.	Cover glass	19,883	Investment in Mainland China companies through an existing company established in a third region	1,005	-	-	1,005	4,345	4.12	-	1,005	-
StreetVoice International Ltd.	Design of software and service for computer system integration	97,951	Investment in Mainland China companies through an existing company established in a third region	1,720	-	-	1,720	10,325	2.51	-	1,720	-
Dong Guan Transound Electronics Co., Ltd.	Dynamic receiver, dynamic speaker, SMD, Array, MEMS ECM microphone, earphone module, earphone, headphone	222,517	Investment in Mainland China companies through an existing company established in a third region	45,141	-	-	45,141	(5,084)	4.58	-	45,141	-
SinoPac International Leasing Corp.	Leasing and financing of machinery equipment	1,698,199	Investment in Mainland China directly	1,698,199	-	-	1,698,199	40,017	100.00	40,017	1,995,882	-
Bank SinoPac (China) Ltd.	Commercial bank	10,089,437	Investment in Mainland China directly	10,089,437	-	-	10,089,437	156,525	100.00	155,519	9,927,450	-
SinoPac Financial Consulting (Shanghai) Ltd.	Business management consulting, investment consulting, business intelligence consulting	62,305	Investment in Mainland China directly	62,305	-	-	62,305	(2,011)	100.00	(2,011)	31,949	-

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 12,417,574 (US\$ 350,617) (CNY 349,000)	\$ 12,417,574 (US\$ 350,617) (CNY 349,000)	\$ 114,121,246

Note 1: Above figures have not been audited by independent certified public accountants, except for Golden Trust SinoPac Fund Management Co., Ltd., SinoPac International Leasing Corp., Bank SinoPac (China) Ltd. and SinoPac Financial Consulting (Shanghai) Ltd. which were audited by independent certified public accountants and prepared in conformity with IFRSs.

Note 2: Subsidiary invested in Telexpress (Shanghai) Co., Ltd. via Telexpress Corp.

Note 3: Subsidiary invested in Yangzhou Brightman International Co., Ltd. via Brightman Optoelectronics (Cayman) Co., Ltd.

Note 4: Subsidiary invested in CGK Zhongshan Co., Ltd. and CGK Shenzhen Technology Co., Ltd. via CGK International Co., Ltd.

Note 5: Subsidiary invested in StreetVoice International Ltd. via Neutron Innovation (BVI) Limited.

Note 6: Subsidiary invested in Dong Guan Transound Electronics Co., Ltd. via Transound Electronics Co., Ltd.

Note 7: Foreign currencies are translated to N.T. dollars at the current rate on the date of balance sheet, only the gains or losses from investments are translated at the current period average rate.